

ALLEN & OVERY

FREY MORLEY
J. P. CHILES
J. D. STON
J. L. REED
H. P. RODIER
T. A. OVERY
D. V. JENNINGS
O. T. SAMMONS
A. E. S. MENZIES
H. C. PLUMMER
A. J. C. PAINES
A. D. HEWAT
J. M. KENNEDY
W. V. W. NORRIS
J. V. O. D. DUNSTAN

J. F. MONK
C. R. WALFORD
A. J. HERBERT
H. J. TREMBATH
R. HORSFALL TURNER
J. E. R. L. CHINA
D. ST. J. SUTTON
K. M. T. RYAN
G. N. WILSON
P. R. J. HOLLAND
W. TUDOR JOHN
P. H. T. MIMPRISS
J. A. MORTON
P. R. WOOD
J. HORSFALL TURNER

9, CHEAPSIDE,

LONDON,

EC2V 6AD

18th June 1973.

CONSULTANT
L. RICHMOND SMITH

TELEPHONE 01-248 5030
TELEX 888571

Telegrams & Cables
Allanov. London-EC2 Telex

OUR REF. DS/PMS.

YOUR REF.

PRIVATE & CONFIDENTIAL.

W. D. Simpson, Esq.,
R. C. Moorhouse & Co.,
Protection House,
16/17, East Parade,
LEEDS, 1.

Dear Mr. Simpson,

Poulson - In Bankruptcy.

As the public examination is due to continue next Monday, I am taking this opportunity to write to you about a subject we have mentioned from time to time in the course of our discussions - a statement from your client or his advisers about Mr. Maudling.

The Press have mercilessly reported all Mr. Poulson's remarks about Mr. Maudling made in the course of the examination with little regard to their accuracy, and Mr. Maudling's reputation has suffered as a result. He recognised that your client had to make enquiries and has answered all the questions that you have asked him. For your convenience, he instructed me to prepare a statement in question and answer form of the information so given and that statement runs to 18 pages of foolscap. Since then, he has answered further questions about Open System Building Ltd.

His answers show quite clearly his role as Chairman of ITCS and as a non-executive director of OSB and that he has played no part whatsoever in Mr. Poulson's practice. Mr. Maudling has also said, and your client's enquiries will have revealed, that he had no knowledge of Mr. Poulson's personal finances and that as soon as he became aware of the seriousness of

cont'd ...

AL/ROM ALLEN & OVERY

TO W. D. Simpson, Esq.

SHEET No. 2

DATE 18/6/73.

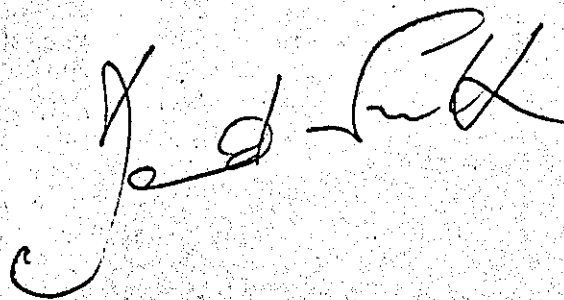
the position he took steps to protect the creditors.

Mr. Maudling has disclosed to you all his files, sent you copies and read through numerous other documents that you have sent him. This exercise has taken up much of his time and involved him in substantial legal costs, but he has made no objection.

Furthermore, he made enquiries for your client in Beirut, Abu Dhabi and Dubai and we sent you his full report on 2nd April this year. Recently, he has agreed to help you obtain Mr. Nasser's authority so that your client can obtain details of the account opened with the Chase Manhattan Bank in Beirut and has asked Mr. Nasser to see you to enable you to obtain further information about Mr. Poulson's activities in the Middle East. He is also prepared to give you further assistance, if necessary.

I am sure you will agree that some recognition is due, and I have prepared a statement for your client's approval. Please ask your client if he will himself or instruct Mr. Muir-Hunter, Q.C., to make a statement on the lines of the enclosed draft.

Yours sincerely,



Draft Statement.

Mr. Maudling has given the Trustee a great deal of assistance in his task on behalf of the creditors, and the Trustee is grateful for the time and effort he has spent in this way.

It is now clear to the Trustee that Mr. Maudling played no part whatsoever in Mr. Poulson's practice, and had no knowledge of his personal finances. As soon as he became aware of the seriousness of Mr. Poulson's position, he took a number of steps to protect the position of possible creditors, including making arrangements to call in a leading firm of auditors. He also took precautions to ensure that the Company of which he was Chairman, ITCS, remained at all times solvent.

* * *

ALLEN & OVERY

GODFREY MORLEY
J. D. ...
J. L. ...
M. P. ...
T. A. ...
D. V. ...
D. S. ...
A. E. ...
R. E. ...
A. J. ...
A. D. ...
J. W. ...
W. V. ...
J. V. O. D. DUNSTAN

J. F. ...
C. R. ...
A. J. ...
M. J. ...
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9, CHEAPSIDE,
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20th June 1973.

OUR REF. DS/PMS.
YOUR REF. WDS.


Messrs. R. C. Moorhouse & Co.,
Protection House,
16 & 17, East Parade,
LEEDS, 1.

Dear Sirs,

Poulson - In Bankruptcy.

Thank you for your letter of 18th June. Mr. Maudling has no objection to your putting his comments to Mr. Poulson in the course of the public examination and we confirm that the endorsement "confidential" does not preclude you from doing so.

Yours faithfully,



WDS/KMB/179/PO/156

2nd. July, 1973

Dear Mr. Sutton,

Re: J.G.L. Poulson - In Bankruptcy

I thank you for your letter of the 18th. June and I hope that you will forgive my delay in replying thereto.

My client, the Trustee, is anxious to afford any assistance he can to your client and he is grateful in turn to your client for his assistance.

I took it upon myself to advise my client that it would be in no ones interest for any sort of statement to be made on the 25th. June, until careful consideration had been given to the consequences of Mr. Poulson's arrest and the re-action of the media thereto.

I do not think on the information now before me anyway, that your client can be of any further help in the case of O.S.B. Limited, subject to any observations you may have it is my intention to keep you informed of the result of our further investigations into the affairs of this Company for, of course, your client was both a Director and a shareholder therein.

I propose at our meeting tomorrow to discuss with you in broad outline our present understanding of the position, which would seem to show that further investigation and legal proceedings could well be to the great advantage of the Company and its principal creditor, Mr. Poulson's estate.

