

FISHER-BENDIX: THE INSIDE STORY

Playing with money and jobs

JUST TWO years ago Fisher-Bendix workers occupied their factory to save it from closure. It was Merseyside's first workers' takeover.

But behind the scenes was another sort of takeover. A Free Press investigation has revealed an astonishing series of financial deals in which millions of shares and hundreds of thousands of pounds were shuffled around like playing cards.

Undisputed winner was a little known financier who lives in Switzerland, Ivor ("Ivor Million") Gershfield. He stayed in the background throughout, and when it was all over he left as unobtrusively as he had arrived... but a million pounds richer.

The workers' control was short-lived — a brief interlude while the new boss, Harold King, took over from the old one, Thorn Electrical.

But the sit-in did save the jobs of 600 people. What's more the factory has since increased its workforce to nearly 1,200.

Also, the sit-in was a new weapon. A strike would have played right into Thorn's hands. The factory could have closed earlier than planned and it would have been easier to move the machinery out. By staying in, the workers made sure the machinery stayed.

As a fight to save jobs the sit-in was highly successful. But 'The Right to Work' does have limitations. It can often mean 'The Right to be Exploited'.

Could the workers have done away with bosses altogether and made their control permanent? Jack Spriggs, the factory convenor is doubtful. "I don't think any one factory can start it," he said when we interviewed him at home. "We didn't have the capital. And what chance had we got with the moneylenders?"

Certainly there are many difficulties, but until they are overcome a few men will continue to manipulate the livelihoods of thousands, as this story shows...

HOW IVOR MADE A MILLION

FEW PEOPLE on Merseyside have heard of Ivor Gershfield, a shy financier who lives in Switzerland. Yet his was the key role in the takeover of the Fisher-Bendix factory at Kirby — a role which has never, until now, been revealed.

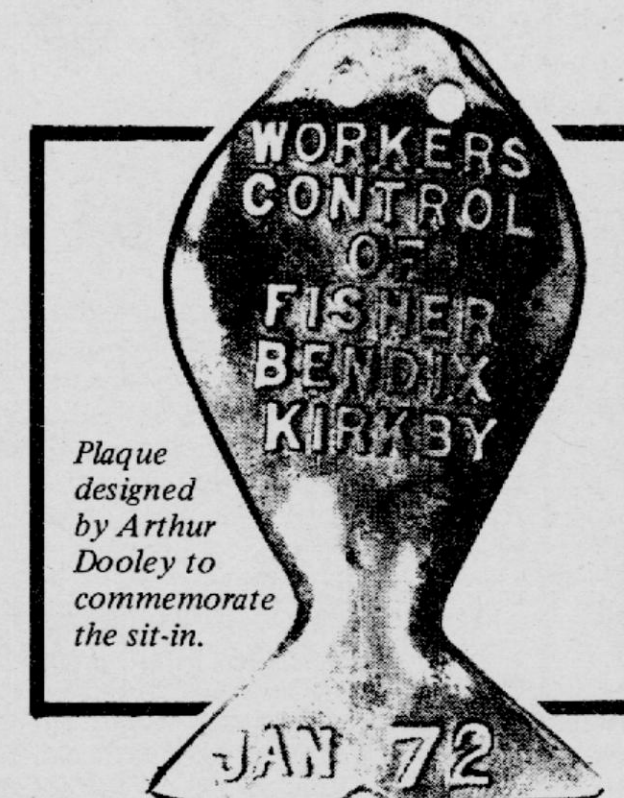
Two years ago Fisher-Bendix was the scene of Merseyside's first — and most effective — sit-in. 600 workers occupied the factory to try and save their jobs when Thorn Electrical Industries, who employed them, tried to close it down.

Thorn sold the factory for £1.2m. The firm who eventually took it over, International Property Development, bought it for £1.8m. And middle-man Ivor Gershfield pocketed the difference.

This was only one in a series of deals connected with Fisher-Bendix from which Gershfield's total profit was a million pounds or more. Once his business was done Mr Gershfield went home to the Alpine health resort of Crans-sur-Sierre, where his condition has been described as "extremely comfortable."

