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HEADLINE: Maxwell fraud trial opens in London

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BODY:

The sons of the late media tycoon Robert Maxwell, Kevin and Ian, and two other top executives from the Maxwell business empire went on trial Wednesday on criminal fraud charges for alleged misuse of the companies' pension funds. The four defendants have denied the charges of defrauding Maxwell pensioners after the mysterious death of Robert Maxwell in November 1991. They are alleged to have misused shares belonging to the pension funds as collateral for bank overdrafts to help prop up the Maxwell companies. On trial alongside the Maxwell brothers are Larry Trachtenberg, who was a director of various Maxwell companies, and Robert Bunn, former finance director of the main public company in the Maxwell empire. Maxwell's businesses collapsed and were found to be heavily in debt after he disappeared from his yacht Lady Ghislaine on Nov. 21, 1991. His publishing companies included the Mirror Group whose flagship the Daily Mirror is Britain's second-largest circulation daily. The chief prosecutor acting for the Serious Fraud Office opened the trial at a computer-equipped London courtroom by taking great care to explain financial jargon to the jury. The judge has ruled that the jury of seven women and five men will only sit for four hours each morning to allow them to digest the complex evidence concerning Maxwell's business dealings. Afternoons will be used for legal arguments out of the presence of the jury. The trial is expected to last six months. The prosecution accused Kevin Maxwell of being the most responsible out of the four defendants for the misuse of pension fund assets.

He alone faces a charge of conspiracy with his late father in dealings in 5.4 million shares worth 100 million pounds (\$160 million) in a Israeli publishing equipment company, Scitex Corporation Ltd., earlier in 1991. They are alleged to have used the shares, which were pension fund assets, to obtain bank loans for the ailing Maxwell companies. All four defendants face one count of conspiracy to defraud, involving shares worth 22 million pounds (\$35.2 million) in Teva Pharmaceuticals, an Israeli drug company, also in 1991. Justice Nicholas Phillips warned the jury as the trial started that they should disregard the sensational publicity surrounding the case before the Maxwell brothers were charged. He said much of the media coverage was "objectionable and unfair" and he told the jury to be on guard against prejudice and bias. He also warned journalists of legal restrictions that limit reporting of the case essentially to details that are raised in evidence. Journalists can be held in contempt of court for reporting background details, out-of-court interviews or other information that may prejudice the chances of a fair trial. The restrictions lead to trial coverage that is far removed from the U.S. experience of celebrity trials like the current O.J. Simpson case. Domestic interest in the Maxwells was highlighted by the 50-meter (yard) line of photographers and cameramen waiting outside the courtroom to get shots of the defendants as they arrived Wednesday morning. No cameras are allowed in British courtrooms. The trial is expected to be one of the most expensive ever to reach a British court, and British taxpayers could face a bill as high as 25 million pounds (\$40 million). The defendants have been granted legal aid for their defense, which is costing an estimated 4.7 million pounds (\$7.52 million). The teams of top lawyers wearing traditional robes and wigs contrasted with the modern courtroom equipped with computer technology that is rarely used in British courts. Computer screens around the room allow lawyers to see virtually simultaneous transcripts of evidence given by up to 60 witnesses and the thousands of documents being used in the case. The system costs a reported 1,000 pounds (\$1,600) a day.

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