I have been in communication with you upon the matter of I.T.C.S. Limited. You know that I am instructed by the Liquidator of Repergate Services Limited to pursue a claim against I.T.C.S. for the sum of £157,000. You will know that this claim is only compromised if it can be shown that I.T.C.S. Limited had assets at a value less than £5,000 at the date of its take-over by I.P.D. Limited. These net assets to be calculated, of course, without reference to the claim maintained by the Liquidator of Repergate Services Limited. Furthermore, it is now clear that there must be a back-duty investigation by the Inland Revenue which will inevitably involve Companies associated with Mr. Poulson, such as I.T.C.S. in my view anyway, and there is nothing

/continued over/

2. R.C.Moorhouse & Company

that I can do to settle with the Revenue until the true position of I.T.C.S. has been determined, but when I make reference to the books of that Company I find that they are totally unsatisfactory, indeed I will go so far as to say that they are so palpably unsatisfactory as to be quite useless for the purpose of :-

- (a) dealing with the Revenue
- (b) with the terms of settlement with I.T.C.S. and the Consortium as discussed above
- (c) if I may presume to say so, with the Inspector appointed under the Companies' Act.

My client, the Liquidator, can direct his enquiries to the following persons only:-

- (1) Mr. Foulson
 - (2) Dr. Williams
 - (3) Your client
 - (4) Sir Bernard Kenyon
- and-
- (5) in particular Mr. Costa Nasser who had the day-to-day running of the Company in the Middle East.

Now with regard to Mr. Nasser, I already have taken up with you the matter of commissions and in this regard I am enclosing herewith:-

- (1) Copy of Sir Bernard Kenyon's statement
- (2) Copy of Mr. Donald Jowett's statement

I think we must, as a matter of urgency, try to identify Mr. Karim Azuore, who, so far, I just cannot trace, and also the identity of those interested in an Engineering Trading Corporation. So far my information would seem to show that the address of that Company is the same as that of I.T.C.S. Limited, and that it is the property of Mr. Nasser, and in some way associated with Mr. Louis Caton, Mr. Nasser's Brother-in-Law.

I think you will agree with me that my client and his advisers have been most diligent and resourceful in their investigations into the affairs of I.T.C.S. Limited, and yet I cannot say that we are much closer to a solution to the problem. It seems to me that so serious is the position that all those with information or in a position of responsibility should now go on Oath. I hope to discuss the position at our meeting tomorrow.

/continued over/

3. R.C.Moorhouse & Company

There are also the matters of the balance of Mr. Poulson's fees for the Swimming Bath. There are also the matters of the payments to the Adeline Genoo Theatre Trust. I do not think it is necessary to discuss in this letter whether or not the Trustee in Bankruptcy has any proper claims for the return of these monies. What I am certain of is that he is entitled to an account of the Trusts' dealings therewith.

I have put in a Search which is not yet to hand, but up to now anyway I have been unable to trace any proper accounts of the Trust.

Yours sincerely,

D.Sutton, Esq.,
Messrs. Allen & Overy,
LONDON.

By hand

R.C. MOORHOUSE & CO
Solicitors.

COMMISSIONERS FOR OATHS

R. C. MOORHOUSE
W. D. SIMPSON
C. WARD LL. B.
J. M. PICKARD, M.A.
M. G. C. MOORHOUSE

TELEPHONE: 42831 (6 LINES),
S.T.D. PREFIX 0532

WDS/KMB/179/PO/156

Dear Mr. Sutton,

Protection House,
16 & 17, East Parade,
LEEDS, LS1 2BR.

4th. July, 1973

re: J.G.L. Poulson - In Bankruptcy
-and- I.T.C.S. Limited,
Your client: Mr. Maudling

I refer to our recent meeting and to my letter to you of the 2nd. July. I confirm that I notified you of my intention to make application for the Private Examination of your client, and it has been arranged for this to take place at the Barnsley Court on the 19th. July, 1973.

My application for this examination is to be heard on Monday next, 9th. July, 1973, and perhaps you could inform me what arrangement for service would be convenient so far as your client is concerned. We would be quite agreeable for you to undertake to effect service on our behalf. We have suggested to you that we should meet prior to the examination. We have written to Mr. Coster Nasser asking him to inform us whether he would be prepared to attend for Private Examination before the Bankruptcy Court, even though he is out of the jurisdiction. We have written to Lloyds Bank Limited for them to confirm once again to us that paid cheques and records of sources of receipt are definitely not available. We have done this, of course, because of the seriousness of the situation, though we were long ago assured by their Solicitor that this was the position, and any further information with regard to the affairs of I.T.C.S. Limited which comes to light before the examination will be made available to you.

I understand that your client is resigned to the inevitability of some form of publicity, nevertheless, I see no reason why we should not take every proper precaution. My suggestion is that when we meet we meet in Barnsley and that you acquaint yourself with the Court room to be used, and the best method of access thereto. It is entirely up to you, of course, but even if we fail to avoid publicity at least we can be as discreet as possible and avoid any unnecessary embarrassment. May we mention also that facilities for lunch in that town are by no means satisfactory. If you wish we will try to make some arrangements for refreshments.

./continued over/

2. R.C.Moorhouse & Company

I know that your client is particularly interested in a statement to the press and I am to let you have a draft after I have conferred with Counsel tomorrow.

May I say this here and now that I am satisfied that your client is quite right when he states that whilst he was associated with various Companies with which the debtor was concerned, he was certainly not involved in the debtor's private practice as an Architect. You tell me that your client is most anxious that this should be made public; well, whatever the terms of a statement to be agreed between us are, I can assure you now that there can be no objection to a statement to this effect so far as I and my client is concerned.

I will be in further communication with you.

Yours sincerely,

D.Sutton, Esq.,
Messrs. Allen & Overy,
9, Cheapside,
LONDON. EC2V 6AD

ALLEN & OVERY

SIR GODFREY MORLEY
J.P. CHAMBERS
J.D. MORLEY
J.L. REID
H.P. ROBERTS
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D.V. JENNINGS
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P.H.T. MIMPRISS
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9, CHEAPSIDE,

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EC2V 6AD

6th July, 1973.

CONSULTANT
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OUR REF. DS/PMS.

YOUR REF.

W. D. Simpson, Esq.,
R. C. Moorhouse & Co,
Protection House,
East Parade,
LEEDS, 1.

Dear Mr. Simpson,

Poulson (In Bankruptcy).

Thank you for your letters of 2nd and 4th July.

