

Mr Moyo/fs

24 August 2006

Messrs. Sawyer & Mkushi
Legal Practitioners
HARARE (NGM/lm)

and to

The Civil Division of the
Attorney General's Office
HARARE (4/FINANCE/120 CRM)

and to

The Bank's Legal Counsel
Reserve Bank of Zimbabwe
HARARE (Mr Fortune Chasi)

Dear Sirs

**LAW SOCIETY OF ZIMBABWE v THE MINISTER OF FINANCE AND ECONOMIC
DEVELOPMENT and THE RESERVE BANK OF ZIMBABWE and THE ATTORNEY
GENERAL OF ZIMBABWE**

We thank you all for the letter of the 9th August 2006 written by the Bank's legal counsel,
Mr Fortune Chasi and copied to all interested parties.

We can only congratulate the Council of the Law Society of Zimbabwe, the Reserve Bank and the Ministry of Finance for reaching an agreement which seeks to balance fundamental human rights and core values of the legal profession on the one hand and the need to maintain integrity and discourage abuse of trust accounts.

We attach hereto a draft which we believe to contains all the issues agreed to between the two regulators namely, the Law Society of Zimbabwe and the Reserve of Bank for signature on behalf of the Reserve Bank of Zimbabwe and the Minister. Thereafter, we shall arrange for the President of the Law Society or his nominee to sign on behalf of the Law Society. The draft shall be filed with the Supreme Court with an appropriate filing notice to signify resolution of the matter. It will, obviously, be necessary for the Attorney General's Office and the Minister to take steps to ensure that the amendment is effected.

We aware that compromise arrangements have been entered into between associations representing lawyers and governments in other jurisdictions. In Africa, this is the first of its kind. Accordingly, what has been achieved by the parties in this matter is an educative dialogue which can be extended to other difficult problems.

However, before the parties arrange official announcements, we bring their attention to a sad development brought to our attention by Gill, Godlonton & Gerrans yesterday. They advise that they are aware of the negotiations which have taken place in this matter. They advise further that they represent a law firm whose offices were searched by or at the instance of officers of the Reserve Bank of Zimbabwe. This development has taken us by surprise as it appears to be contrary to the spirit and objective of both our negotiations and the agreement whose memorandum we expect to be executed by the parties soon. During our lengthy negotiations, the parties remained faithful to the assurance that pending their negotiations, the impugned provisions were not going to be invoked. Is there any explanation for this isolated but most unfortunate development?

Yours faithfully

SCANLEN & HOLDERNESS