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STATEMENT FROM THE PRIME MINISTER'S OFFICE

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On Monday, 24th May, at about 3.00 p.m., the Prime Minister received a long distance call from Brussels from Mr. David Rockefeller. Mr. Rockefeller explained that it was most unfortunate there was this misunderstanding about the Chase Manhattan Bank's unsecured overdraft to the Herald. He told Mr. Lee that it was a standing rule of the Chase Manhattan Bank not to lend any money to newspapers for the very reason that newspapers got involved in politics.

Unfortunately, Mr. Rockefeller said Mr. Hendrik Kwant, Second Vice-President and Manager in Singapore, did not know of this ruling. Hence the overdraft was given. However, he was sending out Mr. Stankard, Vice-President, Zone Executive, Far East and Oceania Zone, to make an on-the-spot assessment.

Mr. Lee suggested that he should get Mr. Stankard to clarify the Bank's position, that it was a standing rule not to lend to newspapers and in fact there was no secret guarantors or security for the overdraft. Mr. Rockefeller agreed to speak to Mr. Stankard.

On Tuesday, 25th May, at 12 noon, Mr. Stankard, Mr. Kwant and Mr. Bish met Mr. Lee and the Minister for Foreign Affairs, Mr. Rajaratnam. Mr. Stankard said he had taken note of the situation. He admitted that the assets of the Herald

were going to waste, and that there was going to be a loss to the Bank for what was due from the Herald. He acknowledged that the ball was in his court and said that the ball game would begin. Mr. Lee said he would judge the Bank from their actions whether they were acting as prudent bankers would in the circumstances, or whether they had other considerations.

Mr. Stankard said he had phoned Mr. Rockefeller. Mr. Rockefeller confirmed the statement he had made to Mr. Lee about the Bank having a standing rule not to lend to newspapers. However, Mr. Stankard stated that he did not believe it was universally promulgated throughout the Bank and he had tried to tell Mr. D. Rockefeller this, but the telephone connection was bad.

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Date: 28th May, 1971

Time Released: 1800 hours.