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HEADLINE: City 'had early knowledge of tycoon's disappearance'

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BODY:

THE NEWS of Robert Maxwell's disappearance was widely known in the City before shares in his companies were suspended thanks to a lapse in security, it is believed, writes Jason Nisse.

Information from the captain of the Lady Ghislaine, Mr Maxwell's yacht, to Maxwell House, headquarters of Maxwell Communication Corporation and Mirror Group Newspapers, was overheard as the ship-to-shore communication was carried on an open satellite line.

The information apparently leaked to the City, and investors sold MCC shares ahead of their suspension, just before 3pm on 5 November.

MCC shares had collapsed earlier. After opening at 139p they fell to 121p by the time they were suspended. When trading resumed on 7 November they opened at 75p and the next day closed at 64p.

On the day of Mr Maxwell's death, market makers noted heavyish trading.

The Stock Exchange's insider dealing group has been looking into suspicious trading in MCC shares - normal practice when shares move as dramatically as MCC's. But it is understood that their inquiries have been hampered by the widespread knowledge of Mr Maxwell's disappearance. "People knew something was up in the morning, but by lunchtime there was a buzz that Bob Maxwell had gone missing," said one City source.