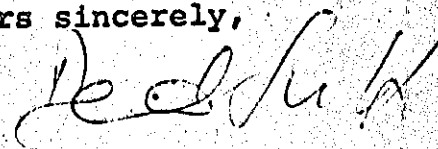
I sent Mr. Maudling a copy of your first letter before I received your second, and I enclose a copy of his letter to me.

In your second letter, you confirm that, so far as you and your client are concerned, there is no objection to your client making an agreed public statement immediately after Mr. Maudling's examination and you have since sent the draft for my approval. I shall write to you again about this.

Meanwhile, please let me have a note of the matters on which your client proposes to examine Mr. Maudling, bearing in mind that Mr. Maudling has already answered all questions that have been put to him through your firm. A list of the questions and answers were prepared by my firm and sent to you earlier this year.

Finally, my firm will, of course, accept service of the Summons.

Yours sincerely,



Copy of Mr. Maudling's letter to Mr. Sutton
of Allen & Overy dated 4th July, 1973.

Thank you for letting me see a copy of Mr. Simpson's letter of the 2nd July.

I have always been happy to give any help I can to the Trustee as I am sure he will agree, and, therefore, I am prepared to go to Barnsley at his request, but I think I should point out that the fact of my attendance would almost certainly become known to the press. In view of the fact that proceedings are now private, there is bound to be a good deal of press speculation as to the reason why I should at this very late moment be asked to appear. The reasons conjectured are likely to be either that the Trustee has acted reluctantly under pressure, or that there has been some dramatic last minute development. I am sure the Trustee would agree that either conjecture would be highly undesirable, and if, therefore, he still wishes me to appear, I think it is quite essential that an agreed public statement should be issued immediately after the Hearing on the lines you have already discussed with Mr. Simpson. It would be preferable if the statement were made on behalf of the Trustee, but if he does not wish to do so, then I will.

Turning to the contents of Mr. Simpson's letter, what concerns me is that I do not see what service in practice I can render by appearing. It would not, I think, be to anyone's advantage if the time of the Court were wasted, and, therefore, I think we should agree on the matters, if any, on which I can provide information relevant to the Examination which is not already in the possession of the Trustee.

First, his reference to ITCS. As you know, I have always made it clear that the claim for £157,000 is wholly unfounded.

bought for cash, was transferred to IPD at a nominal value, and that ITCS would not in fact have been solvent at all had I not in the interests of Poulson's creditors waived my own wholly legitimate claim for some £30,000 of outstanding fees.

I see Mr. Simpson alleges that the books of the Company are palpably unsatisfactory. This has been said before but I have not myself seen any evidence to support it. It was no part of my responsibility as Chairman to do the book-keeping or to check it personally; this was the duty of the Accountant, Mr. Baker, and the independent firm of auditors who have given certificates for the completed years. I understood from you that Mr. Sweetman said that the later accounts cannot be completed because, so far his firm have been unable to get a number of essential documents.

Mr. Simpson lists five people to whom alone he says the Liquidator can direct his enquiries about the state of the books, but I am afraid he has omitted the only people who could answer such enquiries, i.e. Mr. Baker who kept them, and the auditors who audited them.

As far as Mr. Nasser is concerned, there is nothing more I can do to help; as you know, Mr. Nasser has denied that he took any commission, certainly if I had been aware of his taking any commissions, I would promptly have told him not to do so, and it was clearly quite wrong, either for Poulson or for ITCS, to receive any commissions from suppliers. The only person who could possibly provide any information on this matter is Mr. Nasser himself, and he has told me he is only too willing to answer letters. I presume that someone has written to him asking for the information the Liquidator requires. I should be very grateful if I could see a copy of any reply.

Mr. Simpson says, "I think you will agree with me that my client and his advisers have been most diligent and resourceful in

with information or in a position of responsibility should go on oath". While I fully agree with Mr. Simpson about the diligence and resource shown in the investigations, for which a great deal of credit must go to him, I do not understand what he means by the solution of the problem. So far as I am concerned, the situation is and always has been quite clear, and there is no problem. As for going on oath, I fail to understand why after providing a very great deal of information for the best part of a year in correspondence, it is now necessary to change the procedure and go on oath. Mr. Simpson says nothing whatever to justify this.

So far as the swimming bath is concerned, I maintain my previous arguments, I do not think there is any dispute about the facts.

So far as an account of the theatre trusts and its dealings, I clearly cannot help, and equally clearly the information can be provided by Mr. L. W. Dungey, the Chairman, who I imagine must have been approached on behalf of the Liquidator a long time ago.

IN THE WAKEFIELD COUNTY COURT

IN BANKRUPTCY

RE: JOHN GARLICK LLEWELLYN POULSON, a Bankrupt

EX PARTE: THE TRUSTEE of the Property of the Bankrupt

I, JOHN HERBERT PRIESTLEY, of Messrs. Poppleton & Appleby of 93, Queen Street, Sheffield, report to this Honourable Court in support of my application that a Summons may be issued herein under Section 25 of the Bankruptcy Act, 1914, as follows:

1. I am the duly appointed Trustee in Bankruptcy of the above-named Bankrupt, (hereinafter called "Mr. Poulson") and I crave leave to refer to the file of proceedings in this matter for the full history of the bankrupt's affairs.
2. On many occasions in the course of the Public Examination frequent references were made to the close connection which existed between Mr. Poulson and Mr. R. Maudling. The position may be briefly summarised as follows. It appears that Mr. Poulson was introduced to Mr. Maudling in or about 1966 and that shortly afterwards Mr. Maudling became a Director and Shareholder of various of Mr. Poulson's Companies.
3. I.T.C.S. Mr. Maudling became Chairman and Director at the beginning of 1967 and continued to hold those positions until in or about June, 1970 when he became Home Secretary; his Son, Martin Maudling, was for part of the time the General Manager of I.T.C.S.
4. O.S.B. Limited. Mr. Maudling became a Director of this Company in or about 1966 and resigned in or about July, 1969. His Son was likewise actively engaged with the affairs of this Company.
5. Construction Promotion Limited. Mr. Maudling became a Director of this Company in 1966 and resigned in 1967.

and his family held shares in the three above

7. In relation to O.S.B., Mr. Maudling as appears from the Minute Book of that Company and other documents relating to its affairs, attended its Board Meetings and appears to have been familiar with its affairs to a considerable degree. It will be remembered that O.S.B. Limited received, or is alleged by Mr. Poulson to have received substantial sums from Ropergate Services Limited and for Mr. Poulson himself. The documents in the possession of myself as Mr. Poulson's Trustee and in the possession of Mr. Bendall, as Liquidator of O.S.B. Limited and Ropergate Services Limited, indicate that considerable doubt exists as to the circumstances in which such sums, possibly amounting to in excess of £400,000 were paid to or expended on behalf of O.S.B. Limited. I desire to obtain from Mr. Maudling his account of the relevant matters and the nature of the expenditure incurred on behalf of O.S.B. Limited and the benefits, if any, alleged to have been obtained for O.S.B. Limited thereby.

