

Message

From: Loraine, Paul [GRO]
Sent: 29/01/2015 15:19:33
To: alisdair.cameron [GRO]
CC: Parsons, Andrew [/O=BOND PEARCE/OU=First Administrative Group/cn=Recipients/cn=ap6]
Subject: RE: Suspense accounts - legally privileged - urgent [BD-4A.FID20472253]

AI

Further to Andy's email below, we have been restructuring the Suspense Account paper in light of your comments.

So you know where we are, Rod Ismay is looking at the "top 10" section (point 6 in your email below) and as soon as we have a fully updated draft, we will circulate it.

Kind regards

Paul

Paul Loraine
Solicitor
for and on behalf of Bond Dickinson LLP

GRO

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From: Parsons, Andrew [GRO]
Sent: 29 January 2015 11:15
To: Alisdair Cameron; Chris Aujard
Cc: Mark Underwood1; Rod Ismay; Angela Van-Den-Bogerd; Belinda Crowe; Tom Wechsler; Jane MacLeod; Loraine, Paul
Subject: RE: Suspense accounts - legally privileged - urgent [BD-4A.FID20472253]

AI

Thanks. We'll re-work and produce a new version asap in line with your comments.

On point 2 – there is no single question posed by SS. Rather they have verbally posed questions over time at Working Group meetings. The reason for the delay is partly due to SS' questions not being sufficiently clear and partly due to us taking time to decide on how to address this issue. My recommendation would be to stay away from this topic in the paper but we can prepare an answer for the meeting with SS.

Kind regards
Andy

Andrew Parsons
Managing Associate

Bond Dickinson

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From: Alisdair Cameron [GRO]
Sent: 29 January 2015 11:00
To: Parsons, Andrew; Chris Aujard
Cc: Mark Underwood1; Rod Ismay; Angela Van-Den-Bogerd; Belinda Crowe; Tom Wechsler; Jane MacLeod
Subject: RE: Suspense accounts - legally privileged - urgent [BD-4A.FID20472253]

Thank you for this. It is a considerable improvement but still requires quite a lot of work to complete it.

My feeling is that the running order is wrong. I would suggest.

- (1) Executive Summary.
- (2) The question asked – are there specific question post July that we need to refer to. Is it clear why this has taken so long?
- (3) A clear, high-level explanation of what a credit balance is.
- (4) The scale of relevant transactions undertaken by POL in the last few years.
- (5) The level of credits released from suspense accounts – the 0.01% - do we need 2011/12?
- (6) The detailed explanations of the top 10, showing what percentage of the total released they cover. These are very good on the whole but some are incomplete, there are lots of typos and the Aon one is just too vague. Each one should end – if we agree - with an identical statement saying that “The existence of the balance in suspense and the release of the credit to POLs’ p/l account should therefore have no impact on the financial position of branches.”
- (7) Then it may be appropriate to do the section from the front trying to answer “Are the circs where a branch can be out of pocket?” but this should be shorter and tighter, saying – balances in suspense or their release to p/l should not impact branch profitability. Separately, if branches do not follow agreed procedures, they can lose money but that is unrelated to credits in suspense.

If you agree, please let me see another draft. If not, we should talk!!

It would be good to have agreed the wording of this before our session tomorrow morning.

Thanks Al

From: Parsons, Andrew [GRO]
Sent: 29 January 2015 10:10
To: Chris Aujard
Cc: Mark Underwood1; Rod Ismay; Angela Van-Den-Bogerd; Belinda Crowe; Tom Wechsler; Alisdair Cameron
Subject: RE: Suspense accounts - legally privileged - urgent [BD-4A.FID20472253]

Chris

Please find attached a first draft of the Suspense Account paper. There are a few points that we are still working on. However, I'd be grateful for your (and anyone else's) thoughts on the general direction of the paper and whether, with a fresh eye, you think this will satisfy SS.

Kind regards
Andy

Andrew Parsons
Managing Associate

Bond Dickinson

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From: Parsons, Andrew
Sent: 29 January 2015 09:07
To: 'Chris Aujard'
Cc: Mark Underwood1; Rod Ismay; Angela Van-Den-Bogerd; Belinda Crowe; Tom Wechsler; Alisdair Cameron
Subject: RE: Suspense accounts - legally privileged - urgent [BD-4A.FID20472253]

Chris

Rod has done a lot of work on this yesterday. I'm just reviewing the latest draft of the paper and will get you a draft by 10am.

Kind regards
Andy

Andrew Parsons
Managing Associate

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From: Chris Aujard **GRO**
Sent: 29 January 2015 08:38
To: Parsons, Andrew
Cc: Mark Underwood1; Rod Ismay; Angela Van-Den-Bogerd; Belinda Crowe; Tom Wechsler; Alisdair Cameron
Subject: RE: Suspense accounts - legally privileged - urgent [BD-4A.FID20472253]

Andy – do you have an ETA on the draft suspense account paper- I have limited time today to review so it would be good to be able to schedule a slot now. Cheers Chris

From: Parsons, Andrew [GRO]
Sent: 27 January 2015 16:25
To: Tom Wechsler; Chris Aujard; Alisdair Cameron
Cc: Mark Underwood1; Rod Ismay; Angela Van-Den-Bogerd; Belinda Crowe
Subject: RE: Suspense accounts - legally privileged - urgent [BD-4A.FID20472253]

Al

I've spoken to Rod. Plan of action is:

- Rod and I will circulate a draft Suspense Account paper by COB Wednesday.
- Any comments by email welcomed during the course of Thursday.
- Meet on Friday (9am in Room 501) to sign off the paper / prepare for the meeting with SS
- Paper to be released to SS asap after the meeting and by no later than COB on Friday.
- Meeting with SS on Monday afternoon (time tbc).

