

Attachments : AADB.response.Jim.Shannon.15.November.2010[1].pdf

From: JIM SHANNON [mailto:jim.shannon1@btopenworld.com]

Sent: 06 June 2011 18:55

To: ian.powell@uk.pwc.com

Cc: jack.naylor@uk.pwc.com; jackie@fortfield.com; Brian Little; michael.izza@icaew.com; a.colban@frc-aadb.org.uk; s.hogg@frc.org.uk

Subject: FW: Magellan: outstanding points Follow up

Mr Powell

Background

I wrote to Mr Powell in emails on Tuesday 24 May 2011 at 9.27, referencing my constituent's email of 22 May 2011 which put seven questions to Mr Powell and asked that he address those personally.

Furthermore after my subsequent request for Mr Little to set out the detailed basis, in support of the recommendation I made in my email on 9 May 2011 at 16.46 for item 2, that Mr Powell should carefully consider and then retract the comment made to the Daily Telegraph journalist, Ms Mason, that the matters raised by Mr Little "***did not address the accounting matters which PwC were instructed to review***" I sent a further email on Tuesday 31 May at 9.44. suggesting that I would be willing to have my constituent accompany me to ensure that Mr Powell personally had a full understanding of what was been stated and suggested a date of 14/15 June. Whilst you had never requested a meeting with us the Chair of the FRC/AADB had previously stated in his attached letter dated 15 November 2010 that "*I note that you have asked that he <Mr Powell> Investigate your complaint and respond to your comments. I am sure that this is the right course.*" This would have been the final opportunity for you to understand and address that matter and my efforts would be a further record in the documentation for the future.

My parliamentary aide emailed my constituents on Thursday 2 June 2011, prior to my review, enquiring as to whether there had been any response from PwC, as our office had not seen one. On Thursday evening Mr Little responded there had not been a response, copying you Mr Powell - see below. On Friday evening the email exchanges below, once again from the PwC lawyer Mr Naylor, were received. I have only had sight of these exchanges this morning.

Comments

Mr Powell I now wish to take each of the points in turn. I also request that you personally review and reply to me in straightforward terms.

Point 1 from your lawyer "1 you have asked whether PwC intends to retract part of the statement made to the Daily Telegraph. Having carefully considered your e-mail of 9 May, I am afraid that I am not clear what you think is incorrect in PwC's statement and, therefore, I cannot see a reason why we would wish to retract a part of our statement. You mention that Mr Little had not previously seen the letter - that may be a point for him to raise with Magellan; "

Perhaps you should begin by have having some non- legal staff read my email on 9 May 2011 at item 2 or Mr Little's email on 30 May 2011 and explain their interpretation.

The people we have asked had no difficulty in understanding the point in either email and what ought to be answer. **A simple Yes or No as to whether you, as the leader of PwC UK, now wish to withdraw that specific element in the PwC statement** to NOW READ "A spokesman said: "We refute entirely the suggestion that a change to a PwC report was made in order to render some advantage, or favour, to Magellan that such was made to the detriment of any individual. The paragraph [referred to] was removed at the request of the audit committee. However, the same points were included in PwC's covering letter accompanying the report".

On Mr Naylor's other sentence in that point 1 I believe I should simply restate what I said in my email to you on the 9 May 2011

*"On Wednesday evening I received a copy of an email from my constituent, which he had just received minutes earlier from Magellan's lawyers, providing a copy of that PwC letter dated 20 June 2007 to Mr Dimma enclosing the PwC Final Report. It is included within both relevant attachments to this email. **This was the first time this PwC letter had been disclosed and has serious ramifications at multiple levels which we will now vigorously pursue.** Whilst I naturally will have comments on this entire PwC quote I will focus on your spokesman's assertion that "the letter did not address the accounting matters which PwC were instructed to review".*

Naturally therefore that includes Magellan and the Employment Tribunal , amongst others – they were copied on the email dated 22 May 2011 to you.