8. As respects I.T.C.S. Limited it will be remembered that this Company was set up primarily to obtain architectural work for Mr. Poulson's practice in the Middle East, Africa and elsewhere. As with O.S.B., I.T.C.S. was provided with funds or is alleged by Mr. Poulson to have been provided with funds, to a very substantial amount by Ropergate Services Limited, and for Mr. Poulson. Mr. Maudling took a very active part in the management of the affairs of I.T.C.S. and on a number of occasions went to the Middle East on its behalf and there dealt with its Middle East Director, one Constandi Nasser ("Mr. Nasser").

9. It will also be remembered that Ropergate Services Limited by its said Liquidator, Mr. Bendall, commenced proceedings against I.T.C.S. Limited on 22nd. May, 1972, for the recovery of a sum of £157,000. The position now is that as a result of my compromise with Interplanning and Design Limited ("I.P.D") which took over I.T.C.S. in or about 1970, benefit will recourse to

10. The books of account of I.T.C.S. are in my respectful opinion in a deplorable state and it is quite impossible to disentangle its true financial position and worth. It appears that the income of I.T.C.S. may have been derived from two main sources : -

(a) from fees paid by clients for whom buildings were designed, the majority of whom were in the event either rulers of Middle Eastern States, or members of their families or State Governments.

(b) from commissions payable to I.T.C.S. by firms whose products or services were through the instrumentality of I.T.C.S. used in connection with such building projects.

11. It has recently come to my attention that certain such commissions apparently due to I.T.C.S. were not or may not have been received by it but were, on the contrary, taken by Mr. Nasser personally or on his behalf, for example, by payment being made at his direction by an English Company into an account in the name of one Karim Azzoure in Zurich, Switzerland.

12. Mr. Maudling has by his Solicitors for many months been providing me with information relating to the foregoing and other matters. He has now indicated that if this Honourable Court saw fit to make an Order for his Private Examination, then it would be convenient for him to attend for such an examination on Thursday, 19th. July, 1973.

13. I respectfully submit that in all the circumstances having regard especially to the great complexity of the matters involved that it would be proper for this Honourable Court to make an Order for the examination of Mr. Maudling as prayed.

DATED THIS 9th. day of July, One thousand nine hundred and seventy-three.

IN THE WAKEFIELD COUNTY COURT

IN BANKRUPTCY

RE: JOHN GARLICK LLEWELLYN POULSON
a Bankrupt.

EX PARTE: THE TRUSTEE of the Property
of the Bankrupt.

R E P O R T

R.C.Moorhouse & Co.,
16 and 17, East Parade,
LEEDS, LS1 2BR.
Solicitors for the Trustee

IN THE WAKEFIELD COUNTY COURT

No. 1 of 1972

IN BANKRUPTCY

RE: JOHN GARLICK LLEWELLYN POULSON, a Bankrupt

EX PARTE: The Trustee of the property of the above-named Bankrupt
Applicant

APPLICATION is hereby made on behalf of the Applicant for an Order that the following person be summoned for examination under Section 25 of the Bankruptcy Act, 1914, on the grounds set out in the Report of the Applicant dated 9th. July, 1973, and filed herewith, and for a day to be appointed for such examination AND for an Order that the said person upon his attendance for such examination produce, or cause to be produced on his behalf, all books, papers, writings and documents in his custody or power relating to the said Bankrupt and for the appointment of a Shorthand Writer for the purpose of taking down in shorthand the evidence of the said person at his examination and making a transcript of his notes thereof

PERSON TO BE EXAMINED

Right Honourable Reginald Maudling,

DATED the day of 1973

TO: THE COURT,

R.C.Moorhouse & Company,
Protection House,
16 and 17, East Parade,
LEEDS, LS1 2BR.
Solicitors for the Applicant
Trustee

No. 1 of 1972

IN THE WAKEFIELD COUNTY COURT
IN BANKRUPTCY

RE: JOHN GARLICK LLEWELLYN POULSON,
a Bankrupt.

EX PARTE: JOHN HERBERT PRIESTLEY,
Trustee of the property of
the above-named Bankrupt.

A P P L I C A T I O N

R.C.Moorhouse & Co.,
16/17, East Parade,
LEEDS. LS1 2BR

No. 1 of 1972

IN THE WAKEFIELD COUNTY COURT
IN BANKRUPTCY

RE: JOHN GARLICK LLEWELLYN POULSON a Bankrupt
EX PARTE: The Trustee of the Property of the
above named Bankrupt Applicant

UPON reading the Report of the Trustee John H. Priestley dated 9th July, 1973; and upon hearing Counsel for the Trustee it is Ordered that the following person be examined under Section 25 of the Bankruptcy Act and he is hereby required to attend on the 19th day of July 1973 at the Court House, Regent Street, Barnsley at 10.30 a.m. in the forenoon to give evidence in the above matter.

AND that the said person do upon his attendance for such examination produce or cause to be produced on his behalf, all books, papers, writings and documents in his custody or power relating to the said Bankrupt if you fail having no lawful impediment to be then made known to the Court, and allowed by it, then the Court may by warrant cause you to be apprehended and brought up for examination.

AND that a Shorthand Writer be appointed to take down the evidence of the said person and make a transcript thereof.

Person to be Examined

Right Honourable Mr. Reginald Maudling

DATED this 9th day of July 1973.

No. 1. of 1972

IN THE WAKEFIELD COUNTY COURT
IN BANKRUPTCY

RE: JOHN GARLICK LLEWELLYN POULSON
a Bankrupt

EX PARTE: TRUSTEE of the property
of the above-named Bankrupt.

S U M M O N S

R.C. Moorhouse & Company,
16/17, East Parade,
LEEDS, LS1 2BR

R. C. MOORHOUSE & CO
Solicitors.

COMMISSIONERS FOR OATHS

R. C. MOORHOUSE
W. D. SIMPSON
C. W. ARD LL.B.
J. M. PICKARD, M.A.
M. G. C. MOORHOUSE

TELEPHONE. 42631 (6 LINES)
S.T.D. PREFIX 0532

WDS/KMB/179/PO/156

Dear Mr. Sutton,

Protection House,
16 & 17, East Parade,
LEEDS, LS1 2BR.

