

CONFIDENTIAL



cgB1
ccB1
Prime Minister (2)

To note (I will get a copy of the speech referred to)

AT
29/6

Treasury Chambers, Parliament Street, SWIP 3AG
01-233 3000

PRIME MINISTER

COMMERCIAL FRAUD

We have for some time been examining ways of making more effective the handling of suspected cases of major commercial fraud. Setting up the Roskill Committee was one strand of this initiative. After extensive discussions with the colleagues and Departments concerned, arrangements are now in place for establishing a permanent and strengthened Fraud Investigation Group (FIG), to replace the existing ad hoc arrangements to deal with individual cases. The initiative is also a modest but useful prelude to our response to the Gower Report on Investor Protection.

2. The Group will be set up in the Department of the Director of Public Prosecutions. It will be headed by a Controller, who will report to the DPP, and through him to the Attorney General.
3. New resources are being made available to the DPP, during the current financial year, in order to set up the new group, though Michael Havers tells me that, because of difficulty in recruiting suitable staff, it will not be possible to meet our original target commencement date of 1 January 1985.
4. The Group will be staffed by prosecuting lawyers, specialist accountants, and the necessary supporting staff. The ground rules have been agreed in principle by all Departments concerned. Further details are now being discussed by officials, but there is no need to hold up an announcement on this account.

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... 5. Subject to your views, I intend to announce these new arrangements on Tuesday 3 July. I enclose a draft written Parliamentary Question and Answer. I also propose to include a passage on these new arrangements in a speech on the same day about changing financial markets.

6. Michael Havers thinks, and I very much agree, that it would be a courtesy to give Lord Roskill advance warning of this announcement. I hope that the Lord Chancellor, to whom I am copying this letter, would be prepared to take this on.

7. I am copying this letter to the Lord Chancellor, the Home Secretary, the Secretary of State for Trade and Industry, to the Attorney General and to Sir Robert Armstrong.

N.L.
29 June 1984



DRAFT QUESTION

To ask Mr Chancellor of the Exchequer, if he will make a statement about the arrangements by which cases of serious commercial fraud are investigated.

DRAFT ANSWER

The Government has reviewed the arrangements for investigation and prosecution of fraud cases. This work has been complementary to that of the Committee under the chairmanship of Lord Roskill, announced by my RHF the Home Secretary [Hansard reference7], which is considering the conduct of criminal proceedings in England and Wales arising from fraud.

The Government has concluded that the present arrangements by which fraud investigation groups comprising representatives of the police, the DTI and the Director of Public Prosecutions are constituted on an ad hoc basis for particular cases, should be put on a permanent basis. This new Fraud Investigation Group will be set up in the Department of the Director of Public Prosecutions. It will be headed by a Controller, who will report to the Director and, through him, to my RH and Learned Friend the Attorney General. The group will be staffed by prosecuting lawyers, specialist accountants and the necessary support staff. Some of the new staff will be seconded from the DTI. The Group will be able to request the DTI to carry out investigations under the Companies Act, although final decisions on such investigations would still be for the Secretary of State. The Group will also work in close co-operation with the police.

The new arrangements will take effect as soon as possible in the New Year. Detailed ground rules for the referral of cases to the new Group are under discussion. A further announcement will be made in due course about the implications for the Department's expenditure provisions.



FILE

B/C: N. CHEN

RJ

10 DOWNING STREET

From the Private Secretary

2 July, 1984

COMMERCIAL FRAUD

BK/

The Prime Minister has seen the Chancellor's minute of 29 June. She is content with the proposal to establish a permanent and strengthened Fraud Investigation Group to replace the existing ad hoc arrangements. She is also content with the terms of the draft Answer. Please could you send across a copy of the Chancellor's speech.

I am sending a copy of this letter to Richard Stoate (Lord Chancellor's Office), Hugh Taylor (Home Office), Callum McCarthy (Department of Trade and Industry), Henry Steel (Attorney General's Office) and to Richard Hatfield (Cabinet Office).

(A. Turnbull)

D. Peretz, Esq.,
HM Treasury.

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