To conclude this point 1 , as Mr Little sets out in his email below, the PwC spokesman quote drew attention to the legal wording, which those readers of the Daily Telegraph article in the legal profession have interpreted (rightly in our view), that PwC know they face a culpable claim (s), otherwise why would a media person ever feel the need to say that to a journalist. At least those two no win/ no fee lawyers obviously considered it a relevant insight when they read the Daily Telegraph article and further assess same. At this time we have referred any callers to my constituents website and you will see from the email below the impact of the continuing stress and strain on Mr Little and his family following Mr Naylor's email on Friday evening. As yet I have been unable to speak with Mrs Little.

Point 2 " you have asked if Mr Powell would be able to meet with yourself and Mr Little on 14 and 15 June. Unfortunately, Mr Powell is not able to meet on either of those days. As you and Mr Little have told us that you have made complaints to our regulators, I am not sure that a meeting is likely to be productive, but we will of course assist our regulators with any requests that they make;"

As we read this, two points are apparently made. One is that Mr Powell is not available on the 14 or 15 June; but fails to state whether he would ever be willing to be available. And two, that it seems as yet that "our regulators" have not engaged with you at all in the last three months regarding my complaint in February and on 18 March 2011. Can I simply know whether you, Mr Powell, would like to have a meeting or not . If so could I suggest instead the week commencing Tuesday 28 June 2011 as an alternative. If

not , simply say so. I just want to be absolutely sure that there is no commentary at a later date that you have not understood the nature of my concerns about my constituent's complaint and did not wish to discuss wider considerations about independent forensic investigations by UK accounting firms.

Mr Powell, I would appreciate it if we could now have a simple yes or no answer to any meeting as soon as practicable.

Point 3 Mr Little's 7 questions: it would be helpful to understand if Mr Little has requested answers to his questions from Magellan. The questions, I assume, relate to matters which Mr Little considers relevant to issues in his proceedings. If so, his questions should be raised with Magellan, not PwC. As you are aware, we are bound by duties of confidence and would have to obtain Magellan's consent. If Magellan want our assistance in answering Mr Little's question, I am sure that they will ask for our help.

I have not asked Mr Little directly the first item in your question; on whether he has put the questions directly to Magellan. What I do know is that his email to you and your first Head of Reputation on the 22 May 2011 includes Magellan's UK solicitors and the Bristol Employment Tribunal on the circulation That email to you concluded "*I would request that you answer these questions in advance of my formal amendment to two January 2011 Applications to the UK Employment Tribunal , the ICAEW and AADB-FRC in early June 2011. Your response by Tuesday 31 May 2011 would be appreciated, and if you wish you can Reply to all. "*

Following my parliamentary aide's follow up last Thursday both you and Magellan's solicitors were also copied on Mr / Mrs Little's reply on Thursday night

From: Jackie Little [<mailto:jackie@fortfield.com>]
Sent: 02 June 2011 21:06
To: 'JIM SHANNON'
Cc: 'ian.powell@uk.pwc.com'; 'RAE Charles'
Subject: RE: Follow up - Information

Jim / Naomi - No there been no response from Mr Powell at PwC to the seven questions put.

We are including this subject matter now as part of some amendments of Applications to the Tribunal. In this case now adding Applications for Third Party disclosure if these documents are not supplied voluntarily through PinsentMasons LLP with the next several days.

I will follow this up in an email by Sunday pm with Charles Rae, copied to you, and then finalise with Naomi before our surgery appointment on 10 June.

Kind regards

Brian”

Therefore I believe the answer is that Mr Little has put the relevant questions to both Magellan and PwC. With the deterioration in his health

on Friday evening I am uncertain as to when he will return to the pursuit of those matters directly with the Employment Tribunal.

However I also note from his reply that he points out (correctly in my view) that whilst all the questions can be answered by PwC , some of them can only be answered by PwC. Having studied this with my parliamentary aide it would seem that Questions 5 and 6 can ONLY be answered by PwC. Perhaps you at PwC should consider these properly now and answer those two questions (Q5,Q6) if you are unwilling to answer the others. It would be unjust, unreasonable and improper for Magellan to endeavour to answer them on your behalf. Client confidentiality is hardly the major point here.

Instead based on the documentary evidence, PwC UK professionalism, credibility and reputation is once again, fundamentally, at stake!!

I hope to hear from you, personally, shortly.