10th. July, 1973

re: J.G.I. Poulson - In Bankruptcy

I thank you for your letters, for Mr. Maudling's further comments, and for your draft release to the press.

I now have an Order for your client's examination on Thursday, 19th. July, at Barnsley County Court. I will attend at your office with a copy of the Order for service on Thursday next as arranged.

I am instructed to approve your draft release to the press subject only to the addition of the words "The Trustee has been asked by Mr. Maudling to make the following Statement".

The Registrar has indicated that he will do all in his power to avoid publicity. May I urge you once again to attend with me at the Barnsley County Court House to discuss the problem with the Chief Clerk of the Court.

There is always a danger whatever precautions are taken that the press will hear of the examination well in advance; certainly there is a danger of speculation in early editions issued during the course of the examination. My client is quite willing for the publication of the Statement at any time prior to the 19th. July, if your client so wishes.

I am obliged to Mr. Maudling for his further comments and I should like first to deal, if I may, with the accounts of I.T.C.S. Limited, which accounts cannot be considered, in my view, except in the context of the whole of the bankrupt's accounts.

The accounts of I.T.C.S. Limited were, together with the accounts of Mr. Poulson's Architectural practice, and the accounts of all other Companies associated with him, dealt with by staff employed by Mr. Poulson in his practice, in particular his Accountants, Messrs. Camm, Baker & Iredale, and the Company's Auditors, Messrs. Smith & Blackburn, later known as Pannell, Fitzpatrick, were Mr. Poulson's personal Accountants and the Auditors of the other Companies.

/continued over/

2. R.C.Moorhouse & Company

The finances of Mr. Poulson's private practice, and the Companies, were so inter-mingled, not only by way of the large cash advances made by Mr. Poulson, the use of Ropergate Services Limited as a sort of clearing house for the whole organisation, but also by the very nature of the book-keeping methods used, so that it is impossible to ascertain the de-markation line between the various entities, not only so far as expenses are concerned, but even revenue. Our investigations have revealed the following additional matters with regard to the accounts generally : -

- (a) Holidays provided for individuals involving many thousands of pounds have been debited against the revenue of the organisation as a whole as travelling expenses.
- (b) Goods such as furniture, motor cars, etc., etc., have been debited as though they were legitimate trade expenses, the book entries being in such a form so as to deceive. Here again many thousands of pounds are involved.
- (c) Personal expenses of Mr. Poulson have been debited as trade or professional expenses to the detriment of the Inland Revenue.
- (d) It has not been possible in a significant number of instances to reconcile the books of account with the supporting documents, nor even has it been possible to reconcile the books of account with the Auditors' working papers.

SPECIFIC OBSERVATIONS WITH REGARD TO I.T.C.S. LIMITED

- (1) The failure to account for commissions earned from Sub-Contractors and other sources.
- (2) I cannot reconcile the activities of the Company with the huge expenses incurred, and so far I have not been able to vouch expenses charged against the Company, which in my view is quite vital in the light of matters discussed above.
- (3) There are specific instances of travelling expenses debited in the Company's books which I am not satisfied are proper trading expenses.
- (4) There is correspondence in which it is suggested that a Diamond Bracelet should be debited as a trading expense. I have not yet been able at this time to ascertain what steps were taken with regard to this.

/contd. over/

3. R.C.Moorhouse & Company

I am satisfied that the investigations of I.T.C.S.'s affairs must be continued until it is possible to prepare a proper books of account, not only so that this Company might observe its obligations under the Companies' Acts, but also because : -

- (a) I am satisfied that if a claim against I.T.C.S. Limited for the sum of £157,000 is not compromised then the issue should be determined by a Court

-and-

- (b) That no settlement can be reached with the Inland Revenue, not only with regard to the Company's position, but also with regard to the Poulson organisation as a whole.

I think I should inform you that further investigations would seem to show that : -

- (1) The Engineering Trading Corporation Company is a concern in which Mr. Nasser, his brother-in-law and Mr. Poulson almost certainly had an interest, and for all I know may still have an interest.

- (2) Whilst no one can be certain it is possible, we are told, that Mr. Karim Azouro, the recipient of the monies in Switzerland, is the Mr. Karim Azouri, who is a procurer of unobtainable documents for the purpose of enabling arms to be delivered to improper destinations. Alternatively, it may simply be an alias for Mr. Nasser and/or Mr. Poulson.

I should say here that I am assured by a number of persons that whilst they can produce no supporting evidence at this stage, they have, either heard from third parties or as experts believe that the taking of commissions in the Middle East would indicate to them that the amounts involved should be very substantial indeed.

I have been fortunate enough to be introduced to His Excellency Mr. Camille Chamoun, a former President of the Lebanon, and as your client will know a most eminent and leading Statesman, who is now considering our request for help. I have written to Mr. Nasser and a copy of my letter is enclosed herewith. Quite frankly what we hope to accomplish is an examination of Mr. Nasser on neutral ground.

/contd. over/

4. R.C.Moorhouse & Company

I have not dealt with every point in your client's further comments because, as you know, I have invited you to a meeting prior to the examination. I do think it is important that you should have an opportunity of confirming what I have said in this letter by reference to all the files and documents which I will most certainly make available to you.

I must emphasise once again, with the utmost respect to your client, there would seem to me to be a most serious problem and one which I feel we must all do our best to resolve.

I await hearing from you.

Yours sincerely,

D.Sutton, Esq.,
Messrs. Allen & Overy,
9, Cheapside,
LONDON. EC2V 6AD

ALLEN & OVERY

SIR / PREY MORLEY
J. J. NATION
J. L. ROYCE
J. M. ROOPE
D. A. OVERY
D. V. JOHNSON
D. T. SIMMONS
A. E. MENTON
A. J. CLIMMER
A. J. C. PRINCE
J. D. HENRY
J. W. MORRIS
J. V. B. BUNYAN

J. F. MCNE
C. B. WALFORD
A. J. HERRERT
H. J. BURNHAM
R. HERRFALL
J. E. L. CHURCH
D. S. J. TUITON
D. M. J. RYAN
O. H. WILTON
P. J. J. MOLLAND
W. TUDOR JOHN
P. M. T. SIMPSON
J. A. MCGAYON
P. R. WOOD
J. HERRFALL TURNER

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Telegrams & Cables
Address: London-EC2 Telex

6, CHEAPSIDE,
LONDON,
EC2V 0AD

23rd July 1973.

