

THE INDEPENDENT

Whitehall investigates fraud office

Case against Asil Nadir may collapse if SFO staff are disciplined for tampering with evidence

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Senior officials in the Serious Fraud Office could face disciplinary action following an inquiry into allegations of misconduct during their investigation of the Polly Peck tycoon, Asil Nadir.

Sir Nicholas Lyell QC, the Attorney General, has admitted that the SFO, which was set up in 1988 to tackle complex financial crimes, has been the subject of a four-month investigation conducted by senior officials from two government departments, as well as a representative of the SFO. The Independent now has documentary evidence in its possession to corroborate that. Previously when the SFO has been investigated it has been an internal matter.

Sir Nicholas has also privately conceded that some of the officials involved in the SFO's investigation of Nadir may face disciplinary proceedings. It is alleged that SFO officers illegally tampered with court evidence during the Nadir inquiry. The Turkish Cypriot businessman is charged with theft and false accounting involving more than pounds 30m. The government investigators completed a preliminary report in May. The existence of this report has not previously been disclosed. The revelation will give further ammunition to those who claim that the SFO has acted illegally with regard to the investigation of Asil Nadir.

If it is proved that the SFO did tamper with evidence, it is most likely that the charges against Nadir will be dropped. Nadir, who fled to Cyprus in May 1993, could not be located yesterday.

Whitehall sources have confirmed that the investigation into the conduct of SFO officers was held by the Principal Establishment and Finance Officer of the SFO and unnamed senior officials from two other departments. The SFO said last night: "We are not prepared to say who these other people are. But they have not been involved since May."

A spokeswoman would not say what had happened since then, nor whether disciplinary proceedings had started. She denied that either the police or the Director of Public Prosecutions had been involved.

The Attorney General's office refused to comment. Sir Nicholas admitted last year that bags of sealed evidence were opened while in possession of the Serious Fraud Office and that privileged court documents were leaked. He was forced to admit that he had misled Parliament over the SFO investigation into Nadir. He then ordered an internal inquiry. No mention was made at that time of the involvement of people from other government departments.

It is understood that Sir Nicholas has made clear that SFO officers may face disciplinary proceedings in private correspondence with Michael Mates, the former Conservative minister who resigned over the Nadir affair last year. This correspondence, which has not been published, is believed to have taken place within the past six months.

Mr Mates, who has claimed that the Government was involved in a cover-up over the

Nadir affair, is said to be pressing for news of the investigation's outcome. He was not available for comment yesterday.

In July, Lorna Harris, the former case officer in charge of the Nadir case, was formally put on warning of imminent disciplinary proceedings and asked to explain her conduct. She is being given legal representation by the First Division Association, the union for top civil servants. Ms Harris now works outside the SFO on attachment to a City institution. She said yesterday: ``I can make no comment."

The Attorney General's investigation is believed to have shown that sealed bags of documents were systematically opened while in the possession of the SFO. It was disclosed last week that the City of London police was to withdraw its officers from the SFO, after the collapse of a series of high-profile cases including that against George Walker, the former Brent Walker chairman, which cost the taxpayer pounds 40m.

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