The Fisher-Bendix sit-in began on January 5, 1972. Four days later Thorn announced they had sold the factory for £1.2m, and Jack Mendoza, a London estate agent, said he had agreed to buy it for a client.

The timing of the announcement



Plaque designed by Arthur Dooley to commemorate the sit-in.

was curious, for the sale had actually been agreed the previous autumn and kept quiet. More curious still was the identity of the anonymous client.

The secrecy becomes easier to understand when you know the client was Gershfield. Luckily for Thorn no-one in Kirby discovered the identity of the buyer during the sit-in. There would have been uproar if they had.

For about the time Gershfield was negotiating with Thorn over Fisher-Bendix several of his companies were under scrutiny in the High Court. Ironically, some of the union officials at Kirby once met Gershfield, though they had no idea at the time who he was. He visited the factory posing as an economist.

"He was fifty-ish, thin on top, with gold-rimmed glasses and a moustache," they recall. "and a manner like an English army officer."

Fortunately for him, Mr Gershfield has not been seen there since. Gershfield bought the factory in the name of Stanbourne Properties. He didn't much want to run the factory

himself and began looking for someone to rent or buy it. One man he thought of was Harold King, whom he had recently met.

King, a Merseyside man in his mid-thirties, had had a chequered career. He had worked as a telegram boy, postman, shopkeeper, car hire operator and trainee buyer. His first venture, a newsagent's shop, proved to be too much work on top of his office job.

He gave up the car hire service "because it never made me a penny." A baby linen shop did better, but only made enough to pay off the mortgage. Eventually King looked like making his fortune with a soft drinks firm, K.C.Developments. But this collapsed during the scare over cyclamate, the artificial sweetener.

At the time of the sit-in King was running another fruit juice firm, A.F.Foods (a subsidiary of British Vending Industries) at Morden in Surrey.

A.F.Foods was not doing too well (it had lost £130,000 in 1971) and British Vending Industries wanted to get rid of it. They were willing to let King go as well.

But A.F.Foods could not handle Fisher-Bendix on their own, and it was here that International Property Development (IPD) fitted into Gershfield's scheme.

NEWLY-FORMED COMPANY

The plan was for Reginald Rowland, who was then chairman of IPD, to step down and for King to take his place. IPD would then buy the factory and take on some of the engineering work previously done by Thorn, as well as King's fruit juice business.

In order to do this, Gershfield bought a newly formed company, Clohurst, in February 1972. At this stage Clohurst was nothing more than a name and a bundle of documents.

But during the next two months, as a result of the Fisher-Bendix negotiations, Clohurst was provided with a

While others work...

A SKILLED man at the former Fisher-Bendix factory in Kirby can expect to earn just over £2,000 in a year.

Ivor Gershfield has never worked there. Yet in less than a year he made about £1 million from the factory. He made it simply by having enough money and being in the right place at the right time.

- This is what he did:
- He bought the factory for £1.2m. A few months later he sold it for £1.8m... a profit of £600,000.
- He formed a company which he sold to the new owners of the factory. The new owners gave him 5,500,000 shares in payment. Mr Gershfield then sold his shares. His profit on just a fraction of these shares was £375,000.
- The new owners of the factory then bought another company which he had owned. For this Mr Gershfield received a further 2,700,000 shares.

factory, machinery, work and money:

- 1. Gershfield's Clohurst agreed to buy the Fisher-Bendix building and land for £1.8m from his other company, Stanbourne Properties. (Stanbourne, remember, had got it for £1.2m.)
2. Clohurst bought the factory's plant and equipment from Thorn for £405,000.
3. Another agreement allowed Clohurst to make the radiators and night storage heaters which had been made at the factory under Thorn.
4. Clohurst borrowed £600,000 in cash from Thorn (see below).

Clohurst was now ready for King's new company, IPD to take over. But IPD had lost money in six years out of the previous seven and had no cash to spare. So they paid Gershfield in shares... 5 1/2 million of them, which was equivalent to £550,000, as the value of the shares then stood at 10p each.

After the takeover the shares rose in price (they have been as high as 4 1/4p). Which was good news for Mr Gershfield. Not long after the deal he sold three million of these shares.

Half of them went to King (it's not known how much he paid, though rumour has it the terms were "favourable" to King). The other half went

to Joe Hammerson, a property consultant, for 35p each.

