

The going gets tough but Gough keeps going... Inventor Bernard Gough continues his harassment of Jim Slater and his old Slater Walker empire long after it became academic to most people.

The sting in the tail for Slater Walker

By Pete Sawyer

Bernard Gough is a bitter man. He claims that 25 years ago his engineering company was forced into liquidation by Slater Walker Securities and was prevented from recovering many millions of pounds of royalties from his invention. That invention has certainly earned hundreds of millions of pounds profits for someone over the years – maybe as much as £250 million. And derivatives of Gough's original design are used at warehouses up and down Britain and abroad.

But most people who know Bernard Gough believe he is unhinged. It is indeed bizarre that Jim Slater and Lloyds Bank are on the receiving end of legal actions from this Worcestershire inventor who alleges he has been subject to the most grievous wrongdoings.

This perception of Gough hinders what is probably a basically sound case – so sound that, 20 years ago, he turned down a million pound settlement – the modern equivalent of £9 million. But the same people who say he is unhinged still believe in the basic justice of his case.

Twenty years of legal fighting have

turned Bernard Gough, 65, into an arch conspiracist. He can tell you everything you ever needed to know about various City scandals and can recite virtually off by heart the Masonic lodge numbers of all the people who he says really matter in the Square Mile. Whether you can believe him, of course, is entirely another matter.

His unpredictable nature and his belief that conspiracies hide behind every lamp-post make it all too easy for him to be dismissed as a person who, somewhere along the way, lost the plot.

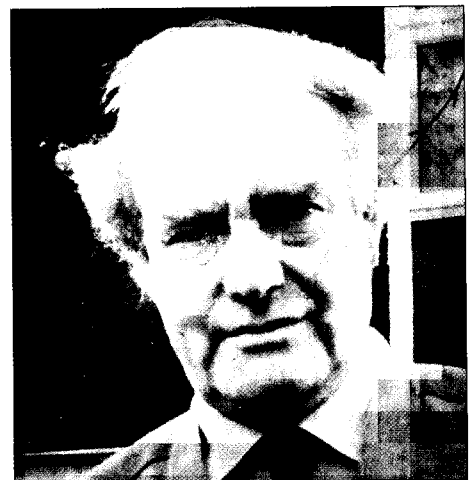
But a few years ago a firm of private investigators called Information Sought decided off their own bat to see if there was any substance to Gough's shocking allegations of a conspiracy to defraud him of millions of pounds in patent royalties.

If proved correct, the entire history of Slater Walker would have to be rewritten. And that would call for a reappraisal of the motives for Slater Walker's dramatic £43 million rescue by the Bank of England in 1975.