OUR REF. DS/PMS.

YOUR REF.

W. D. Simpson, Esq.,
R. C. Moorhouse & Co.,
Protection House,
East Parade,
LEEDS, 1.

Dear Mr. Simpson,

Poulson.

One of Mr. Muir-Hunter's Juniors asked me to effect an examination to identify the three documents which Mr. Maudling mentioned in the context of ITCS's share of fees.

They were:-

- (a) Projects Report dated 3rd April, 1967.
- (b) Mr. Poulson's letter to Mr. Maudling dated 25th January, 1969.
- (c) The draft Profit & Loss Accounts for the year ended 31st December, 1967.

You already have these but, for ease of reference, I enclose copies.

You kindly offered to obtain for me a transcript of Thursday's examination. Would you kindly send me the transcript as soon as you receive it. *

Yours sincerely,

D. David Sullivan

PROJECTS REPORT

MEXICO

Teaching Hospital, Merida, Yucatan

The outline brief presented to the State Governor has been studied by the Medical Committee of the U'Horon Hospital. It has been accepted in principle and their detailed comments will be forwarded in the next few weeks. The Bank of Mexico are considering the proposals for a reciprocal trading agreement made by Societo General de Compensacion. If these are approved the finance made available will be used for the construction of the hospital.

I.S.S.S.T.C.

Vickers Medical Group and their agents I.M.S. are discussing with ISSSTE a proposal that the Group be appointed project managers for the ISSSTE hospital development programme. Dr. Somera has been informed that ISSSTE are prepared to go ahead with such a proposal if permission can be obtained from the Mexican Government departments involved. If such permission is forthcoming, the first phase of the programme will amount to 100,000,000 pesos. Financing of the project will be needed, probably divided up by the Government providing the land, 30% of the cost and all necessary guarantees; of the remainder 35% would be U.K. component in the form of fees and equipment, leaving 35% needing external finance.

Ejercito Nacional Hospital

The design based upon the outline brief, already approved, was presented on March 18th to the medical committee headed by Dr. Alvarez Ierena. They were most pleased with the general planning concepts and will now consider the details of the design and present their comments within four weeks of the above date.

Ex Reforma Club Site Development

This development is closely related to the proposed Ejercito Nacional Hospital. When this site was considered for the hospital it was evident that it would not be feasible without an overall development for the land. Preliminary studies and interests had been examined before an approach was made to ourselves. A proposed development was presented in Mexico City during the period 17th to 20th of March. It created considerable interest among those concerned with the site, particularly the medical committee and Senor Caesar Balsa who considers the situation ideal for a major hotel development. A problem of timing has, however, arisen because of the needs of Senor Arango who owns the land.

At the meetings held at the end of 1966 he had given the impression that he could well take an interest in the overall development of the site through his ownership of the land. At the meetings in March, however, he made it clear that although his interests in certain parts of the development - e.g. shops and cars, was still active he wished to sell the land as quickly as possible. As this added an undesirable factor of urgency into the project. The latest situation, telephoned to London by Dr. Samamo, is that Senor Arango would like to have 50% of the purchase price of the land (i.e. approximately £500,000) paid within 60 days of the beginning of April, with arrangements negotiated for repayment of the remainder. Dr. Samamo is organizing a group in Mexico to explore this possibility. It must be remembered, however, that actions of this kind are typical of the Mexican scene. The price asked for the land (£650/sq.m.) is above the price which could be expected for the site undeveloped and without planning permission. There is no evidence that an alternative purchaser is active in the field and Sen Arango has already shown that his apparent intractable attitudes change rapidly with altering circumstances. The situation is now that a group in Mexico are examining ways and means of purchasing the land as the first stage in setting-up a Mexican company to exploit the site and its development. Meanwhile, a proposal is being prepared by J.C.L. Poulson to fulfil the requirements of Senor Balsa concerning the hotel complex. These requirements are a major extension of the original design and will improve the overall feasibility of the project. The steps necessary for planning approval and site tests will also be carried out. Negotiations will be continued in Mexico on the optimum methods of financing the whole project, so that if the preliminary steps should prove successful the development can continue. At no point do we become financially committed to the development but great care will be needed in negotiations to ensure that if the development continues we retain our position as project managers. The ties with the hospital group and Senor Balsa will be most valuable here.

Low cost Housing

During the visit in March, discussions were held on the possibility of low cost housing developments in Mexico. The details of the O.S.B. houses were left with the appropriate authorities and Mr. C. MacAlvino, First Secretary at the British Embassy has agreed to progress the matter.

General

... discussions, particularly those on the Reforma

Site development, several projects were mentioned. Senor Carlos Truett brought up two major examples. First, a site development on land owned by himself, just on the borders of Mexico City & far greater in extent than the Reforma site; the model presented encouraged him to ask our opinion on this development and he will forward details. Second, he described a proposal for the setting up of a special steel mill in Mexico for the ultimate manufacture of vehicle springs and axles. A feasibility study has been completed and a copy will be forwarded through Dr. Sumamo.

Sr. Villa Sanor discussed a smoke abatement project for Mexico City where smoke and haze have become major problems. Both the steel and smoke abatement proposals may be of interest to Vickers and they will be discussed with the group concerned.

DOMINICAN REPUBLIC

Discussions have been held with the President of the Dominican Republic on behalf of Vickers Limited Medical Group concerning the development of the Republic's medical service. As a result of these discussions a survey was carried out by medical administrators with experience of the Caribbean. The preliminary survey has been shown to the President and his ministers and generally accepted.

It recommends that very simple 50 bed hospitals be erected at Noiva, San Pedro de Macoris, Valverde and Cotin; a 20 bed maternity and child welfare centre be built at Esperanza and a similar 12 bed unit at Mencia; these will be supported by 7 peripheral health centres with two beds each. The cost of this programme would be about 3,250,000 \$ U.S. A detailed proposal is being prepared by Vickers Medical Group for presentation to the President on April, 20th. If it is accepted all the equipment, engineering services, constructional management and fees would be of U.K. Origin.

BAHAMAS

Discussions have continued with Bahamas Hospital Association and an outline brief has been prepared for a 100 bed hospital and clinic. The planning principles of this follow very closely those of the Ejercito Nacional Hospital, Mexico City.

