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**From:** Hugh Flemington[IMCEAEX-  
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\_CN=RECIPIENTS\_CN=HUGH+2EFLEMINGTON14106A9A-9886-403D-BF5B-  
E08821F432B3@C72A47.ingest.local]  
**Sent:** Tue 03/07/2012 10:48:47 AM (UTC)  
**To:** Paula Vennells  
**Cc:** Susan Crichton; Alwen Lyons  
**Subject:** Re: Legally privileged and confidential - do not forward plse.

Yes we got the outcome we wanted and we have the flexibility not to press it further etc if we ever want to be "caring" etc.

And yes we are looking at the whole area of prosec etc and things like economic cut off levels below which we don't chase etc.

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**From:** Paula Vennells  
**Sent:** Tuesday, July 03, 2012 12:34 PM  
**To:** Hugh Flemington  
**Cc:** Susan Crichton; Alwen Lyons  
**Subject:** RE: Legally privileged and confidential - do not forward plse.

Hugh: Thank you very much. Just so I'm clear, does this mean we got the outcome you wanted, i.e. no adjournment and future repayment of the debt?

Susan: As we review the Policy on prosecutions, can we also feed in examples like this, i.e. (if I've understood properly) open-ended future recovery of debt and, if so, at what level of debt, i.e. would we ever consider writing off a cost like this?

Regards  
Paula

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**From:** Hugh Flemington  
**Sent:** 02 July 2012 10:58  
**To:** Paula Vennells; Susan Crichton; Alwen Lyons  
**Subject:** RE: Legally privileged and confidential - do not forward plse.

FYI only – update on this one for you:

- The hearing went ahead last Friday and we were granted a "Final Charging Order" over Mrs Etheridge's (the ex SPM) house.
- The District Judge made it clear this *doesn't* mean POL can force her to sell her property. It just protects POL's position if she ever does sell.
- The District Judge did inform her she could (in theory) apply to set aside the judgment. We suspect this would be a bit of an uphill struggle, but it remains a possibility.
- Apparently Mr Etheridge turned up to Court with a bundle of papers, including correspondence with his MP. We have not had sight of this bundle but have requested a copy (he should give us a copy if he tried to use

them in the hearing).

- Alana was briefed on Friday.

Will let you have any update as and when.

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**Hugh Flemington**  
**Head of Legal**  
**Legal Services**  
**Post Office Limited**  
148 Old Street, LONDON, EC1V 9HQ  
**Call:** GRO  
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**From:** Hugh Flemington  
**Sent:** 28 June 2012 20:38  
**To:** Paula Vennells  
**Subject:** Legally privileged and confidential - do not forward plse.

Hi Paula

I just wanted to flag this court case to you.

We have a civil (not criminal) case in court tomorrow where we have already had an admission from the subpostmaster that she owed us the money. Tomorrow sees us try to put a charge on her property so *if* she ever sells it we (hopefully) get paid back out of the sale proceeds.

Her husband has seen the press coverage on Horizon, is now saying he will contact his MP, Justice for Subpostmasters etc. and is blaming Horizon for his wife's debt (amongst other alleged causes).

Brief history: She started out as an SPM in 2008 and seems to have had balancing issues from the start. She closed temporarily in 2010 due to ill health and finally for good in 2011. We never terminated her because of her illness. She resigned in June 2011 but it seems by November 2011 we had noticed losses (10k). The husband then makes various allegations. However the SPM offers a debt management payment which we reject (only £5 per month). We issued court proceedings for the whole debt in Feb this year and the SPM admitted the debt! We then took the steps to place a charging order on the property to try to ensure we actually see the money if they ever sell their property.

So we are not chucking anyone out of a home – we just want our 10k back at a point in time in the future when we hope they will have enough to pay us (on the sale of their house).

The husband will attend the hearing tomorrow with the SPM and try to get an adjournment of the case – probably on the grounds of the current forensic investigation we have initiated.

I think we proceed with the hearing.

We could agree to an adjournment and then decide afterwards whether to bin the charging order application etc. I used to appear in these local courts as a trainee and I suspect the judge will end up agreeing to adjourn it on a sense of "David v Goliath fairness" etc etc. Even if they do, this does not affect the underlying judgment which remains in place unless the SPM is able to get it set aside.

Failing to get a charging order just means that if the SPM goes bankrupt in the interim we may not be able to get any money back.

I don't think we should agree to any adjournment application as it will just encourage more debtors to play the system and use these tactics to slow down our ability to recover. They will all jump on the band wagon. We will however need to manage the PR side and Alana has already been briefed by Chris our litigator.

It's worth remembering the SPM didn't oppose our claim, in fact she admitted it, has never applied to set it aside and has even offered a payment plan.

If you have any questions please say. A more detailed history is bullet pointed below.

Kind regards  
hugh

- The SPM is the former SPM of the Gurnos PO. She was appointed in August 2008. We are advised by the business that she had balancing problems from day one and several trainers attended on site to provide additional training.
- She subsequently became ill and unilaterally closed the branch on 09/12/10. It re-opened on 20/12/10 and she subsequently closed it again on 02/06/11. Again due to ill health. It never re-opened. Due to her illness no steps were taken to terminate her appointment.
- Mr Etheridge then contacted the contract advisor at POL indicating that they had found a buyer for the business and asked what they needed to do in order to start off the process. He was advised that the SPM would need to resign in order to create a vacancy. The SPM gave notice of resignation on 27/06/11. This was acknowledged by the business on 18/07/11.
- On 10/11/11 the business wrote to the SPM requesting payment of losses of c.£10,400. There appears to have been some sporadic email correspondence prior to this date between Mr Etheridge and the contract advisor at POL in connection with these losses. Mr Etheridge appears to have blamed the ATM for the losses, but he never sets out any specific allegations. He also refers to a lack of adequate training and at one point appears to blame staff members for entering incorrect data on to the Horizon system. No specific allegations are made about the Horizon system itself. He also accuses the business of failing to provide adequate support.
- Notwithstanding the above, the SPM contacted a consumer credit counselling service who put forward a debt management plan. The plan offered to make repayments at £5 per month. This is rejected. Two payments of £5 were made, which have been applied against the debt.
- Court proceedings were issued in or around February 2012. These proceedings were not defended. The SPM filed an admission admitting liability for the full amount on the claim form and proposes to pay the debt at the rate of £5 per month. This was rejected.
- Judgment was entered for the full amount, which the SPM has failed to pay.
- An application was then made for a charging order over the SPM's property. This is not a form of enforcement. It enables the business to secure the debt against the property pending sale. It does not entitle the business to sell the property. Only the court can order the sale of the property. An application for a charging order is dealt with in two stages: an interim stage and a final stage. The interim order is made on the papers alone. It is then listed for a hearing to determine whether or not a final order should be made. It is this final hearing which is listed for 12:40pm tomorrow.

- Mr Etheridge has indicated that he intends to seek an adjournment of the application presumably pending completion of the investigation into the Horizon system. This would potentially amount to an indefinite stay and we do not imagine the court would be prepared to do that. But it may grant a more limited adjournment.

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