Trawling through old company records and court files, the private investigators



Jim Slater...memories from another era



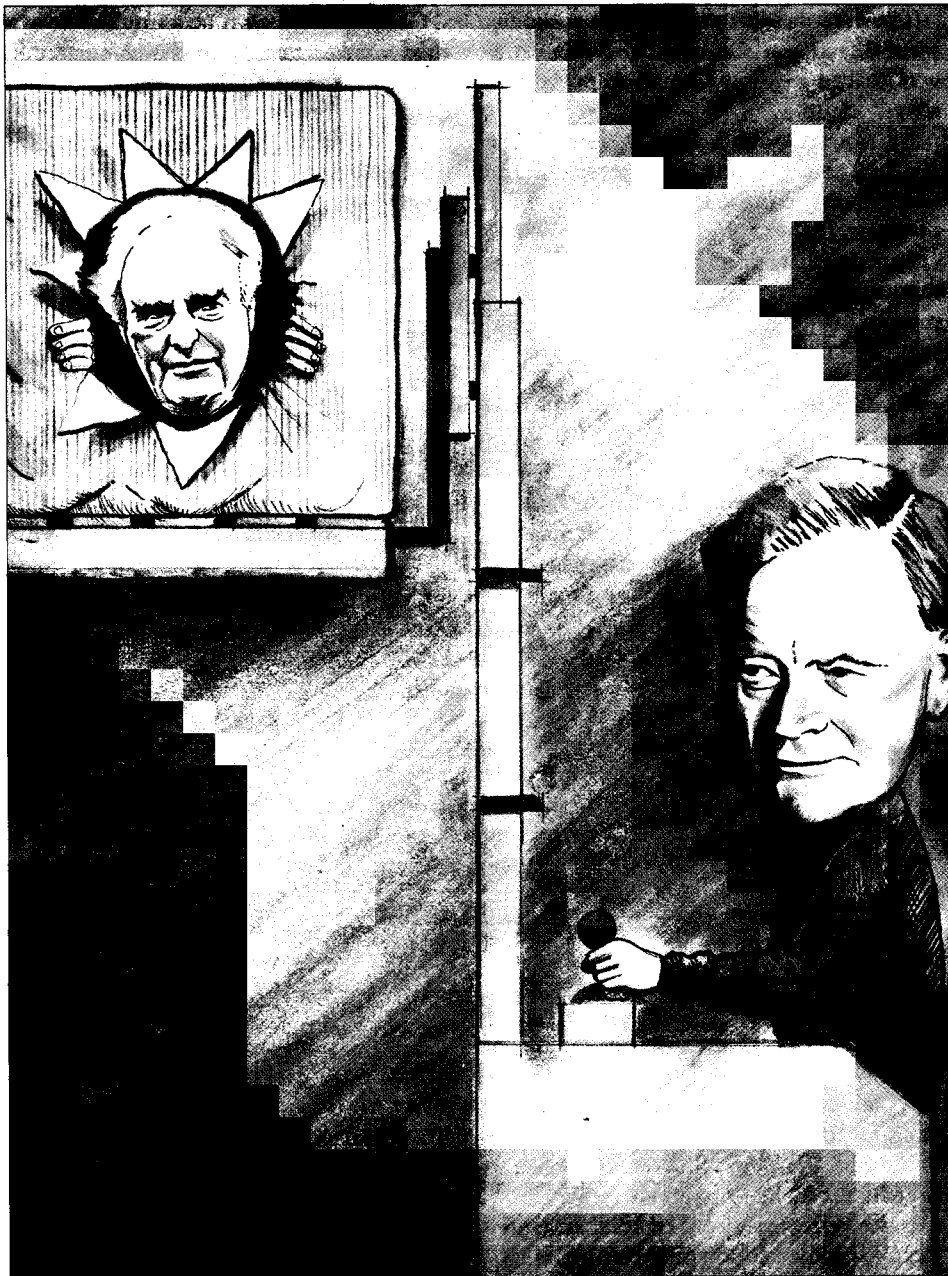
Bernard Gough...millionaire in waiting

found evidence which tended to support Gough's view that something untoward did happen to him and his company all those years ago.

Gough's story goes back to the heady days of the late 1960s. The City was in love with the snowballing Slater Walker conglomerate, which in turn was raising havoc with British industry with its controversial asset-stripping methods.

Slater Walker Securities had been set up by Jim Slater and Peter Walker MP just a few years beforehand. Its financial powerhouse was Slater Walker Limited which, by the end of the decade, was to become a fully-fledged bank with declared assets of around £33 million, then a small fortune.

Into all this stepped 37-year-old Bernard Gough, a brilliant engineer with an automated warehouse storage and handling system which he called 'Asemaster'. The concept was simple and inge-



Jim Slater....did he take Bernard Gough for a ride, or is it just a tall story?

nious: a computer-controlled flat trolley on rails, which could run underneath stored pallets, lift them up and move them along all by itself. It was the forerunner of the legendary Fiat car-building robots.

Asemaster caught the attention of a long-established Birmingham engineering company called Constructors Ltd, which was then quoted on the London Stock Exchange. Constructors was keen to get its hands on Asemaster so, in February 1967, Gough, through his company BA Gough Equipment, signed a contract giving Constructors exclusive manufacturing and sales rights. Gough was advised to use a limited company for tax reasons. But that also made it relatively easy to separate him from his patent rights – and ultimately from the patents themselves.

Gough's company did well out of the agreement with Constructors – on paper at least. It got a percentage of the sales of Asemaster plus, for the first three years of the contract, a minimum royalty payment of £36,000 a year payable quarterly in advance – whether or not Asemaster was even manufactured. Should Constructors default on its payments, Gough's company had the right to end the agreement.

