

To Northern Rock Shareholders

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## **Northern Rock Shareholders Action Group – Update No. 33**

### **Latest News**

A response has been received from the Government to our complaints concerning the terms of the nationalisation of Northern Rock. As expected, it rejected that there was any merit in our arguments. We subsequently issued a press release which gives a few more details – see our web site at [www.uksa.org.uk/UKSA\\_Press061\\_NRK\\_Legal\\_Action\\_Pursued.pdf](http://www.uksa.org.uk/UKSA_Press061_NRK_Legal_Action_Pursued.pdf).

Our lawyers will likely submit an application for a judicial review on behalf of a representative group of plaintiffs within the next couple of weeks. Similar applications are likely to be made by SRM Global and RAB Capital.

We also issued a note about the recent continued bail out of the banking sector which can be seen on our web site at: [www.uksa.org.uk/UKSA\\_Press060\\_Bank\\_BailOut.pdf](http://www.uksa.org.uk/UKSA_Press060_Bank_BailOut.pdf) . Incidentally Germany's Finance Minister Peter Steinbrück had this to say on the actions of the Bank of England in respect of Northern Rock from which they now seem to have recanted: *"The policy of the Fed and ECB to supply the market with liquidity was right. A central bank that didn't do this in Great Britain led to people standing in long queues outside. Just imagine if we'd had those kinds of scenes in Germany that harked back to the 1920s"*.

### **No News on Government Valuation Process**

We get a lot of questions about how long it will be before the Government announces the value of the compensation they will be offering shareholders, and how much it might be. There is no specific information available on either subject. But the Independent had this to say recently:

*"The Government is no closer to appointing an independent arbitrator to determine how much Northern Rock shareholders should be compensated. A number of leading City firms are understood to have declined approaches from the Government" and "a Treasury official confirmed that there has been 'no movement' on an appointment."*

It also quoted me as saying *"The terms of reference from the Government make it impossible for any assessor to make an independent valuation. Who would want to tarnish their name by taking the role on?"*.

## **Government Avoids Disclosing Information**

The Government has refused requests for information on the actions it took before nationalisation and the advice it received, which we requested under the Freedom of Information Act. We are challenging the rejection and this may also become an issue in the Judicial Review process.

## **For European Shareholders**

We now have a number of supporters from outside the UK (over 150) many of whom purchased Northern Rock shares from local exchanges and held them in nominee accounts. We recommend that all shareholders resident in other European countries (those which are part of the EU) make representations to their European Member of Parliament. You should outline the nature of what has happened and ask them to make a complaint addressed to the Alistair Darling who is the responsible UK Government Minister and whose address is the following: Rt. Hon. Alistair Darling MP, Chancellor of the Exchequer, HM Treasury, 1 Horse Guards Road, LONDON, SW1A 2HQ, UK. You can find out who your Euro MP is by going to this web page: [www.europarl.europa.eu/members/public.do?language=en](http://www.europarl.europa.eu/members/public.do?language=en)

## **Other News**

The Daily Telegraph has reported that Northern Rock may axe 2,000 jobs within the next three months. Regrettably it seems that the new Government owners may take an even more aggressive stance to downsizing the company than management would have done if it remained in the private sector. Whether the Government will stand firm on this when the resulting impact on employment and the general economy in the north-east of England becomes apparent, we shall have to wait and see.

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*Note that all previous "Update" notes on Northern Rock that we have issued are present on the following web site page: [www.uksa.org.uk/NorthernRock.htm](http://www.uksa.org.uk/NorthernRock.htm)*