Recently Mr. E.P. Taylor, the major landowner on New Providence Island, has expressed great interest in this project and has offered, in principle, to donate the clinic and services building. The reasons for this are that

4

Mr. Taylor is going to build a new town for up to 100,000 people on New Providence Island and the hospital will be needed to supply one aspect of the medical services for such a development.

After a preliminary meeting, Mr. Taylor has invited Dr. K.G. Williams to the Bahamas to discuss this project and to talk to the new Prime Minister about the Health Services in the Bahamas which, at the moment, are most unsatisfactory. During this time an opportunity will be taken to talk to Mr. Taylor about his plans for the new town which, it is gathered, have reached the feasibility stage. The Reform site proposals will, of course, be most valuable for such discussions.

TEHRAN

Queen Pahlavi Hospital for Cardiovascular Diseases

A meeting was recently held with Professor Chafizadeh who is Director Designate for this proposed hospital. He said that although delays had been encountered the project was proceeding and that the Queen Mother was still very insistent that the project should proceed quickly. She was also arranging finance for the project. It had been basically agreed that the hospital should follow the plans and model already presented.

Professor Chafizadeh is returning to Iran from the U.S.A. around April 20th and he has suggested further meetings in Tehran should be planned after he has discussed details with the committee.

SAUDI ARABIA

Proposed Specialist Hospital, Riyadh

This 50 bed highly sophisticated hospital is intended for the Royal Palace in Riyadh. Discussions have been held on site and in London with Dr. Rifaat, Physician to King Faisal. As a result of these an outline presentation has been prepared for discussion with the King. Dr. Rifaat has signed on behalf of the King a letter of intent and guarantee, authorizing Vickers Limited Medical Group to arrange a visit to Riyadh - with all expenses paid - to discuss the plans of the hospital and contract details. Dr. Emberton of Vickers and Mr. Shaw of J.G.L. Poulson will make the trip late in April.

Private Hospital Jeddah

A request has been made on behalf of a pharmaceutical group to present a proposition for the design and construction of a private 70 bed hospital in Jeddah. A feasibility study has been provided which is now under examination.

MALTA

Gozo Hospital for Maltese Government

The plans, model, specifications and estimates have been approved by the Ministry of Health, with very slight modification. These modifications have been carried out and the project is now at working drawing stage, with the object of commencing on site in October 1967.

The estimated cost of this project is £1.5 million.

The I.T.C.S. fee here will be 2% of the cost.

The equipment contract is through J.C.L. Poulson and not with Vickers direct. J.C.L. Poulson will, of course, appoint Vickers in this connection.

Gozo Harbour, Malta

The plans, model, estimates, were all forwarded to the Maltese Government, but things have been delayed due to negotiations which are taking place, we understand, between Britain and Malta. We are now reopening the programme.

AMMAN

1,000 Bed Hospital for Jordanian Government

The Minister of development is forwarding to this office a revised brief. The hospital has already been designed (but the estimates were far too high) by another firm who have since been dismissed. Mr. Poulson saw the Minister in March and he has since been seen by Mr. Nasser and we are to have a direct appointment here.

The estimated cost is £3 million.

LEBANON

Maelmeltein project

This project has been delayed due to the recent bank crisis in Beirut, but the site has been purchased by a list of millionaires who did not bank with a Lebanese bank.

at the time of the intra-crash. Mr. Poulson met this gentleman in March and we have been appointed to carry out the development. We have asked for £10,000. As our first fee for doing a feasibility study with a view to commencing the development in January 1968.

The estimated cost of this project is £3.631 million.

Housing

We have been invited to submit tenders for G.S.O. housing for 7,000 units for the Lebanese Government.

The fee for I.T.C.S. here would be on the basis of £50 per unit.

LIBERIA

Capo Palmas Harbour

Mr. Maudling and Mr. Poulson met the President of Liberia and Mr. Horton in London in the middle of April to give the details of the various points raised in connection with finance. That is details of the concession deals of Eastern Asiatic, Hollando-African, Firestone Rubber and various other smaller concerns. The work should start October/November 1967.

I.T.C.S.'s fee here would be £25,000.

CANARY ISLANDS

Tenerife Hospital

We have heard that the new conditions have been further delayed for a period of two months and also that funds for the hospital are not yet available. We cannot, therefore, estimate the programme dates.

The estimated cost here is £2.65 million and the authorities seem prepared to sign an agreement with our Group.

Mayorazgo Development, Tenerife

This is a project for the Rodriguez family and Mr. Poulson has seen the Minister of Turismo who agrees that he will make the maximum grant available under Spanish Law at the moment, namely 50%. This has been communicated to the developers and we are awaiting instruction.

SPAIN

Huelva Development for Sr. Balsa

This is a private venture and consists of a 5 kilometre strip totalling 4.5 million square metres of land. The project envisages hotels, casinos, golf course, marina, restaurants, etc. Senor Balsa is going to Spain early in May (from Mexico) and would like to meet Mr. Paulson and visit the site prior to making all necessary arrangements. Senor Balsa will require outside finance, but wishes also to put in finance himself and mentioned the figure of £10 million sterling which he has in Spain but which he is most anxious no one in Mexico should know of.

3rd April, 1967

/Rt. Hon. Reginald Maudling, M.P.

himself. Ken agrees with me that Samame started all this after he got that telex signed by you and Ken telling him to close down everything. It is Latin American vindictiveness and nothing else.

Now to a brighter side. I have had Costa over and am enclosing a letter which George Wilson signed because, as you appreciate, I cannot sign it. I would like if you would now write a similar letter from I. T. C. S. confirming the action. The reason for the urgency, George Wilson was satisfied, was due to the fact that Zayed is coming back on Wednesday and the Japanese architect is going to be paid off and we shall be appointed to do the Town Plan and all the Government buildings. This is to go on immediately. In fact, I. T. C. S. and myself - on a new Agreement of a fee of 6½% - will be appointed in the next two weeks. I. T. C. S.'s share out of this will be 1%, and the estimated Japanese cost is £20 millions. It will be more than that, of course, as this was costed two and a half years ago. There are a number of other projects too.

I will talk to you about Riyadh, but we are now having to go to a Middle East contractor as Laings' price was ridiculous, but no more ridiculous than Ali Raza told us it would be. It is going out to three Middle East contractors and I shall have the price in in fourteen days, settled and signed. It is a great pity that British contractors are as they are.

Kuwait is going to go on. We shall be on with it in about three months' time. There seems to be no question about us getting it.

Bahrain - George Wilson followed this up and we are to get a Brief next week. He saw Jalal.