So on 1 1/2 million shares — just a fraction of his total shareholding — Gershfield made 25p per share... which means his profit on this part of the deal was at least £375,000.

WAITING TO BE PAID

Gershfield also had a profit of £600,000 on the sale of the factory, but as yet this was only a paper profit — Clohurst had agreed to buy the factory but had not actually paid for it. It was now up to King to find the money, and Gershfield had to wait until July to get it. King's only hope was to borrow and the big banks were not eager to help, especially in view of the factory's history.

So King turned to the poor man's friend... the ill-fated London and County Securities. London and County (A & D), one of the subsidiaries, was willing to lend King up to £2m. But he had to pay through the nose to get it. First he had to pay a massive £225,000 commitment fee, to be followed by interest at a phenomenal 5% above Bank Rate.

With stiff terms like these it's not surprising that only three months after getting the loan King was telling shareholders that he would like to "repay, or at least very substantially

reduce the loan... well in advance of the due date in December 1974."

King has since been trying to get another loan — this time from the Government — at a much lower rate of interest. He hopes to borrow £550,000 interest free for one year, and at 7 1/2% for the remaining two years. According to latest reports this has not yet been finalised.

After Gershfield had been paid, IPD was once again short of cash. Gershfield quickly saw this as a chance to make even more money. Why not let IPD have his spare cash in exchange for a few million extra shares to speculate with?

But there were problems. Because of Stock Exchange rules IPD could not simply print some more share certificates and sell them to Gershfield.

One idea was for IPD to buy a company belonging to Gershfield and pay him with shares. Gershfield used two companies for the operation. Both happened to have the same name — Magenta Properties — but one was based in the Isle of Man and the other in Jersey.

First Gershfield's Jersey company took over his Isle of Man company. The Isle of Man company received £600,000 in cash from the Jersey company in exchange for its shares.

Magenta (Isle of Man) used the cash to buy up a few small property companies, bringing its total assets to over £1m. King's IPD then bought the Isle of Man company for 2,700,000 shares which were paid to Magenta (Jersey).

On the face of it such a deal was against the rules of 'good' business. But the ever-alert Gershfield had found a neat way round the rules.

The problem was that Magenta (Jersey) belonged to Gershfield. Gershfield also owned 22% of IPD (as a result of the Clohurst deal) — which meant a potential clash of interest.

To avoid the clash of interest Gershfield brought in one of his front-men, an accountant called Michael Forrest. Gershfield "gave" the Jersey company to Forrest — just before the takeover went through.

At this point Forrest could, if he had wished, have walked off with the company's money. But he proved to be a loyal servant and dutifully handed to company back to Gershfield as soon as the transaction was completed.

This meant that although Gershfield owned the Jersey company before and after King's takeover, he did not own it at the moment the deal was going through. Hence no clash of interest! So Gershfield had got a hat trick! What with his profit on the sale of the factory, with his shares from the sale of Clohurst and now Magenta, he had made a million pounds or more.

He now seems to have sold most of the shares, though with the nominee system (which allows people to own shares in someone else's name) it is never possible to be certain.

PROFITEERING

Much of the responsibility for Gershfield's profiteering rests with Thorn, who sold him the factory in the first place.

And although King tries to give the impression that he got a good deal, things would have been easier for him and his employees without Gershfield.

In the local press, however, King's efforts to make to factory pay its way have been portrayed as a battle to tame a bunch of militant workers.

King himself once told the Daily Post he could run the factory without trade unions, and described them as "unnecessary".

It's surprising in the circumstances that he didn't direct his remark towards one of the least necessary people of all... Ivor Gershfield.



BREAK FOR COMMERCIALS... a satirical advert for Daz during the Footy Show.

Vanload on a pubcrawl

HOW MANY TIMES have you seen an entertainer struggling to make himself heard over the boozing buzz of conversation in a pub?

Come to think of it, how many times have you been really entertained in a pub?

Well, try the Footy Show. It's certainly entertaining and manages to keep the attention of even the most serious beer drinker throughout (though no doubt the prizes of free beer help).

