

## NEWS: UK

# Underwriters inquiry

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In the case of shares, underwriting fees for initial public offerings or rights issues fall below prescribed levels only in circumstances such as government privatisation issues.

Brokers receive 0.25 per cent of the total amount sold, while underwriters earn 0.5 per cent of their portion. Sub-underwriters, typically pension funds, life insurance companies and institutional fund managers, earn 1.25 per cent.

The OFT wrote in March to several City trade associations seeking information on how profitable underwriting and sub-underwriting has been for institutions over the past 10 years and the frequency with which issues "fail", causing losses for underwriters.

The Institutional Fund Managers Association, the National Association of Pension Funds and the British Merchant Bankers Association have received the letters, and have all been asked to provide information.

City institutions defend the process of fixed fees, saying that variations of risk are reflected in the price charged for the shares rather than in the commissions.

## Former Lotus chairman admits taking part in conspiracy to defraud car venture

# Guilty plea in \$17m De Lorean fraud case

By John Griffiths

FORMER Group Lotus chairman Mr Fred Bushell yesterday admitted taking part in a \$17.65m conspiracy to defraud De Lorean Motor Cars, the Belfast sports car venture which collapsed spectacularly 10 years ago after nearly £78m of UK government funding had been invested in it.

The guilty plea at Belfast Crown Court came as the government and Cork Gully, receivers for what was possibly the most humiliating project ever funded by UK taxpayers, intensified their efforts to recover some of the government's investment in the abortive development of the stainless steel sports car.

So far, just under £14m has been recovered. However, Mr Christopher Hughes, the principal receiver, said yesterday that he expected further "substantial" sums to be recovered.

This is apart from legal action being taken by the government in the US against Arthur Andersen, the De Lorean auditors.

The government is suing for £240m, claiming that the accountancy firm should have been aware of mismanagement, misinformation and misappropriation of funds.

In another twist Arthur

Andersen has called Mrs Margaret Thatcher, the former prime minister, as a witness in its efforts to prove government incompetence in assessing and monitoring the project.

The decision to invest £53m in the project was made by the Labour government in 1978. Top-up funds continued to be

**According to evidence given by the late Sir Kenneth Cork, the first De Lorean receiver, the money "went walkabout"**

provided after the Tory election victory of 1979, mainly because of the 2,000 jobs at stake in one of the UK's most depressed regions.

Mr Bushell, 64, who underwent heart bypass surgery last year, admitted conspiring with Lotus' founder, the late Colin Chapman, and Mr John De Lorean to defraud the Dunmurry, West Belfast-based venture, of funds originally intended to pay Group Lotus.

The money was never received by Lotus. Instead, according to evidence given by the late Sir Kenneth Cork, the first De Lorean receiver, the money "went walkabout".

Mr Bushell will be sentenced in six weeks' time and was freed on continuing bail of £50,000. He has been on bail since July 1989, when he was first accused of the conspiracy.

Mr De Lorean was not in the dock with Mr Bushell because he is in the US and cannot be extradited. The offences took place between 1978 and 1982 and the time in which Mr De Lorean could have been extradited expired in 1988, shortly before the Serious Fraud Office was set up. Mr De Lorean, founder and chairman of De Lorean Motor Company, is still wanted by the SFO and the Royal Ulster Constabulary and will be arrested if he returns to the UK.

Yesterday Mr Desmond Boal QC, defending, said Bushell realised the consequences of his plea but needed time to put certain matters in order which could be in the public interest.

Mr Bushell spoke only twice during the six-minute hearing - first when he was asked if the court clerk could repeat his name, and then to admit his guilt. A second charge against him of obtaining \$5.15m by deception was not proceeded with.

**Broken wings: The infamous De Lorean sports car (right)**