Kind regards
Andy

Andrew Parsons
Managing Associate

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From: Tom Wechsler [GRO]
Sent: 27 January 2015 15:44
To: Chris Aujard; Alisdair Cameron
Cc: Parsons, Andrew; Mark Underwood1; Rod Ismay; Angela Van-Den-Bogerd; Belinda Crowe
Subject: RE: Suspense accounts - legally privileged - urgent [BD-4A.FID20472253]

Just to confirm, Mark Underwood will produce the case breakdown requested in Al's email

Thanks

Tom

Tom Wechsler
[GRO]

From: Chris Aujard
Sent: 27 January 2015 15:21
To: Alisdair Cameron

Cc: Andrew.Parsons@GRO Tom Wechsler; Mark Underwood1; Rod Ismay; Angela Van-Den-Bogerd
Subject: FW: Suspense accounts - legally privileged - urgent [BD-4A.FID20472253]

Hi Al – see below for responses from Andy Parsons (and the responses in red below that). Andy will send through a timetable shortly. BTW we are still aiming for a meeting with Second Sight on Monday afternoon – can you tell me what works best for you? Cheers Chris

From: Parsons, Andrew [GRO](mailto:Andrew.Parsons@GRO)
Sent: 27 January 2015 13:19
To: Chris Aujard; Tom Wechsler; Patrick Bourke; Rodric Williams; Angela Van-Den-Bogerd
Cc: Jane MacLeod; Loraine, Paul [GRO](mailto:Loraine.Paul@GRO)
Subject: RE: Suspense accounts - legally privileged - urgent [BD-4A.FID20472253]

Chris

Al is referring to the draft paper that Rod sent to me last night - see attached.

It may be useful to talk through with Al his main concern (that we only provide 2 examples rather than a comprehensive answer). Angela and I have already discussed this with Rod and found that getting clear answers was very difficult. Each client/product has a different process and therefore the operation of the Suspense Account in relation to each product is different. Drafting a comprehensive explanation for each product would therefore be a significant task. For this reason, we focussed the draft paper on two specific examples, banking transactions and ATMs – these being SS' primary areas of concern.

There is also a wider point that SS are fishing for information when they should be putting forward concrete examples of how the Suspense Account has operated to disadvantage a SPMR in relation to a particular product or transaction. Volunteering too much information may only encourage further fishing and less focus on specific cases.

I've inserted some further comments in Al's email below on his specific questions.

Tom / Patrick - are you in a position to collate the statistical information that Al asks for at the end of his email? I have some of this already - happy to discuss.

Kind regards
Andy

Andrew Parsons
Managing Associate

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-----Original Message-----

From: Chris Aujard [GRO](mailto:Chris.Aujard@GRO)
Sent: 27 January 2015 12:48
To: Tom Wechsler; Patrick Bourke; Rodric Williams; Angela Van-Den-Bogerd; Parsons, Andrew
Cc: Jane MacLeod
Subject: FW: Suspense accounts - legally privileged - urgent

FYI - I am not sure what draft written response he is referring to; can anyone shed some light on this and the other questions that he has asked? Chris

-----Original Message-----

From: Alisdair Cameron
Sent: 27 January 2015 12:43
To: Chris Aujard; Jane MacLeod; Belinda Crowe
Cc: Rod Ismay; Mark R Davies
Subject: Suspense accounts - legally privileged - urgent

Chris et al

In spending the day with Rod, he showed me the draft written response to SS, which I hadn't seen. I am slightly disconcerted that we still haven't replied to them but as that seems to be the case I have a few observations. It would be helpful if someone could confirm the diary plan for the next few days - when we reply, when we practice, is Monday on? etc.

My main issue with the draft is that it doesn't do what they want and begs an obvious question. We effectively give them a high level overview and then two specific examples. If I was them, I would say "not good enough, give us the specifics for each material client." So my question is, rather than making them jump through hoops, why don't we just do that?

Secondly, we are very data light. Can we not get across a sense of volumes and values and percentages that would highlight how small some of his activity is relative to the core - and how much activity there is in the wider business, which may help them understand why we can't control every detail.

Rod Ismay is compiling this data

Less significantly:

- if our main contention is that there are many different versions of this, why refer to it as a singular Suspense Account?

I'll speak to Rod about getting this further level of detail – the reference to a single account was only there to help simplify the answer.

- are we really clear that they are only interested in client suspense accounts and not the balancing accounts with the branches?

Yes – SS have made this clear.

- in para. 2 of page 2 we talk about the various people affected but ignore customers. I would add them in.

Agreed

- I agree we should use "credit" consistently. Have we worked through a logic for a debits, so we can answer that question if it arises? "Are there any circumstances in which a debit suspense item could leave a branch out of pocket?"

SS have made clear that they are only interested in credits but we can work up an answer on debits just in case.

- we hold strongly to the argument that if a branch has accounted properly it shouldn't be out of pocket. But it opens us up to the argument that if a badly trained and unsupported branch made errors and were materially out of profit - to our benefit - that would also be something we had accountability for. What's our answer to that? An example is if they don't record cheques properly, create a cash shortfall they don't get paid for and don't get the matching cheque benefit?

We'll need to discuss this with Rod Ismay.

- we cover the same. 2 examples twice each and the two could be consolidated to better effect

Agreed

Also could I urgently see a breakdown of the cases in process showing amount claimed, where there has been a criminal prosecution, where they are in the SS process, what any SS recommendations are etc?

Thanks Al

Sent from my iPad

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