

MA 30/8

Mr Alison to see

Cecil Parkinson authorised
this decision.

Message relayed to PM in
Switzerland.

Tessa
17.8.83

LONHRO/HOUSE OF FRASER

Alex Fletcher (DTI) spoke to me this morning about Lonhro and the House of Fraser.

The House of Fraser have submitted a Report to the Government claiming that there have been dealings in their shares which contravene the undertakings given by Lonhro and which may have contravened the Companies Act. Because of the evidence submitted in this report, DTI have decided to bring in two outside inspectors, - under Section 172 of the 1948 Companies Act - to investigate. They will look at dealings in House of Fraser shares but will also have the power to question anybody on this matter. Their report is expected by the end of the year.

The decision to appoint the investigators is expected to be announced either this Friday, 19th August or next Monday, 22nd August. Both parties, (Lonhro and House of Fraser) will be informed an hour or so before the public announcement. Both sides must, of course, be informed simultaneously.

Alex Fletcher is fully aware that this will be a controversial decision by the Government.

17.8.83

STEPHEN SHERBOURNE