

## Personal Statement

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**Mr. Michael Mates** (East Hampshire)

This is the third and, I trust, the last personal statement upon resignation that this House will hear during this Session. I did not want to make it, I did not want to resign, but now I can at last explain what I have been doing and why. I think that I owe it to the House, I owe it to my colleagues, I owe it to my family and friends, and I owe it, above all, to my constituents to whom I am ultimately accountable.

First, I think that most people here will know how desperately sad I am to have relinquished a job which I loved and which has been the greatest challenge of my political life. I am more grateful than words can say to the Prime Minister for giving me the chance; to the Secretary of State for Northern Ireland who has led our team in one of the most difficult jobs in the Government with wisdom, courage, honour and utter integrity, and who has gained huge respect throughout Northern Ireland and here for his performance; to the ministerial team—good friends all—with whom I have been so happy to serve, not forgetting my hon. Friend the Member for Richmond and Barnes (Mr. Hanley), whose recent promotion so delighted us all in the Office and all his friends in the Province; to the officials, both in the Northern Ireland Office and the Northern Ireland civil service, under the outstanding leadership of two dedicated permanent secretaries; to all the staff throughout the departments for which I had responsibility; and, above all, to my own team, my hon. Friend the Member for Brecon and Radnor (Mr. Evans), my Parliamentary Private Secretary; to Nigel and Alison, to Nannette and Neil, Joanne and Lisa, Susan and Liz, and my escorts in Northern Ireland. I have never known such a dedicated and happy team whose loyalty and devotion has been overwhelming.

My right hon. Friend the new Minister of State, who has my heartfelt good wishes as he takes up my reins, starts with the advantage of the best team that a man could want.

During these past weeks, I have kept silent. I have kept faith with the system, and I have said nothing without the express permission of No. 10. I have no criticism in this matter of the Prime Minister—far from it—or of the Government, or of the two Attorneys-General with whom I have corresponded. But I do have something to say about the law enforcement agencies, which, when the House has heard me, will, I hope, cause the Government to set up an urgent independent inquiry into what has happened.

I do not know whether Mr. Asil Nadir is innocent or guilty. No part of any of my representations has sought either to plead his innocence or to try to establish it. That is for the courts. Those who have alleged that I was trying to help him to escape from the consequences of any of his actions have totally misunderstood what I have been trying to do.

The House may have heard how my involvement began, in the autumn of 1991, through a constituent who brought me details of alleged wrongdoing by the authorities in the case of Mr. Nadir. I asked to meet Mr. Nadir. That was the first time that I had met him or anyone associated with his businesses. He gave me his account of what happened and was able to corroborate most of what he said.

Some of his complaints concerned his advisers in the City; others concerned official institutions: the Inland Revenue, the Serious Fraud Office and the police. There have been

many more allegations over the past weeks of involvement by others: other national agencies, international agencies and other arms of various Governments. Many of those allegations have been wrongly attributed to me. I shall not pursue this line this afternoon, but of course I would be happy to tell anything I know about these matters to an independent inquiry.

With Mr. Nadir's permission, I spoke to Mr. Anthony Scrivener QC, until recently chairman of the Bar. It was clear that the defence team were concerned at some of the matters that had arisen during the course of the prosecution. He confirmed that he thought that the Attorney-General should be made aware of what was going on.

I met the then Attorney-General to express my concern. At his request, I then wrote to him the first of the letters that have brought me to the position in which I find myself today. The only persons who had copies of those letters were the Attorney-General, Mr. Nadir and the Serious Fraud Office. It is a matter perhaps of speculation who leaked the letter to the press last week.

It was claimed that I was embarrassed by this leak. Far from it: three days previously I had asked the Attorney-General's permission to publish all the correspondence between us, because I felt that it was the only way to bring out into the open the reasons for my involvement. The Attorney-General indicated that this might give him some difficulty. I respected that view and will continue to do so, although I would readily make this correspondence available to any inquiry.

Of course, I understand why the press would publish a letter or any other material leaked to them. I make no criticism of them for that. I just ask that, with me gone, inquiring journalists now ask the following questions. Why was material being selectively leaked to them? Whose agenda was being served by its publication? Why was the Serious Fraud Office talking to the press? The other law departments remained commendably tight-lipped and leak-proof, but the Serious Fraud Office spoke to the press and was even prepared to be quoted—for example, "We kept asking why he is doing all of this", a senior Serious Fraud Office source said to a newspaper. There was growing irritation at the repeated need to provide information enabling the Attorney General to respond to the points raised by Mates. Many have asked why I became involved in this case and why I continued my involvement after I joined the Government. I must say at once that, on the latter point, I took careful advice that it was proper for me to pursue this matter as a Minister. Let me simply lay out the facts as they were presented to me at the beginning and as they developed in the months that followed. I leave it to the House to judge, and I hope ultimately to an independent inquiry to decide, whether what I did was right or wrong.