Kind regards

Jim Shannon MP
Office 028 91 827990
Mob 07721 960285

--- On **Sat, 4/6/11**, **Brian Little** <brian@fortfield.com> wrote:

From: Brian Little <brian@fortfield.com>
Subject: FW: Magellan: outstanding points Follow up
To: jim.shannon1@btopenworld.com
Date: Saturday, 4 June, 2011, 20:08

James / Naomi – I received this email in reply at 19.58 – not copied to you. I had not seen it as unfortunately not long after my reply to Mr Naylor at 19.29 with the pressure and stress/strains of the day I had another seizure in our sunroom with all the family. During which I was unconscious for more than fifteen minutes on this occasion – Jackie believes this to have been worst she has ever witnessed and certainly I am very fatigued and disorientated in the aftermath. Both the ambulance and cardiac services came from the Ulster Hospital . I will speak to you further when I am feeling somewhat better.

Kind regards

Brian

From: jack.naylor@uk.pwc.com [mailto:jack.naylor@uk.pwc.com]
Sent: 03 June 2011 19:58
To: Brian Little
Subject: Re: Magellan: outstanding points

Mr Little

Thank you for your e-mail.

Regards

Jack Naylor

From: "Brian Little" [brian@fortfield.com]
Sent: 03/06/2011 19:29 CET
To: Jack Naylor; <jim.shannon1@btopenworld.com>
Subject: RE: Magellan: outstanding points

Mr Naylor/ Mr Shannon MP

The email dated 30 May 2011 is perfectly clear and set outs why the PwC spokesman is quite wrong. I have now no reason to doubt the remainder of the statement by the PwC spokesman

Mr Powell ought to confirm a retraction of that particular remark "as it did not address the accounting matters which PwC were instructed to review" by the PwC spokesman to the Daily Telegraph.

Mr Shannon's office has also recently informed me that they have had contact from two no win – no fee lawyers given the PwC remarks – not from a PR person but a lawyer. They have been referred to the website for further information.

Item 2 Your decision is noted on behalf of Mr Powell, and I expect will disappoint Mr Shannon MP given the apparent difficulty in PwC understanding what is being stated to them in my reports etc. I believe he quite genuinely wanted to ensure that he as the leader of PwC UK had a full grasp of what was being stated.

Item 3 It is obvious that some of the questions cannot be answered by Magellan. Only by PwC. You can of course answer the questions which are solely applicable to you. I have raised a number of these matters directly with Magellan's solicitors and then this afternoon with Employment Judge Walters and expect he will properly consider my third party applications for disclosure of several documents from 2007.

Regards

Brian Little

From: jack.naylor@uk.pwc.com [mailto:jack.naylor@uk.pwc.com]
Sent: 03 June 2011 19:10
To: jim.shannon1@btopenworld.com
Cc: Brian Little
Subject: Magellan: outstanding points

Dear Mr Shannon

I refer to your recent e-mails to Ian Powell and those sent by Mr Little. I am replying to the 3 outstanding points that have been raised: our press comment, the suggestion that Mr Powell joins your meeting with Mr Little and Mr Little's 7 questions:

1 you have asked whether PwC intends to retract part of the statement made to the Daily Telegraph. Having carefully considered your e-mail of 9 May, I am afraid that I am not clear what you think is incorrect in PwC's statement and, therefore, I cannot see a reason why we would wish to retract a part of our statement. You mention that Mr Little had not previously seen the letter - that may be a point for him to raise with Magellan;

2 you have asked if Mr Powell would be able to meet with yourself and Mr Little on 14 and 15 June. Unfortunately, Mr Powell is not able to meet on either of those days. As you and Mr Little have told us that you have made complaints to our regulators, I am not sure that a meeting is likely to be productive, but we will of course assist our regulators with any requests that they make;

3 Mr Little's 7 questions: it would be helpful to understand if Mr Little has requested answers to his questions from Magellan. The questions, I assume, relate to matters which Mr Little considers relevant to issues in his proceedings. If so, his questions should be raised with Magellan, not PwC. As you are aware, we are bound by duties of confidence and would have to obtain Magellan's consent. If Magellan want our assistance in answering Mr Little's question, I am sure that they will ask for our help.

Kind regards,

Jack Naylor

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