

Strictly Confidential

JANUARY 2013

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

FILE NAME	CASE HOLDER	BUSINESS UNIT & CONTACT	DESCRIPTION	STATUS	XSP
<b>Minoan Group plc Travel Kiosks</b>	POL/HF/RW	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 sub post offices, with 50 more being added every three months. Minoan aim to install at least 1,000 kiosks within five years. The first kiosks have now been installed.</p> <p>POL was not consulted about this agreement.</p> <p>POL's solicitors have corresponded with Minoan's solicitors to protect POL's position. POL has also written to the NFSP expressing POL's disappointment that the deal was announced without any prior notice.</p>	<p>Minoan has made adjustments to the "look and feel" of its kiosks to differentiate them from POL. Minoan have also stated that it 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 NFSP in February 2013 to discuss Minoan's kiosks and business objectives. This meeting should enable POL to better assess the commercial viability of Minoan's kiosks, and therefore the risks it presents to POL's business.</p>	CMS Cameron McKenna
<b>Claim for Judicial Review</b>	POL/HF/RW	Angela Van-Den-Bogerd	<p>A former subpostmaster (SPM) 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>At an oral hearing on 16/11/12, the Court gave the SPM permission to proceed to a full hearing. In doing so, the Court only found the SPM's case to be arguable, and did not make any conclusive findings on his claim.</p> <p>POL is finalising its evidence in response to the SPM's claim. That evidence and detailed grounds of opposition will be filed by the end of January 2013.</p>	DAC Beachcrofts

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			<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 did this on the papers without hearing from the parties.</p>	<p>The matter will then be listed for a hearing during Q2 2013.</p> <p>POL has started settlement discussions with the SPM to see if a commercial resolution can be reached.</p>	
<b>Customer Complaint – Age and Disability Discrimination</b>	POL/HF/RW	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>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>The Claim is currently stayed while the parties explore settlement.</p> <p>In the interests of resolving this case, POL has offered to make certain adjustments to the branch. It has done so without any admission of liability, and (so far as is possible) without creating a precedent for other branches.</p> <p>POL has also claimed an indemnity from Shieldex under the franchise agreement for the costs which POL incurs as a result of Shieldex's actions. POL's ability to recover these costs from Shieldex may be limited given Shieldex's franchise agreements have been terminated and that it is in a very weak financial position.</p>	Bond Pearce
<b>Horizon claims</b>	POL/HF/RW	Rod Ismay	<p>POL has received various claims from former SPMs alleging wrongful termination of contract based on alleged defects in POL's internal processes and alleged defects with the Horizon system.</p> <p>These allegations were initially made in 5 claims brought through the SPMs' solicitors, Shoosmiths. To date, Shoosmiths have not progressed 4 of the 5 claims, and POL</p>	<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.</p> <p>Post Office Ltd has also reached an agreement with Second Sight and Justice for Subpostmasters Alliance (an organisation</p>	Bond Pearce

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			<p>successfully had the Court strike out the fifth claim.</p> <p>These allegations are also being made through SPMs' MPs, and in defences to court proceedings brought by POL to recover debts from SPMs.</p>	<p>"established to raise awareness of the issues within the Post Office Horizon system") whereby individual subpostmasters can raise concerns with Horizon within a "no blame" framework, provided such claims are brought by 28/02/13. Those concerns would be considered as part of Second Sight's review.</p>	
<b>Employment</b>	POL/HF/R W	Colin Stretch	<p>Nine 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 five claims is c.£250,000, with four 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>	<p>Weightmans / Eversheds (1x case only)</p>

**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 to theft of £67,000 and has been sentenced to 12 months' imprisonment (suspended for 2 years) with supervision and 100 hours unpaid community work. Defendant has repaid £51,000 through the sale of property, leaving £16,000 to be recovered through confiscation proceedings. A final hearing has been set for 20/05/13.
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. The Court rejected this and on 07/12/12 sentenced him to 200 hours unpaid community work (to be completed with 12 months) and electronically monitored curfew for 2 months. POL has recovered the full sum of £27,824.51.

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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 community 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.
Two assistant sub postmasters 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.	POL has served expert reports and notice of additional evidence in preparation for trial on 21/01/13.
Sub postmaster accused of theft of £78,660.63.	Defendant pleaded guilty on 07/01/13 and will be sentenced on a date to be set by the court.
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. On 20/11/12 the guilty Defendant was sentenced to 17 months imprisonment. A timetable was also set for confiscation proceedings to determine the sum payable to POL, with final hearing set for 20/05/13.
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 pleaded guilty and on 28/11/12 was sentenced to 9 months imprisonment (suspended for 18 months) and 180 hours unpaid community work. A timetable has been set for confiscation proceedings to determine the sum payable to POL, with a final hearing set for 25/03/13.  <b>POL has recovered £43,988.03 to date.</b>
Subpostmaster accused of theft of £49,245.19	Defendant pleaded guilty and on 03/12/12 received a suspended sentence of 9 months imprisonment.  <b>POL has recovered £49,245.19 to date.</b>
Subpostmaster accused of theft of £25,860.66	Defendant has not indicated a plea. A Crown Court hearing on 21/01/13 will give case management directions for plea and trial.

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