I start with a raid on South Audley Management, a property management company controlled by Mr. Nadir's family, on 19 September 1991. The raid was highly publicised. The press and television had been warned in advance and were in attendance when the raid took place. Inevitably, the publicity surrounding the raid had a serious effect on the share price of Polly Peck International, or PPI as I shall now call it. The following day, 20 September 1991, Mr. Nadir was asked to go to the Serious Fraud Office headquarters in Elm street for an interview, during which time his presence was announced by the SFO to the press. That resulted in an inevitable blaze of publicity as he left the building.

On 30 October, the SFO mounted a highly publicised raid on the headquarters of PPI in Berkeley square. In fact, 10 minutes before the police arrived, journalists had knocked on the door and told PPI staff that they were there in answer to an invitation from the SFO.

There is a further point. By that time, PPI was already in administration. By arrangement with the administrators, the SFO had already had full access to PPI headquarters and to all the documents there. Its people were already working inside the building. The SFO was effectively launching a raid in the full glare of publicity against the administrators. This clearly had a cumulative effect on the public's perception of both PPI and Mr. Nadir. When Mr. Nadir returned from a trip abroad to assist the administrators, the media were given advance warning of the intention to arrest him at the airport, so they were there in force to watch the event. A process of what some might call trial by media had begun, aided and encouraged by the Serious Fraud Office.

For its part, the SFO has consistently maintained that its investigations and thus its ability to bring the case to trial have been hampered and delayed by its inability to operate in Turkish-controlled Northern Cyprus. The defence therefore offered an opportunity to short-circuit the problem. In June 1991, it commissioned Binder Hamlyn, one of Britain's leading accountancy firms, to carry out its own investigation into the relationship between Polly Peck in London and its subsidiaries in Northern Cyprus, which formed the basis of the charges.

The SFO's first response was that Binder Hamlyn must have been shown forged documents. When the defence then presented the SFO with a report from an independent forensic expert, on the SFO's approved list, saying that that was not so, it changed its ground and, despite requests from the defence to go to Northern Cyprus to check the accounts, it has maintained that that would be impossible because Northern Cyprus is not a recognised country.

It is well known that the police have on occasions visited Northern Cyprus to make inquiries in connection with criminal proceedings in this country. I simply do not understand why they could not follow the usual practice. Two police officers visited Northern Cyprus just after this. Now, it is claimed, they were returning illegal immigrants, which shows that police officers do visit Northern Cyprus. However, there is evidence that the officers asked detailed questions about the assets of Polly Peck subsidiaries in Northern Cyprus and, at the very least, there is a severe inconsistency here.

There seems too to be some inconsistency over who made the complaints that the SFO was investigating. The present charges do not arise as a result of a complaint by the stock exchange and there is evidence of improper collusion between a senior officer of the Inland Revenue and the Serious Fraud Office. While the Serious Fraud Office denies any such collusion, the officer involved has admitted it to a journalist, whose name I know and who would be happy to give the details of this illegal collusion to an independent inquiry. Mr. Nadir and his advisers believe that he has been denied the opportunity properly to prepare his defence. They also believe that he has in the process been denied his rights under the law.

### **Madam Speaker**

Order. I hesitate to interrupt the hon. Gentleman, but he should bear in mind that Mr. Nadir still stands charged with serious offences in this country on which at some future date he may stand trial. In accordance with the House's strict rules on matters of sub judice, I hope that he will not follow in detail the line on which he now appears to be embarking. I hope that the hon. Gentleman will take to heart my cautionary words.

**Mr. Mates**

Indeed, I will, Madam Speaker—I am happy to do so. Perhaps I can assist you and the House if I tell you that I have had this script looked at very carefully by a senior lawyer with exactly that in mind. I have no—[Interruption.]

**Madam Speaker**

Order. I remind the hon. Gentleman that the House has its own sub judice rules which it imposes on itself and which I am imposing on the hon. Gentleman. Therefore, I caution him seriously about the area on which he now seems to be embarking.

**Mr. Mates**

During the raid on Polly Peck's headquarters in October 1990, many documents were seized. Professional privilege was claimed by Mr. Nadir's lawyers and it was agreed that the documents would be placed in sealed bags until the issue was resolved by independent counsel.

