

Date: 25 October 2005

Our Ref: C/19

THE ACCOUNTANTS
**JOINT DISCIPLINARY
SCHEME**

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First Class Post

Dear Mr Newman

EQUITABLE LIFE ASSURANCE SOCIETY

The Secretary has asked me to reply to your letter of 18 October because I am responsible for the carriage of the Equitable case, and thus know most about the detail.

You ask about hearings being in private. The Regulations provide that only a respondent (in this case Ernst & Young and/or the two individuals) can ask that the hearing be in public.

To deal with the supplementary points which you raise about this:

- (a) Mr Roger Henderson QC has been appointed to be the Tribunal Chairman.
- (b) He has not been asked to rule on whether the Tribunal should sit in public or in private.
- (c) I am not aware that Ernst & Young and/or the two individuals have asked for the Tribunal to sit in public.

Next, you mention your concern about delay. May I set out, briefly, the chronology? The case was referred to the Joint Disciplinary Scheme in May 2001. The investigation commenced with the gathering of considerable relevant documentation, and early interviews. In May 2002, Ernst & Young asked me to stay the investigation pending the determination of the civil action against them by Equitable. I refused. Ernst & Young then sought judicial review of my decision. This was rejected both by the High Court and by the Court of Appeal. But it delayed further progress in the case until December 2002. Thereafter the investigation continued until I was in a position to lay Complaints against Ernst & Young and the two individuals in August 2004. You may recall that I sent you a copy of the Press Notice which was issued at the time.

The Executive Committee appointed Mr Henderson QC to chair the Tribunal. Mr Henderson immediately set a date for a Directions Hearing to enable the Tribunal to get on with the case. Meanwhile Ernst & Young asked me whether I was prepared to agree to a stay in proceedings until after the civil action. I considered the matter carefully, and came to the conclusion that fairness demanded that I should agree to a stay. By consent, therefore, this was ordered by the Tribunal. I am fully responsible for agreeing to that stay; but you may also know that in disciplinary proceedings against the Equitable actuaries brought by the Institute of Actuaries.

the High Court has imposed a stay on the hearing of complaints until the civil action against them is over.

Now that Equitable's case against Ernst & Young is at an end, Mr Henderson has arranged a further Directions Hearing. At that hearing a timetable will be set for the service of evidence and then the hearing of the Complaints. It is in everybody's interests that this happens as soon as possible.

May I reassure you that when it has heard the Complaints, the Tribunal will produce a written report to which it will attach the Complaints? This report and attachment will be published (on the internet) by the Executive Committee (unless there is an appeal. If there is an appeal, the report will be published, with the appeal report, when the appeal is over.)

Yours sincerely

A handwritten signature in black ink, appearing to read 'C W Dickson', followed by a long horizontal line extending to the right.

C W DICKSON
Executive Counsel