

The Right Honourable
Gordon Brown MP
The House of Commons
London SW1A 0AA
5th November 2013

'The Bradford & Bingley ('B&B') Nationalisation'

Has fair and honest Government been devalued?

Dear Sir,

I am chairman of the Bradford & Bingley Shareholder Action Group ('BBAG'), which represents nearly one million share and bondholders. I wrote to you by recorded delivery at the House of Commons on the 4 September 2013 asking why B&B was nationalised and destroyed as an ongoing business, despite it having a far stronger balance sheet than either Halifax Bank of Scotland ('HBOS') or Royal Bank of Scotland (RBS) due to a rights issue being completed less than eight weeks before the nationalisation.

Your book Mr Brown *'Beyond the Crash: Overcoming the first crisis of Globalisation'* (2010) describes your decision to nationalise B&B, which conflicted directly with a statement issued by the Cabinet Office ('CO') at the time: 'we have no files whatsoever' and which it now admits was untrue.

This proved to be **the precursor to five years of incompetence, obfuscation and subterfuge** by the CO, the Treasury and the FSA or Financial Conduct Authority (FCA) as it is now, in response to dozens of Freedom of Information Act 2000 ('FOIA') requests. There is also strong evidence to suggest that informal 'Off the Record' briefings between John Kingman, a senior official at the Treasury, and Robert Peston of the BBC were the catalyst for a run on B&B shares and its savings book.

There have been **many more flaws and contradictions** provided by Whitehall and Westminster as well as individual ministers (past and present), to BBAG and its supporters requests for information. This all suggests a determination by them to avoid explaining how and why B&B was expropriated in the manner that it was.

Your book also emphasises the global nature of the banking crisis and the problems that still need to be resolved. One accepts your latter point, as in my view children as yet unborn will suffer from the UK's current debt crisis. However, the main causes of the UK banking crisis was government mismanagement not the global factors on which you place such emphasis.

Furthermore, the introduction of the International Financial Reporting Standards ('IFRS') back in 2005 by the UK enabled the banks to indulge in false accounting. And, there is increasing pressure by investor groups for a **full review of IFRS** having sought the opinion of leading Counsel George Bompas QC, which suggests that company directors must override IFRS in order to comply with existing company law and may need to ignore the legal advice obtained by the Financial Reporting Council ('FRC') on this issue.

It is this combined with the 'light touch' regulatory approach, a banking industry (parts of which were out of control) and the failures of the Treasury, the FCA (formerly FSA) and the Bank of England that resulted in **a Government engineered credit bubble**, which brought the UK economy to its financial knees.

In BBAG's view the B&B shareholders, the former owners of the company, are entitled to know exactly how and why their company was nationalised. My letter asked you to respond within one month stating whether you consider the manner of the nationalisation was correct, and consistent, in relation to the decisions taken at or around the same time in respect of other financial institutions. It remains unanswered.

When a Government confiscates the property of its citizens without reason, explanation or fair compensation, particularly when it may be seen as at fault in its **duty of care to savers and investors** by not adequately regulating the companies involved in the banking crisis, then all concepts of democracy and equity are laid aside. And, we submit, the role of fair and honest government is devalued. I look forward to your reply to this and my previous letter.

Yours Faithfully,

DW Blundell
BBAG Chairman



The Bradford & Bingley Shareholder Action Group ('BBAG') was formed to promote the interests of the former ordinary shareholders and the bondholders in Bradford and Bingley Plc, following the nationalisation of the company. Many shareholders were particularly unhappy with the nationalisation as they had subscribed only shortly before to a large rights issue, which was intended to put the company on a sound footing for many months. For further information on BBAG see: www.bbactiongroup.org