

Barclays PLC

Law firm quit as Barclays adviser over Qatar loan fears

Linklaters concerned deal during financial crisis would be illegal, documents show



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Linklaters, the big British law firm, resigned from advising [Barclays](#) over a controversial loan to Qatar at the heart of a [\\$1bn lawsuit](#) over fears it would be illegal, court documents have claimed.

Barclays instructed the law firm to advise it on the \$3bn loan it made at the height of the financial crisis, just as the Gulf state was investing in the bank as part of an £7.3bn emergency cash call to avoid a state bailout. But Linklaters quit the brief over worries that it “would involve unlawful financial assistance by Barclays for the purchase of its own shares”, it has been alleged.

The fresh claims are contained in new documents filed this month in the High Court by PCP Capital Partners, the firm founded by financier Amanda Staveley, which is suing the bank over the events in 2008. PCP claims Barclays paid Qatar £2.4bn in secret side arrangements and undisclosed fees, which had the effect of limiting the amount of its own money that Qatar ploughed into the bank.

Abu Dhabi also invested in Barclays during the same fundraising with the help of Ms Staveley. PCP claims that it would never have participated if it knew that it did not have the “same deal” as Qatar.

PCP’s new documents allege that Linklaters quit a day after it urged including in the loan documentation a caveat that the loan would not be reinvested in Barclays.

The documents cite a November 2008 email between a Barclays’ managing director, Stephen Jones, and Roger Jenkins, the swashbuckling rainmaker who put the October cash call together.

“They have resigned on our loan to [Qatar], ostensibly on conflict grounds. Clearly very concerned about being [sic] to control where cash ends up,” the email cited reads.

PCP’s documents continue: “It should be inferred from this email that i) Linklaters resigned (at least in part) because it was concerned that the Qatar loan would be illegal, specifically that it would involve unlawful financial assistance by Barclays for the purchase of its own shares; and ii) Barclays believed that this was the actual reason why Linklaters had resigned.”

The bank is fighting the claim and a trial is set for January. It has not yet filed its defence to the specific allegation around Linklaters. It has maintained that its loan documentation included a prohibition on reinvestment.

Both Barclays and Linklaters declined to comment.

The civil litigation is just one battle that the bank faces as a result of the emergency cash call, which kept it out of UK taxpayer hands as other British lenders were bailed out at the height of the financial crisis. It is facing regulatory action and an employment-tribunal dispute.

The bank, along with its former chief executive, John Varley, and three other men have also been [charged](#) by the Serious Fraud Office. They are the only criminal charges in the world to be levied against a major bank and its chief executive over events during the financial crisis.

The bank and the four men are [accused](#) of fraud by false representation, while the bank, Mr Varley and Mr Jenkins face an additional count of unlawful financial assistance.

The defendants in the criminal action, including the bank, have not formally entered a plea although Mr Varley and Mr Jenkins have indicated they will plead not guilty in a trial set for 2019.

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