George Wilson didn't go into Saudi Arabia as Costa couldn't get a visa for himself. Costa will let me know when Zayed can see you, but I am going down in about two weeks to see all the jobs - just to show my face as I think last year this is what was wrong, no-one went down there and I believe this is a thing you must keep doing.

Believe it or not, Malta is going on! We had a great long letter some time ago telling us to alter all sorts of things

/Rt. Hon. Reginald Maudling

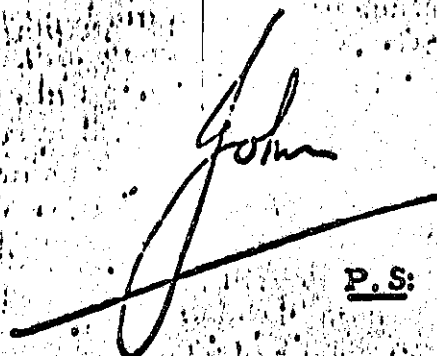
and arrange the Contract differently, etc. I couldn't agree with this at all and wrote saying so, giving them my ideas and thoughts. I think the Ministry of Overseas Development must have put the pressure on here as I did let them know just what was going on and what I was doing. The outcome of it all, however, is that we have had a letter now telling us that things are to go ahead.

O. S. B. Tenders come in on 10th February for 1,000 houses for Nottingham. No Authority has ever been as co-operative to us as they have. There are 2,000 plus in Scotland being negotiated for and 1,000 in the North East. A great many Authorities are coming to light in the Midlands. As far as the South is concerned, Mr. Spooner has arrived and we are in for Ryde in the Isle of Wight, have been appointed for Southborough, and Ashdale have asked for details. We are in touch with Guernsey and Jersey. Not bad work for the young man's first week!

I shall probably have told you all this before you receive this letter which I cannot have sent off until Monday when George Wilson returns with the above mentioned letter.

Sorry to put everything into one letter.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "John", is written over a horizontal line.

P.S. Sorry, but the letter from Mr. Wilson isn't ready - it will be forwarded tomorrow.

INTERNATIONAL TECHNICAL AND CONSTRUCTIONAL SERVICES LIMITED

LONDON

Year ended 31 December 1967

Profit and Loss Account

Income

	<u>1967</u>	<u>1968</u>
Middle East 2% on £10,000,000		200,000
Mexico 2% on £ 5,000,000		100,000
Libya Fixed fee		50,000
Turkey 2% on £ 2,000,000		40,000
Cheam 2% on £ 2,100,000	9,000	42,000
Nigeria		
Peru Not yet available	<u>9,000</u>	<u>432,000</u>

Expenditure

Salaries

Travelling and Entertaining	9,745	6,000
Travelling	70	500
Entertaining	60	100
Motor Expenses	<u>9,875</u>	<u>6,600</u>

Office Expenses

Rent and Rates	5,910	1,750
Lighting and Heating	350	200
Telephone	840	700
Postage	90	100
Printing and Stationery	750	250
Cleaning	432	200
Prints & Photographic Material	131	50
Repairs and Renewals	2,380	200
Sundry	<u>990</u>	<u>500</u>
	11,881	3,950

Finance & Professional Charges

Bank Charges	20	20
Insurance	450	200
Legal Expenses	210	50
Other Professional Charges	1,963	-
Directors' Fees	17,000	17,000
Rent of Equipment	<u>2,497</u>	<u>750</u>
	22,140	18,020

Service Charge

Ropergate Services Ltd.

	<u>2,600</u>	<u>2,000</u>
	54,700	36,570

Net Profit/(Loss)

	<u>£(45,700)</u>	<u>£355,430</u>

INTERNATIONAL TECHNICAL AND CONSTRUCTIONAL SERVICES LIMITED

LONDON

31st December 1967

Balance Sheet

Share Capital

Authorized, issued and fully paid
Shares of £1 each

3,000

Reserve Service-Limited

Current Account

39,755

Sundry Creditors

Directors' fees
Bank overdraft

12,000
110

12,110

£54,865

Current Assets

Sundry debtors
Balance at bank
Cash in hand

9,000
115
50

9,165

Profit and Loss Account

Loss for period to date

45,700

£54,865

INTERNATIONAL TECHNICAL AND COMMERCIAL SERVICES LIMITED

BEIRUT

Year ended 31st December 1967

Profit and Loss Account

	<u>1967</u>	<u>1968</u>
Income		<u>200,000</u>
Fees receivable	<u>6,000</u>	
Expenditure	<u>2,960</u>	5,800
Salaries		2,500
Travelling and entertaining	1,364	
Office Expenses		2,000
Rent and rates	753	50
Lighting and heating	20	250
Telephone	210	100
Postage	50	50
Printing and stationery	55	50
Cleaning	20	200
Repairs and renewals	280	100
Sundry	<u>350</u>	<u>3,100</u>
Finance and professional charges		50
Bank charges	20	50
Legal expenses	56	<u>200</u>
Rent of equipment	<u>200</u>	300
Service charge		100
Ropergate Services Limited	<u>100</u>	<u>11,800</u>
	<u>6,438</u>	
Net Profit/(Loss)	<u>£ (438)</u>	<u>£188,200</u>

31st December 1967

Balance Sheet

Current Account		Profit and loss account
Ropergate Services Ltd.	328	Loss for period
Balance at bank	<u>110</u>	438
	<u>£438</u>	<u>£430</u>

Note: Details of some expenditure for December have not yet been received and estimates have been made accordingly.

6th January, 1968.

VD/JE

INTERNATIONAL TECHNICAL AND CONSTRUCTIONAL SERVICES LIMITED

MEXICO

Nine months ended 31st December 1967

<u>Expenditure</u>	<u>1967</u>	<u>1968</u>
Salaries	4,555	5,000
Travelling and entertaining		
Travelling	1,961	1,500
Entertaining	646	250
Motor expenses	<u>797</u>	<u>250</u>
	3,404	2,000
Office expenses		
Rent	1,163	1,000
Telephone	775	300
Postage	64	100
Printing and stationery	206	200
Sundry	<u>441</u>	<u>400</u>
	2,649	2,000
Finance and professional charges		
Bank charges	36	100
Depreciation	423	400
Insurance	102	200
Legal expenses	340	100
Other professional charges	<u>420</u>	<u>200</u>
	1,329	1,000
	<u>£12,937</u>	<u>£10,000</u>

Note: As details of December expenditure have not yet been received the above figures include Dr. Samame's estimate for that month. It is anticipated that expenditure for 1968 will be at a considerably lower level than for 1967.