

## **PRESS RELEASE**

14 March 2011

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### **THE NATIONALISATION OF BRADFORD & BINGLEY [B&B]**

#### **NO COMPENSATION & TIME FOR THE TRUTH**

The independent valuer of Bradford & Bingley, Peter Clokey, today published the Revised Assessment Notice on his website: [www.bandbvaluer.org.uk](http://www.bandbvaluer.org.uk). This upholds his original view that no compensation is payable by HM Treasury to shareholders.

In our view this decision was to be expected due to the terms of reference specified by the previous Government that it should be valued on the basis that any financial assistance was withdrawn. The successful rights issue authorised by the Financial Services Authority [FSA] was less than two months prior to the nationalisation of B&B in September 2008. Both Messrs Kent and Pym, chairman and chief executive respectively of B&B, stated that it was a well capitalised bank with a strong balance sheet and the FSA stated that B&B were authorised and therefore solvent days before the nationalisation.

The background to this debacle has been the failure of the tripartite regulatory system resulting in a solvent bank with one of the best tier one capital ratios in the UK being nationalised on the instruction of Gordon Brown. Furthermore there is circumstantial evidence suggesting that Treasury briefings to Robert Peston of the BBC created a false market in B&B shares and bonds, also causing a run on its savings book. The previous Government repeatedly failed to provide details of events pre and post the nationalisation despite thousands of requests from B&B share and bondholders. The only responses have been a mixture of obfuscation and disingenuous statements. For example specific requests for information under the Freedom of Information Act [FOI] were made to the Treasury, the FSA, the Bank of England and the Cabinet Office at No10. The Treasury and the BoE said it would be too costly to provide such details, the FSA never replied and the Cabinet Office said they had no files whatsoever. The Cabinet Office's reply implying it had no involvement aroused suspicions of deliberate deception, and so it has proved. In Gordon Brown's book 'Beyond the Crash' he confirms that in a telephone conversation between him in an anteroom of the Oval Office at the White House, USA and Alistair Darling in the UK the decision was made to nationalise B&B. This was some two weeks before a covert support operation of the Royal Bank of Scotland and Halifax, Bank of Scotland totalling sixty one billion pounds. Was this a political decision by the clique at the head of the New Labour party protecting their interests in the heartland of their Scottish power base?

The nationalisation was a terrible mistake, made in haste for political reasons. Our supporters recognise that the Coalition has inherited an appalling economic mess which will take decades to resolve, however it has responsibility now for the mistakes of the previous Government. The conclusion to Mr Brown's book is headed 'Markets need Morals.' Yes Mr Brown and so do Governments! The only way forward is an independent inquiry into the nationalisation of B&B as requested in my recent letter to the Prime Minister, David Cameron – see the news section of our website [www.bbactiongroup.org](http://www.bbactiongroup.org) for a copy of that. It is time for the past deceits to be swept away and the truth to be told.

**For more information:**

Please refer to our web site at [www.bbactiongroup.org](http://www.bbactiongroup.org) for more background information or call David Blundell on 0113-281-3941 or Roger Lawson on 020-8467-2686 if you have some questions.

More background information is given below.

Bradford & Bingley Plc was nationalised on the 29<sup>th</sup> September 2008 and the retail branch network and associated depositors' accounts were then immediately sold off to Santander. All ordinary shares held by the general public, which we believe includes more than 1 million individuals, were confiscated by the nationalisation and the company is now owned by the Government. The terms of reference for the valuation of the ordinary shares was set in a "Compensation Order" which effectively rigged the result to be zero because the Government knew (but did not disclose) that the company had received funds under the Special Liquidity Scheme (SLS).

The subordinated bonds are still outstanding and still being traded (they are therefore not part of the Compensation Scheme established by the Government even though the nationalisation has severely prejudiced the interests of the bondholders). The interest payments due on the bonds have been suspended, and because these subordinated bonds are perpetual with no fixed repayment date, it is uncertain when or if they will be redeemed. Any redemption depends also on the assets of the business exceeding the liabilities of the company after the company has been wound up (including repayment of Government debt), which is far from certain.