

“CHANCELLOR FAILED US” SAY LLOYDS SHAREHOLDERS

Submitted by: George Berkeley Public Relations

Sunday, 28 March 2010

Campaigners call on investors to halt Government share sale with £2 billion court action

Chancellor Alistair Darling's Budget 2010 pledge to sell off Government shares in Lloyds Banking Group (<http://www.lloydsactionnow.com>) has led investors to launch a £2 billion claim for compensation and instruct lawyers to investigate a judicial review of the decision.

Lloyds Action Now (LAN) said it was litigating on behalf of 800,000 private shareholders who lost substantial sums after the Government encouraged the takeover of stricken lender HBOS.

In what threatens to be the biggest law case in British legal history the bank's 10,000 largest private investors have been approached for funding as the first stage in contacting all shareholders on the register.

LAN acting chairman Jillian Timmis said: "Alistair Darling wasted an opportunity and now we have no other option than go to law. He had a chance to play fair by investors who were conned into bailing out HBOS to save Gordon Brown's face and the British financial system from the collapse of a major bank.

"First the Conservatives and now the Government say they will profit from the sale of Lloyds shares held by the Government with no reference to how it came to acquire them and the price paid by shareholders. Legal action will halt any sale until compensation has been resolved."

LAN calculates that each investor lost around £2.20 per share – a total of some £2 billion. Those affected include hundreds of thousands of pensioners and others dependent on their dividend income, as well as thousands of long standing Lloyds employees who took shares as part of their bonus.

The true state of HBOS's £20 billion of toxic debt was revealed just two weeks after the merger in late 2008. This led to Lloyds TSB CEO Eric Daniels saying inadequate due diligence had been done on the deal, the Government taking a 43 per cent stake in the newly formed Lloyds Banking Group and suspending dividends.

The group contends that Lloyds directors were in fact responsible for publishing a misleading prospectus. In November last year the Bank of England revealed it had injected £25 billion into HBOS to keep it afloat before the merger, but this information was withheld from the market.

"The true state of HBOS's finances was known to Lloyds directors, the Government, the Bank of England and the Financial Services Authority, but was withheld from shareholders who were legally entitled to this information when they were asked to vote on the merger," said Jim Rai, head of litigation at London solicitors Winckworth Sherwood, who have been instructed in the case.

LAN has spent nine months preparing its case. Queen's Counsel have identified causes of action under Financial Markets (Anti-Abuse) legislation and said that the Government's decision to sell its shares can be challenged in judicial review as it contravenes the shareholders' Human Right to enjoyment of

their property without illegal Government interference.

“We have had to be extremely careful to get things absolutely right.” Mrs Timmis continued. “We know the defendants will do all they can to frustrate us, to attack on formation rather than substance and to threaten costs.

“LAN has also taken Queen’s Counsel’s advice on our documentation and structure to protect our members and this has been a painstaking task. We are now advised we have a case and will proceed with vigour. I urge all shareholders to join Lloyds Action Now (<http://www.lloydsactionnow.com>).”

Notes to Editors:

Further details of the Lloyds Action Now campaign can be found on our website Lloyds Action Now (<http://www.lloydsactionnow.com>). We would be extremely grateful if you could include this address in copy.

The subscription to the association is £225 plus VAT. This subscription is to fund the initial ‘Investigation’ phase of the legal action. There is no cost risk at this stage and obligation to pay more than the joining fee. A full explanation of this as well as a detailed document on Case Methodology is on the website.

For further information please contact:

Adrian Lithgow BA LLB
Managing Director
George Berkeley Public Relations Ltd
1, Berkeley Street
LONDON W1J 1DJ

Tel: 0844 818 5434
Mob: 0776 419 4719
Email: al@georgeberkeley.co.uk
Skype: adrianlithgow