The Footy Show is the latest bundle of songs, gags, sketches and politics from "Vanload", a group of actors and actresses based at the Everyman Theatre.

But it's not just a show for the football fans. It features everybody from Bill Shankly down to Enoch Powell, with memorable piss-takes of "Double Your Money" and "This is Your Life" — and a hilarious sketch of Ted Heath taking a piss.

There is plenty of scope for the audience to get in on the act if they're quick enough.

The Footy Show will be pub crawling

until early May and they can still be booked. All that's needed is a bar and a willing audience. (The group are used to squeezing into the smallest pubs).

There are lots of laughs and money are made. There are lots of laughs and money are made. There are lots of laughs and money are made.

For information about any of these shows phone Jackie Ross at the Everyman cut down to size by willing 6-year-olds).

The Big Eat is for 8 to 10-year-olds. It should leave kids with a vivid picture of how both sausages and money are made.

WHERE TO SEE THE FOOTY SHOW: April 22 The Masonic, Berry Street, 8.30 April 23 Sefton Arms, Carr Lane East, Liverpool 13, at 8.30. April 24 Queens Arms, Warbreck Moor, Aintree, 8.30. April 26 Huyton Labour Club, 8.30. April 29 The Old Omnibus, Old Swan, 8.30. May 3 Tower Hill Community Centre, Kirby at 8.30. May 4 Tranmere Rovers FC Social Club, Tranmere at 8.15.

Folk at the Dolphin

THERE'S FRESH HOPE for all those local singers and musicians who went into hibernation when they were swamped by the "Folk Cabaret" that sprang up about the same time as the new luxury hotels in the city centre.

A few exiles who have been holding the fort (squashed though it is) at Oily Joe's on the Dock Road have opened a new folk club on Thursday evenings in the Dolphin pub in Canning Place.

The pub itself, Allied Breweries' impression of the inside of a plastic submarine, leaves everything to be

desired (though the room the club meets in is reported to be suitably austere).

But with residents like the Flat Country Band, Brown Mixed (Lennie Cruickshank being the brown half), Berni Davis, and beer at bar prices, the decor may fade a little as the evening goes on.

Rather than pay guests, the club hope that floor singers, who used to be in such abundance, will return again — which should help to keep the entrance fee down. (If it doesn't, let us know and we'll expose them!)



COMPANY GUIDE

A.F. FOODS—Subsidiary of British Vending Industries. Its fruit juice business (run by Harold King) was bought by Clohurst and transferred to Kirby.

CLOHURST—Originally owned by Gershfield's Harris Trust. Bought the Fisher-Bendix factory from Stanbourne Properties and was then taken over by IPD. Later changed name to IPD Industrial Ltd.

FISHER-BENDIX—One of the engineering companies in the Parkinson-Cowan group taken over by Thorn in 1971.

HARRIS TRUST—Gershfield's Guernsey-based company which was originally owned Clohurst.

IPD (INTERNATIONAL PROPERTY DEVELOPMENT)—Public company with property interests in Britain and Trinidad. Also does manufacturing at the Fisher-Bendix factory which it bought in the takeover of Clohurst.

MAGENTA PROPERTIES—The name of two Gershfield companies. Magenta (Isle of Man) was bought by IPD from Magenta (Jersey).

STANBOURNE PROPERTIES—The Gershfield company which bought the factory from Thorn and sold it to Clohurst.

THORN ELECTRICAL INDUSTRIES—Second largest electrical engineering firm in Britain, with many overseas interests. Sold the Fisher-Bendix factory to Stanbourne Properties.

A way out of their own mess...

MR JOHN SIBLEY, one of Thorn's top brass, once wrote this about their industrial relations:

"I hope that Thorn have demonstrated what can be achieved by an honest and open approach, by team work and by willingness to work hard for the prosperity of the company at personal inconvenience."

Prosperity of the company at personal inconvenience... that certainly summed up Thorn's efforts to ditch their Kirby factory. But what amount that "honest and open approach"? There was little sign of that at Kirby.

Before the sit-in Thorn lied about plans to transfer work abroad; they delayed announcing the sale of the factory; and when they did announce it, they concealed the name of the buyer.

But one of their best-kept secrets (until now) has been the way they

helped King take the factory off their hands... by lending his firm money.