**Madam Speaker**

Order. I am extremely reluctant to continue to caution the hon. Gentleman. It is a personal statement and it is normally heard uninterrupted, and I am reluctant to interrupt. However, I caution the hon. Gentleman that we have our sub judice rules in the House and I will see that they are carried out.

**Mr. Mates**

Madam Speaker, I am embarrassed. Does it help you if I say that what I am saying now is what I received in writing from the Attorney-General? He has written to me about these matters and I am simply reporting to the House some aspects of the handling of the case. It has nothing to do with what is going on in court; it is the handling of the case by the authorities. If you tell me that the House cannot hear this——

**Madam Speaker**

Order. What the hon. Gentleman is saying may well be used during a pending case, and that is my concern. I ask the hon. Gentleman to re-examine his notes and to see that the House is given the information that he wishes it to have which is not sub judice and which cannot be used in a future trial. That is the point that I am trying to get across.

**Mr. Mates**

Madam Speaker, I hear what you are saying. Please trust me. I am not talking about matters that will be the subject of the charges and the proceedings in court. I am talking about the handling of the case, which I was looking into—quite properly, I have been told—with the Attorney and over which I have now lost my job. I think that the House is entitled to know about it. In fact, these matters are already in the public domain.

It was agreed that the privilege that was claimed about the documents would be assessed by independent counsel. He found that the vast majority of the documents in the sealed bags were privileged documents. But before counsel saw the documents——

**Madam Speaker**

Order. I cannot allow this statement to continue with the use of information which, whether or not it is in the public domain, may well be used in a court of law. I hope that the hon.

Gentleman realises the seriousness of the action that he is now taking. I have a responsibility in this House to carry out its rules and regulations. I hope that the hon. Gentleman will look carefully at his notes.

**Ms Clare Short** (Birmingham, Ladywood)

On a point of order, Madam Speaker.

**Madam Speaker**

Order. There can be no point of order. Two weeks ago, I cautioned the House that there can be no interruption of a personal statement. I am extremely embarrassed to have to interrupt the hon. Gentleman. I will take no points of order. I believe that the hon. Gentleman has taken seriously the words that I have been trying to put across to him.

**Mr. Mates**

Indeed I have. This passage in my speech has been confirmed in writing to me and has been passed on to Mr. Nadir's advisers and others by the Attorney-General. I could have published the letter. It is written to me. If I had it with me, I could read it to the House. No one could stop me from reading out a letter from a Minister to a Member of Parliament. That is not covered by any sort of privilege at all.

**Madam Speaker**

Order. I inform the hon. Gentleman that I certainly do have the authority to stop him reading it out if I thought it to be sub judice. [Interruption.] The House is very restless, and understandably so. It must now come to order. We must hear the hon. Gentleman a little more.

**Mr. Mates**

It was agreed that this dispute—and confirmed to me by the Attorney-General that it was agreed—would be solved by an independent counsel looking at the papers to see whether they were privileged. The point that I wish to make—which has been acknowledged—is that, before the counsel saw those papers, the SFO had opened the bags. It has admitted that two bags were opened but claimed that that was due to a misunderstanding. In fact, more than two bags were opened, because other papers from other bags have found their way into the hands of the administrators. That is another unsatisfactory part of this story which needs to be investigated.

But that was not the only occasion on which privileged papers, vital to Mr. Nadir's defence, had been mishandled. In March of this year, Mr. Nadir's house was raided by the solicitors for the trustees in bankruptcy. As well as taking various personal effects—one of which I later replaced in inscribed form—they took away all of his privileged defence papers. He protested and was informed in writing that, if he wished to see the papers, he should make an appointment to see them. He was told to specify in advance which papers he wanted to see, and to call at the trustees' offices during working hours when he could examine them, but not take them away. I remind the House that they were his own papers.

I turn finally to what the House may view as the most serious aspect of this whole affair, namely, that quite improper pressure has apparently been exercised by the SFO upon the trial judge, Mr. Justice Tucker.

**Hon. Members**

Oh.

**Madam Speaker**

Order. I am now requiring the hon. Gentleman to resume his seat. He must resume his seat.

**Mr. Mates**

rose—[Interruption.]

**Madam Speaker**

Order. Let me hear the hon. Gentleman.

**Mr. Mates**

This has been reported in the newspapers, Madam Speaker.

**Madam Speaker**

Order. It has nothing whatsoever to do with publicity or newspapers. I am listening to a personal statement from the hon. Gentleman, not what appears in the newspapers. It is the hon. Gentleman's personal statement that I want to hear.