Gough wanted to develop Asemaster further, so he borrowed money from Lloyds Bank. In March 1967, this was secured by a charge over the royalty payments due from Constructors. Then Slater Walker bought Constructors and Jim Slater became its chairman. A few days later, Gough says, Slater telephoned him and invited him to sell his patents outright to Slater Walker Securities. Gough refused.

Meanwhile, Constructors was not paying its royalties. Gough appointed his former Lloyds Bank bank manager as finance director at Gough Equipment to help him sort out the mounting financial problems which were arising from Constructors' non-payment of royalties.

The purpose appeared self-evident: throughout the first half of 1968, Gough was pushed to sell his patents to Slater Walker. He steadfastly refused even though Slater Walker was putting him under pressure by continuing to withhold royalties. The rights to Asemaster appeared to be the Constructors company's main asset.

In April 1968, Slater Walker started a merry-go-round series of company name changes within the Constructors group which was to leave the original 'Constructors' quoting the wrong company registration number for years afterwards.

Three companies called 'Constructors' were to exist in as many years, making it impossible for Gough to know which particular 'Constructors' was responsible for his minimum royalty payments. Over the next three years the problem was to be exacerbated by Constructors' consistent failure to file its annual returns and accounts and its constant change of directors.

Things got worse for Gough. In May 1968, Constructors Ltd started to dispute the terms of the original contract. In August, Gough was told by a Slater Walker representative that, if he didn't enter into a new royalty agreement which removed the £90,000 minimum payment, Slater Walker would buy up Gough Equipment's creditors and bankrupt it. Gough again refused.

Slater Walker couldn't have done this without the complicity of his bankers, Lloyds. It appears that this is exactly what happened. The links between Lloyds and Slater Walker were well known with both enjoying significant cross-shareholdings. When Slater Walker wanted something doing, Lloyds jumped.

And so it came to pass, three weeks later in June 1968, under the terms of a debenture signed the previous October: Lloyds appointed a Receiver to Gough Equipment. The Receiver had no funds with which to pursue a legal action against Constructors for the outstanding royalties. An outside disinterested observer might call this 'neat'.

Ironically, it was the DHSS which filed a petition for the winding up of Gough's company – for a debt that was later proved to have been paid.

The determined Gough created as

much fuss as possible, writing to known Asemaster customers, MPs, the Institute of Chartered Accountants, and even the Duke of Edinburgh, making serious allegations against Lloyds Bank and Slater Walker. Gough caused enough trouble to force Lloyds to the negotiating table.

Finally, in June 1969, Gough was sent a first class rail warrant and invited down to Lloyds Bank's head office in London. He was taken up to the chief comptroller's office. Gough remembers it well: "They said, 'Help yourself to cigarettes,' so I stuffed my case full of them." There, he says, he was offered £1 million if he would sign five letters retracting his allegations against Lloyds Bank and Slater Walker.

A few days later a letter arrived asking him to sign and return the letters. It said simply: "How much do you want?" Gough, who was now fighting what he saw as a matter of principle, wrote back saying that he would not be signing any such letters, and battled on.

Slater Walker in turn tried to get an injunction to stop Gough from causing so much trouble. In 1971 Gough was sent anonymously a letter to the Slater Walker Industrial Group from its solicitors. It started: "As Mr Gough is not prepared to settle this action, there is no alternative but to keep it going albeit in the least possible haste. He has offered to provide, at the Plaintiff's expense, copies of the 3,000-odd documents in support of his case. Although this could result in a copying fee of £200, it is an element of expense which is unavoidable but probably worthwhile if it can deter him from being active in other directions, pending the attempts that are being made to get the Asemaster deal through."

In February 1972, the Receiver of Gough's company went to the High Court to get an order authorising the sale of the Asemaster patents and patent rights to a small French engineering company associated with Slater Walker, called Constructors Mills K, which had already a limited licence to market Asemaster under the name "Transrobot".

The patents were to be sold to Mills K for £35,000, with £10,000 accepted from Constructors in satisfaction of the outstanding royalty claim. But Gough intervened by going to the Court of Appeal.

At the Appeal Court he was told that his agreement had, in fact, been transferred to Slater Walker Limited three years earlier, thus contradicting the earlier assertions made in the High Court. Slater Walker's solicitor added that Constructors was "no more than a piece of paper on Slater Walker's desk."

