

Transcript of an article, by Dominic Prince, which appeared in The Sunday Time on 26th August 1990:

## **Probe Widens**

STOCK EXCHANGE officials looking into the affairs of Polly Peck are trying to establish whether substantial dealings in its shares by a number of Swiss-based companies were part of a sophisticated share-support operation.

Unauthorised use of a company's money to buy its own shares is a criminal offence under section 151 of the Companies Act (19B5), since the share price can be artificially boosted at a time when a company plans an acquisition or other corporate move.

The Department of Trade and Industry is about to begin its own inquiries into Polly Peck's affairs. It has received" from the Stock Exchange's quotations committee, details of events surrounding a proposed buyout of the company by its chairman, Asil Nadir. Nadir announced his proposal on August 12, the day The Sunday Times reported news of dealings in Polly Peck shares by Swiss-based nominee companies.

Nadir dramatically withdrew his proposal six days later. In its report last week the Stock Exchange strongly criticised Nadir for unveiling the buyout prematurely and for acting imprudently.

Officials suspect that some form of share-support scheme has been in operation at Polly Peck for at least four years. They want to interview employees and former employees of the London branch of Finland's largest bank, Kansallis-Osake-Pankki, which handled some of the funds that were used to buy the shares.

Substantial dealing in Polly Peck shares was carried out on behalf of the Swiss companies by Jason Davies, a 27-year-old former stockbroker. He is a close associate of Nadir and used to work from Polly Peck's offices at Berkeley Square, in Mayfair.

The Stock Exchange inquiries have been triggered by an investigation by the Inland Revenue into Nadir's personal tax status. He controls 26% of Polly Peck mostly through his personal, Jersey-based company, Restro Investments, and is understood to have claimed non-UK resident tax status.

Both the Stock Exchange and the Inland Revenue are anxious to establish whether there are any links between Nadir and a number of Swiss-based companies among them Gateway Investment, Riverbridge Investments and Tristan Ltd, all of which traded heavily in Polly Peck shares.

Investigations are also being made into the affairs of a company called South Audley Management, of which Jason Davies was once a director. It has a number of apparent links with Polly Peck: Elizabeth Forsyth, a close associate of Nadir, works for South Audley; and Arseven Gumush, a former finance director of Polly Peck's Turkish subsidiary, was a director.

Nadir has consistently denied that he has any links with South Audley Management. Investigations by The Sunday Times, however, show that from its formation in July 1987 until April 1990, South Audley was 50% owned by a Jersey-based company called Cacique Investments Ltd, which also has a substantial stake in Baggrave Farms International, of which both Davies and Forsyth are directors. Baggrave Hall is Nadir's country home in Leicestershire.

Having moved out of Nadir's private office, Jason Davies has now also left his modest house at Saffron Walden, Essex" and moved into a f,2m chateau at Founex in Switzerland, close to Lake Geneva. He and his German-speaking wife have managed to acquire Swiss residence permits, and he

is now a director of a company called Nadir Investments, whose registered address is a £5m farm in the nearby village of Givrins.

Confronted by a Sunday Times reporter at his home. Davis refused to elaborate on his business activities: "whatever I have done, it has never concerned drugs or money laundering," he said. "I cannot confirm or deny the origins or identities of anybody who works with me. I am just a businessman, nothing else."

The Swiss authorities are meanwhile taking a keen interest in the role played by the Swiss nominee companies: "Until this moment no authority has asked for help," said Joerg Kistler, chief spokesman of the Swiss justice ministry. He added that he had read about Polly Peck in last week's Sunday Times.

Kistler said the Swiss authorities would be keen to help in any investigation.

Additional reporting by Patrick Masters, Gareth David, John Silvester and Patrick Martin in Geneva