**Mr. Mates**

It is this sequence of events, Madam Speaker, above all, that demands an independent inquiry. If one cannot come to the House and tell it what is wrong with the system—if one cannot speak in this place, not about innocence or guilt, not about trial, not about sub judice, but about what has gone wrong with the system—what is the point, Madam Speaker, of being here?

**Madam Speaker**

It is after the trial that the hon. Gentleman must give his information. That is the point.

**Mr. Mates**

On 6 November, during the hearing in court of an application to vary Mr. Nadir's bail, counsel for the SFO said that the police were investigating a complaint that there was a conspiracy to bribe Mr. Justice Tucker, the trial judge, and that he should consider standing down because it might be necessary to interview him. The allegation was that a sum of money would be paid to the judge following the success of the application to vary bail.

At a subsequent hearing in court in December, the chief superintendent responsible for investigating the allegation of attempted bribery told the court, when cross-examined, that he had never had evidence that would justify interviewing the judge, nor had the police ever declared their intention to do so. The only conclusion is that the SFO misled the judge about the intentions of the police. The House will also realise that the mere making of such an allegation in court could compromise any chance of the judge being seen to be impartial. Quite rightly, he refused to give up the case.

Then, at a hearing in March 1993, another bizarre suggestion was made by counsel, namely, that the police were investigating a conspiracy to pervert the course of justice. The suspected conspirators were, said counsel, Mr. Nadir, Mr. Wyn Jones, Assistant Commissioner of the Metropolitan police, Mr. Anthony Scrivener, QC, and the judge himself, Mr. Justice Tucker.

Needless to say, the police have never questioned the police, Mr. Wyn Jones or Mr. Scrivener. This appears to have been a deliberate attempt to destabilise the defence.

The day before, as on the day before so many preparatory hearings, Mr. Nadir was arrested. He was cautioned and interviewed on suspicion of a conspiracy to pervert the course of justice, and the co-conspirators that I have mentioned were named. At the end of the interview his solicitor inquired whether any other of the suspected conspirators had been arrested or interviewed. The House will not be surprised to know that the answer to that was no.

I have the verbatim transcripts of the court proceedings, which substantiate everything that I have said. Of course, I shall make them available to an inquiry. [Interruption.] Relax, Madam Speaker; I am on safer ground now.

I reported this to the Attorney-General in a meeting. I have undertaken to retain the confidence of those meetings, but I think that I can say that I had to give him a moment to get over his surprise. He felt sure that I had got it wrong and that the alleged conspiracy was against the judge rather than involving him. He now knows that I was right.

At that meeting I told my right hon. and learned Friend that I was increasingly uncomfortable with my position as interlocutor in the matter while a member of the Government and I urged him most strongly to speak directly to Mr. Scrivener and the legal advisers about it, lawyer to lawyer. Mr. Scrivener tells me that, so far, no such meeting has taken place.

That concludes the factual account of the highlights of my involvement. I hope that all the House—this is not a party political matter—will now realise that only an independent inquiry can resolve this whole business and bring about the conditions in which it can be seen that there will be a fair trial for Mr. Nadir.

The cumulative effect of what happened in March and April—the alleged bribery of the judge, the conspiracy to pervert the course of justice and the seizing of the defence papers—left Mr. Nadir in a state of severe depression and despair. It was in that context that a decision was taken to raise his spirits, and in that context I made the fateful decision to give him the watch.

I must emphasise that none of us had any idea that he might leave the United Kingdom. It came as a complete shock and was an action of which I strongly disapproved. It has clearly damaged his standing in the matter; and right hon. and hon. Members can see what it has done to me.

I have asked myself two questions. First, do I regret doing what I did? Well, given the effect that my actions have had on me and all around me, I bitterly regret what has happened. Secondly, in the same circumstances, would I get involved again? I hope that I would have the courage to do so. From the beginning, I have been persuaded that something was amiss within the system, and I have grown ever more convinced as events have unfolded. Surely we are here, either as Front or Back Benchers, to take up questions of apparent injustice, and if we should ever flinch from such a duty the reason for our existence as Members of Parliament would be much diminished.

As for me, I was guilty of one foolish indiscretion, but I have done nothing else improper and I hope that, when this whole story is told, this House will consider that throughout this affair I have acted as an honourable Member.

**Mr. Andrew Faulds** (Warley, East)

On a point of order, Madam Speaker. In the presence of the Attorney-General, is it not absolutely a requirement that he should now make a statement about this highly unsatisfactory matter?

**Madam Speaker**

I have not been told that any Minister is seeking to make a statement.

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