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NOVEMBER 2012

**POST OFFICE LIMITED MATTERS – DISPUTE RESOLUTION  
PRIVILEGED AND CONFIDENTIAL – CLAIMS OVER £500K OR THOSE OF A SENSITIVE NATURE**

FILE NAME	BUSINESS UNIT & CONTACT	DESCRIPTION	STATUS	External advisers
<b>Minoan Group plc Travel Kiosks</b>	Nick Kennett (Financial Services); Kevin Gilliland (Network & Sales)	<p>On 17/10/12, Minoan Group Plc, an AIM listed travel and leisure company, announced an agreement with the National Federation of Subpostmasters (NFSP) to install computerized travel agency kiosks across the Post Office network.</p> <p>Minoan plan to pilot 50 kiosks in market town sub post offices, with 50 more being added every three months. Minoan aim to install at least 1,000 kiosks within five years.</p> <p>Post Office Limited ("POL") was not consulted about this agreement.</p> <p>POL's solicitors have written to Minoan's solicitors:</p> <ol style="list-style-type: none"> <li>1. warning Minoan not to trade off POL's brand;</li> <li>2. requiring Minoan to make it clear that POL is not associated with Minoan or its services;</li> <li>3. asking Minoan to provide details of its proposed kiosk services, including the "look and feel" of its branding</li> </ol>	<p>Minoan's solicitors have provided some details of their proposed kiosk, and have stated that Minoan will not offer POL "restricted services", including travel insurance and foreign exchange.</p> <p>NFSP have also responded seeking to assure POL that "no agreed 'restricted services' will be sold through the kiosk".</p> <p>A meeting is being arranged with Minoan and (if appropriate) NFSP to discuss Minoan's kiosks, including their branding. This meeting should enable POL to better assess the strength of its case against Minoan.</p>	CMS Cameron McKenna

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		<p>and whether it involves the sale of competing products.</p> <p>POL has also written to the NFSP raising the same concerns and expressing disappointment that the deal was announced without any prior notice.</p>		
<b>Claim for Judicial Review</b>	Angela Van-Den-Bogerd	<p>A former subpostmaster (<b>SPM</b>) sought "judicial review" of POL's decision to terminate his SPM contract.</p> <p>The SPM claimed that POL's termination process was flawed and infringed his Human Rights. He asked the court to review POL's decision and find that it was unlawful and/or an abuse of power.</p> <p>POL asked the Court to refuse to permit judicial review of the decision on the grounds that it was a commercial matter.</p> <p>On 27/09/12 the Court refused the SPM permission to pursue judicial review. The Court also ordered the SPM to contribute to POL's legal costs. As a consequence of that decision, POL moved to evict the SPM from the branch premises as it is entitled to do under the SPM contract.</p>	<p>The SPM had seven days to apply to the Court to reconsider its decision. The SPM exercised that right without notifying POL.</p> <p>The SPM also applied to court seeking to prevent POL from evicting him until the Court had reconsidered its decision.</p> <p>The Court will hear the SPM's applications on 16/11/12.</p>	DAC Beachcrofts
<b>Customer Complaint - Age and Disability Discrimination</b>	Angela Van-Den-Bogerd	<p>The Claimant, an individual, started court proceedings under the Equality Act and Human Rights Act alleging disability and age discrimination against Shieldex Limited (a POL franchisee) and POL.</p>	<p>POL and Shieldex have filed Defences to the claim.</p> <p>POL has also claimed an indemnity from Shieldex under the franchise</p>	Bond Pearce

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		<p>The complaint arises out of issues with customer access and service at a branch run by Shieldex.</p> <p>Damages are claimed, but not quantified. The estimated potential exposure (if the claim succeeds) is likely to be in the region of £6,000 to £18,000, plus legal costs.</p> <p>If POL is found to be a service provider under the Equality Act, and therefore liable to make reasonable adjustments to premises, this is likely to have implications across the Network.</p>	<p>agreement for any sums which POL has to pay as a result of Shieldex's actions. POL's ability to recover any such sums from Shieldex may be limited given that HMRC has presented a winding up petition against Shieldex for significant unpaid taxes.</p> <p>The claim is currently stayed. On 04/10/12 POL attended a "without prejudice" meeting with the Claimant to better understand her concerns. POL has obtained cost estimates for adjustments to the branch to address the Claimant's concerns. These adjustments will now be used to form a proposal for an overall settlement of the claim.</p>	
<b>Horizon claims</b>	Rod Ismay	<p>POL has received notification of 5 claims from former SPMs. Each SPM has alleged wrongful termination of contract based on:</p> <ul style="list-style-type: none"> <li>- (1) alleged defects in POL's internal processes; and</li> <li>- (2) alleged defects with the Horizon system.</li> </ul>	<p>Following consultation with MPs, Second Sight Support Services Ltd (an independent investigator) is reviewing up to 16 cases where SPMs allege that Horizon caused them losses. That investigation is currently underway. It is anticipated that no further court action</p>	Bond Pearce