Shortly before IPD completed their takeover of Clohurst, Clohurst borrowed £600,000 in cash from a high-sounding company called the Harris Trust.

Investigation of the Harris Trust shows it to be — not a charitable institution but — another of Gershfield's outfits.

But the money Gershfield supposedly lent to Clohurst was not his at all. It belonged to Thorn, who had funnelled it through the Harris Trust in order to conceal the true source.

Covering up the transaction was not too difficult because the Harris Trust is based in Guernsey, where the amount of information companies have to disclose about their activities is minimal.

But why did Thorn make the loan? Probably because they were under heavy pressure.

In 1971 Thorn bought the Parkinson-Cowan group — of which Fisher-Bendix was part — for just under £4m. This was really dirt cheap, and as the Investor's Chronicle noted, there was "plenty of scope for rationalisation."

In other words... it was ripe for asset-stripping.

Almost immediately Thorn sold off one of Parkinson-Cowan's subsidiaries for £1.8. Fisher-Bendix was to be the next to go.

Thorn's plan was to sell the factory and transfer the equipment to areas where labour was cheaper. But they underestimated the difficulty of closing it down.

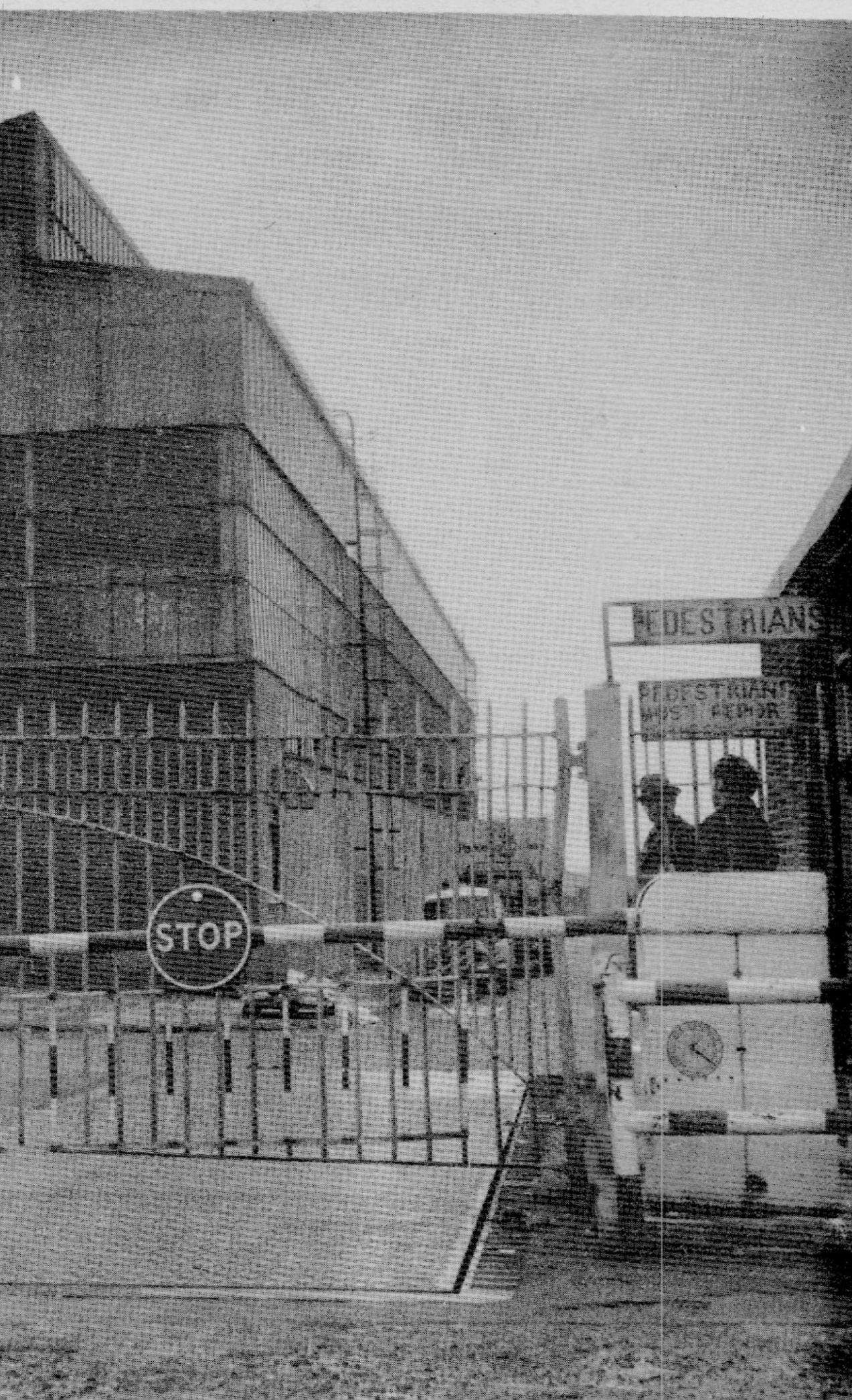
Apart from the sit-in, there was massive outside support for the Fisher-Bendix workers. Lists of Thorn's