The patents sale to the French company went ahead but the original court order was altered to allow Gough to pursue his royalty claim.

By now, Gough's fight against Slater Walker had become an obsession and nothing else mattered: Gough worked full time on it to the exclusion of much else.

During that time, Gough suffered a daunting catalogue of commercial and domestic disasters. He lost most of his documents when the Halifax Building Society repossessed his house, again, like his DHSS problem, on the basis of a contested debt.

In early 1991, a London firm of solicitors, Chase-Grey, took up his case. They resurrected Gough's company which had been struck off for 13 years and succeeded in removing the Receiver from control, thus strengthening Gough's position in the patent and royalties legal battle.

Brian Chase-Grey, the senior partner, blasted ahead and also sought to halt the winding up of the affairs of Slater Walker Ltd by Price Waterhouse, arguing that, as Gough's royalty agreement had been assigned to it in 1969, it was the company which ultimately benefited from the estimated £250 million worldwide profits from Gough's invention. Gough has since been forced to abandon the action.

At the height of its success in 1973, Slater Walker Ltd had declared assets of £274 million. But just two years later the Slater Walker empire crashed with massive liabilities. Faced with a secondary banking crisis, the Bank of England had to mount a £40 million lifeboat operation to keep Slater Walker Ltd afloat.

It was eventually sold by its then chairman, Sir James Goldsmith, to the Bank of England for £3.8 million. By then, Slater Walker Securities (now called Invesco MIM) had injected a further £10 million into Slater Walker Ltd, mortgaging all of its assets to Hambros Bank. If Gough's story is to be believed, the proceeds from his invention played a key part in making Slater Walker a success.

Last year, Gough ditched Chase-Grey after the senior partner fell ill due to the strain of the case, and started acting for himself. Chase-Grey specialises in taking on cases which could result in big payouts, often only taking a fee on a contingency basis, as the Law Society now allows. By the time Chase-Grey was dropped, it had run up legal expenses of £250,000. Chase-Grey's only income was legal aid which Gough had obtained personally; Gough still had to pay for the work done by Chase-Grey for his company, BA Gough Equipment.

Gough on his own account has now issued a writ against Jim Slater personally, and a further two writs against Lloyds Bank, the former Receiver of his company and the original 'Constructors' company, now called Chapman. He is also trying to claim back some £14 million in unpaid royalties and interest from Chapman.

Last month, Lloyds Bank, Slater and Chapman succeeded in getting Gough's 22-page statement of claim struck out. Lloyds Bank arrived in court that morning with armloads of boxes of submissions and not a few solicitors and legal executives. Furthermore, they had instructed one of the country's top barristers - no expense spared.

Gough, on the other hand, arrived with two well-wishers, a tatty orange folder containing just four affidavits, and a scruffy bundle of documents.

The hearing in chambers was unusual. In a deviation from High Court protocol, the judge allowed Gough to represent his company himself. It was lucky for him as Gough Equipment certainly could not have afforded the £10,000-plus needed to instruct a barrister for the day.

Gough told the court: "I just invented things. I didn't draw up the contracts. I left that to the solicitors - and, my God, what a mess they made of it."

But the judge ruled that Gough's statement of claim was out of time and that he was attempting to go behind the 1972 court decision which allowed the sale of patents to the French company. Of Gough's recent action, the judge said: "In my judgement, it is plainly frivolous and vexatious," and refused him leave to appeal. He also landed him with the costs estimated at £25,000-plus. Lloyds Bank had asked that Gough be made to pay these costs personally, even though he was representing his company.

Most mortals would at this point give up. But not Gough. Undeterred, he plans to appeal, regardless of the financial burden. "It's not for the money," he told *BusinessAge* after the hearing, "it's the battle against corruption. That's what I'm really fighting." The good news for Gough was that Lloyds Bank has provided him with many of the crucial lost documents which were taken from his house when it was repossessed in 1974. These documents, he says, will substantiate even more of his remarkable claims.

His fight may not be resolved before he dies - but he says that his offspring will pursue the case: after all, patent rights carry on for fifty years after death. But those who know him well still insist that he should have just taken the million.