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		<p>Each SPM is seeking damages of c.£150,000. To date, the SPMs' solicitors Shoosmiths have not progressed 4 of the 5 claims. POL successfully had the Court strike out the fifth claim and recovered costs from the Claimant.</p> <p>Despite reports in the media that Shoosmiths have consulted on a further 85 similar cases, POL has not been notified of any additional claims.</p>	<p>will be taken pending the outcome of that investigation.</p> <p>Post Office Ltd is also actively considering proposals from Justice for Subpostmasters Alliance (an organisation "established to raise awareness of the issues within the Post Office Horizon system") to develop a system by which individual subpostmasters can raise concerns with Horizon within a "no blame" framework. Those concerns would be considered as part of Second Sight's review.</p>	
<b>Employment</b>	Colin Stretch	<p>Eight claims against POL are currently proceeding before the Employment Tribunals.</p> <p>Claims allege unfair dismissal for conduct, unfair dismissal for capability, sex and race discrimination, and victimisation.</p> <p>Potential exposure to POL over the six claims is c.£340,000, with two cases yet to be valued.</p> <p>Claims could require policy changes if upheld (e.g. with respect to race or sex discrimination).</p>	<p>Significant claims continue to be monitored (both internally and with external counsel) and risk assessed as they progress.</p>	Weightmans / Eversheds (1x case only)

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**PART (B) – PRINCIPAL CRIMINAL CASES BROUGHT BY POST OFFICE LIMITED**

DESCRIPTION	STATUS
Subpostmaster accused of theft of £85,872.07. Restraint order against assets is in place.	Defendant pleaded guilty and will be sentenced on 23/11/12. Defendant to sell property to repay POL loss.
Post Office manager accused of theft of £27,824.51.	Defendant pleaded guilty on the basis that the money was used to pay a debt as Defendant feared for his safety. At a hearing on 05/11/12, the Court rejected this and adjourned the case for sentencing on 07/12/12.
Subpostmaster accused of fraud of £38,284.68.	Defendant pleaded guilty and was sentenced to 6 months imprisonments (suspended for 2 years) and 250 hours unpaid work. A timetable has been set for confiscation proceedings to determine the sum payable to POL, with a final hearing set for 11/02/13.
Subpostmaster pleaded guilty to theft of £114,095.	At a hearing on 05/09/12 the Judge found that the Defendant had £20,000 available for compensation, and ordered the Defendant to pay that sum within 6 months or be sentenced to 9 months imprisonment.
Two assistant subpostmasters accused of covering shortages by delaying the processing of business deposits to Santander. Case concerned 40 deposit slips being suppressed with a total value of £34,115.50.	Case has been listed for trial in January 2013.

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Two brothers in partnership as subpostmasters accused of theft and/or fraud of £237,240.64	On 09/10/12, the second day of trial, one defendant pleaded guilty to theft/fraud of £99,000. This was accepted by the prosecution and no evidence was offered against the other defendant. The case has been adjourned to 20/11/12 for sentencing. A timetable will also be set for confiscation proceedings in which the maximum sum payable to POL will be determined.
Subpostmaster accused of theft of £77,905.02	The Court is to set a date for the first hearing of this case to determine the details of trial.
Subpostmaster accused of theft of £57,811.79	Defendant attended court on 07/11/12 and pleaded guilty. Case adjourned for sentencing on 28/11/12.  <b>POL has recovered £43,988.03 to date.</b>
Subpostmaster accused of theft of £49,245.19	Defendant attended court on 06/11/12 and pleaded guilty. Case adjourned for sentencing on 03/12/12.  <b>POL has recovered £49,245.19 to date.</b>
Subpostmaster accused of theft of £25,860.66	Defendant to attend court on 13/12/12 to determine details of trial.