companies and products were circulated. Shoppers were asked to boycott their goods. On Liverpool docks and at Heathrow Airport all freight to or from Thorn companies was blocked.

Under such pressure Thorn had to give way. They agreed to let production of radiators and storage heaters stay at Kirby when IPD took over. They even guaranteed to pay IPD's losses at the factory for the first six months (it cost them £265,000).

These concessions were embarrassing enough for Thorn. But IPD also needed money to get the factory going again. Thorn could hardly refuse to lend them some, but kept it quiet so as not to seem too closely involved with the new masters at Kirby.

Concessions were one thing, but it would not do if people thought Thorn had paid IPD to get them out of a mess.



Gershfield company: Court urges investigation

ABOUT THE TIME Ivor Gershfield was negotiating with Thorn over Fisher-Bendix, several of his companies were under scrutiny in the High Court.

One of them, City Finance for Commerce Ltd, was ordered to be compulsorily wound up because it could not pay some guarantees it had been asked to pay.

Gershfield told the court he could not pay any sooner because the company's capital was tied up.

One of the barristers in the case was Mr Muri Hunter (who later became famous for his cross-examination of John Poulson, the generous architect). He described Gershfield's explanation as "the most gigantic mis-statement" and said:

"Mr Gershfield knew perfectly well that £780,000 of the company's money, apparently the whole of the company's assets, had been lent to his own company, Kingsgate G.M., and within three months at least had been wholly lost."

The Vice-Chancellor of the court was equally scathing about Kingsgate G.M. "The affairs of this company call aloud for investigation," he said.

City Finance for Commerce Ltd was the main subsidiary of City Finance for Commerce (Holdings) Ltd. This holding company also owned (indirectly) Stanbourne Properties, the company which bought the Fisher-Bendix factory from Thorn.

Ivor Gershfield made a lot of money in the 1950s, buying and selling anything from property to metals.

He attracted attention in France several years ago when he bought a block of flats at an auction and resold it almost immediately for a large profit.

In Israel Gershfield helped turn the ice cream industry into a virtual monopoly. The monopoly later collapsed, leaving a financial tangle which has never been properly sorted out.

Mr Gershfield controls numerous companies and does most of his business through "offshore" companies in the Channel Islands, the Isle of Man and Bermuda.



HAROLD KING — pally with Wilson.

King and kingmaker

PRESIDING over the Fisher-Bendix deal was Labour leader Harold Wilson. Shortly after Thorn announced the sale of the factory he had a secret 75-minute meeting with Sir Jules Thorn, head of the Thorn empire, at the House of Commons. Later he chaired the negotiations which led to the settlement.

It is hard to believe that Wilson was told nothing about Gershfield, Once Harold King was safely on the throne of IPD, the two Harolds became quite pally. King has been telling associates that Wilson helped him get a bit of overseas property development off to a good start.

IPD are building houses on 4,000 acres of land in the West Indies, with a subsidy from the Trinidad government. Apparently Wilson gave King a letter of introduction to wave in front of the island's Prime Minister. Could THIS letter really be genuine?



72-year-old SIR JULES THORN, head of the Thorn Electrical empire. He saw Fisher-Bendix was ripe for asset-stripping.