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**From:** Mark R Davies [GRO]  
**Sent:** 13/01/2015 20:04:10  
**To:** Paula Vennells [GRO]  
**Subject:** Sparrow

Hi Paula

I have been reflecting on our conversation about Sparrow.

First thing to say is that I don't think I have come across anything quite as difficult as this in my career. And when one considers that includes Jack being accused of conniving with various governments to do a variety of unpleasant things (all without foundation), I think that says something!

The second thing to say is that I think - and I have thought about this a lot - that given the moving parts, we are taking the right approach. I don't think there is an alternative to holding firm to the strategy and taking as much control as we can (unless we were to use the evidence we have of bad faith by others to immediately bring it in house). In reputation management terms it is also the position advised by Brunswick, who took a good look at it for us as you will recall.

As I said today we must absolutely remain true to our values and not do anything which could be described as bad faith. I firmly believe we have acted in a way we can be proud of: no business would take the steps we have done in relation to complaints from such a small number of people (of whom I fear none will be satisfied with anything less than an admission of guilt and substantial compensation payments).

The problem is that for some we will never do enough. The JFSA, some MPs and a few journalists will always believe we are in the wrong. They won't budge even in the face of compelling evidence. Second Sight will produce a report with enough juicy phrases in it to support further parliamentary demands. I am not exaggerating when I say we will face some residual noise on this for the foreseeable future. Our challenge in my world is to mitigate and manage.

This is how I think things will develop:

- if JFSA opt for litigation then we would be justified in bringing the Scheme in house: continuing to mediate where we believe there may be grounds. This would be a "tin hat" scenario, but as with the current position we would be able to minimise media and other interest.

- if JFSA keep the litigation route in their back pocket we should continue with the Scheme as it stands, holding firm on "mission creep" by Second Sight and completing the process as quickly as possible.

The prospect of a second report from SS is the most difficult issue in reputational terms. Hence the action we are taking to try to mitigate by reaching out to MPs and some media. I think SS will produce something even if they were no longer part of the Scheme.

Indeed, all of this is why we are inviting MPs to hear the details of specific cases and engaging the media more widely. It is the only way we will get some of them to drop the issue (or present our position) - some will, some won't. But with a hard core against us, with the power to secure some parliamentary time and (some) media coverage, we are seeking to "cut off their supply" by reaching out.

You asked me if I thought we had considered all issues. Two things:

- this is as intensive an issue as I can recall working on. The team is brilliant - really as good if not better than anything I worked with in govt - but it is intense and demanding

- I am completely satisfied that we have thought about every conceivable option. We met for several hours before Christmas and since and if there is another way forward, it has escaped me. I'm very open to challenge on this - but I genuinely don't see a way which avoids causing dissatisfaction from those who are very entrenched (and inclined to believe in conspiracies).

I am afraid that I don't think there is an answer that will satisfy the very vocal minority of people who are dead set against us.

I hope this is helpful - possibly not! - very happy to discuss further of course.

Mark

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Sent from my iPhone