

My name is Nicholas Rufford. I am editor of the Insight team of The Sunday Times. I was previously deputy news editor for the paper, and have worked as a freelance journalist for The Times, the Guardian and The Independent newspapers. I hold a degree in economics and geography and a doctorate from the Civil Engineering Department at the University of Aston in Birmingham.

In August 1990 I began work on an Insight investigation into dealings in Polly Peck shares. Dominic Prince, a journalist working for the business news section of The Sunday Times had previously written two articles about alleged irregularities in the way in which the shares were being traded through letterbox companies in Switzerland. There were indications that the Polly Peck shares were being bought through a company called South Audley Management which looked after the private affairs of Asil Nadir, Polly Peck's chairman.

An analysis of company registration documents for South Audley Management revealed the name of Tim Wood, who had worked for the company and had also been investor relations officer for Polly Peck. Tim Wood's home number was obtained by a member of my team and I visited him the following week with Prince. Wood related to me how, while working for South Audley Management (SAM), he had advised Jason Davies, a stockbroker who worked in SAM's offices, on how money could be removed from Polly Peck's National Westminster account in

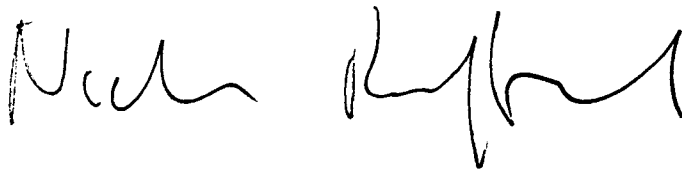
Bishopsgate, London, to pay for the purchase of PP shares. He indicated that there was a strong motive for Asil Nadir to support the price of PP shares since Nadir was receiving margin calls from banks which held PP shares as collateral for his personal loans. Shortly before the transaction to which Wood referred, the price of PP shares had fallen because of a public row between PP executives at Windsor race course.

As former treasurer of Polly Peck, Wood had an intimate knowledge of the company's finances. I felt that he knew a great deal which would help the Serious Fraud Office in their reported investigation into aspects of Polly Peck's affairs. However, Wood was anxious not to incriminate himself. I persuaded him to visit The Sunday Times, where I interviewed him again in the presence of the newspaper's solicitor, Alistair Brett. Brett suggested that Wood consult a solicitor to obtain independent legal advice on the implications of him offering himself as a witness to the SFO. Wood did so and later voluntarily went to the SFO to give evidence. Several days later SFO officers raided the offices of SAM in Berkeley Square and the price of PP shares fell sharply.

With Prince, I also visited the offices of a London City stockbroker, who told me that he had traded Polly Peck shares on behalf of Davies and a director of SAM called Elizabeth Forsyth. The stockbroker had closed the accounts,

he said, because they were "not kosher". He explained in detail how the pattern of share buying suggested irregularities and was not consistently with normal trading. He had already voiced his concern to the Stock Exchange and had spoken to Inland Revenue investigators. On a second visit, the City stockbroker revealed that he had been interviewed by officers of the Serious Fraud office who were investigating the affair.

I interviewed several other past Polly Peck employees to obtain further information about the finances of the company, and details of events such as the Windsor racecourse row. I also engaged a freelance journalist in Switzerland, Patrick Martin, to obtain details of the Swiss companies in which Jason Davies was involved. Subsequently, a number of in-depth articles were published under the Insight name.

A handwritten signature in black ink, appearing to read 'Nick Rufford', written in a cursive style.

Nicholas Rufford

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