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By email only to: maustin@hayes-solicitors.ie

25 July 2024

Our Ref: SMC/KR/HEA002/0982

Your Ref: MA/YOR/11526/1

STRICTLY WITHOUT PREJUDICE

**RE: Your Client: Bronze Trail Limited t/a Lynch's Pharmacy, Broadale Commercial Centre,
Maryborough Hill, Douglas, Cork
Our Client: Health Service Executive
GMS Contract No. 12073**

Dear Colleagues,

We refer to previous without prejudice correspondence in relation to the above matter, and in particular our letter of 5 July 2024 outlining the terms of an agreement which our client was willing to enter into that would seek to address the amount due and owing to our client, whilst also enabling Bronze Trail Limited to continue to trade on an interim basis and avoid any future issues arising, and your response of 10 July 2024 with your comments on each of those terms, as well as the telephone call between our offices on 16 July 2024.

Having now taken our client's instructions on the comments in your letter of 10 July, we confirm that our client remains willing to enter such an agreement on the terms as outlined below. In addition, and subject to continued tax compliance by Bronze Trail Limited, our client will agree to the immediate release of 75% of your client's May 2024 and June 2024 claims (i.e 75% of the LTI, DPS and GMS claims for May 2024 and June 2024) upon receipt of formal confirmation that each of the terms as outlined below is agreed. For the avoidance of any doubt, the terms as outlined below are non-negotiable and represent our client's final position on the matter. If your client chooses not to accept them, then no payment will be made and it will be a matter for your client to consider its position.

PARTNERS: Philip Lee | Jonathan Kelly | Damien Young | Alice Whittaker | Anne Bateman | Andreas McConnell | Patrick Walshe | Brian Gormley | Rachel Minch | Kerri Crossen | John O'Donoghue | Clare Cashin | Eoghan Doyle | Simon O'Neill | Ronan Dunne | Sean McElligott | Andrew Tzialli | Eoin Brereton | Eimear Fitzgibbon | Tom Conway | Angelyn Rowan | Marie Kinsella | Thomas O'Malley | Bernard McEvoy | Louis Burke | Ruairi Mac Cumhaill | Michael Neary | Inez Cullen | Leonora Mullett | Gerald Byrne | Anna Hickey | Rebecca McEvoy | Lev Gantly | Eimear Collins | Laura Mullen | Cian Moriarty | Hugo Grattirolo | Brendan O'Connor

CONSULTANTS: Ita O'Sullivan | Rosemarie MacGuinness | Alison Hardiman

First, in relation to the formal confirmation that your client's Mr Lynch has significantly overclaimed, fraudulently or otherwise, our client requires that Mr Lynch formally confirms that inappropriate claims were submitted by or on behalf of Bronze Trail Limited and that he and Bronze Trail Limited agree that any amount paid to Bronze Trail Limited as a result of those inappropriate claims will be repaid to the HSE. The exact form of wording is to be agreed between the parties in due course, but agreement in principle is required at this stage.

Turning then to the eight numbered items in our letter of 5 July, and adopting the same numbering as used in that letter, our client's final position is as follows:-

1. We welcome your client's commitment to full, accurate financial restitution. However, in order to achieve same and in light of the very significant sum due, our client cannot accept a restitution amount of less than 25% of each future monthly claim.
2. The future, and imminent, sale of Bronze Trail Limited is non-negotiable. If that sale occurs prior to full restitution being made then our client would receive a lump sum payment from the sale proceeds in settlement of the monies owing at the point of sale. It is envisaged that such sale would occur within a 12-month period and your client will be expected to make all reasonable efforts to achieve a sale within this timeframe.
3. As above.
4. We note Mr Lynch is prepared to give the required undertakings to have no involvement with the pharmacy going forward. This must take immediate effect and he is to have no involvement in obtaining any patient signatures (be they for past or future claims). It is a matter for your client to ensure that it has appropriate staffing levels to comply with the HSE's requirements, which your client has been on notice of since December 2023.

In addition, we understand that it is proposed that Ms Confrey will remain working in the pharmacy. While our client will accept this proposal, as Ms Confrey was a director of Bronze Trail Limited at a time when inappropriate claims were made, and as several of those claims were made for her as a patient, our client will require Ms Confrey to formally confirm that she was not aware of, and in no way involved in, the inappropriate claims that were submitted. Our client will also require Ms Confrey to set out the role she will perform within the business going forward and to provide undertakings in relation to that role and the submission of future claims.

Finally on this point, our client will require your client to provide undertakings from any manager, supervising pharmacist or locum pharmacist that would be involved in running the business and the submission of future claims to the HSE (to include any future purchaser).

5. We note that this term is agreed as outlined in our letter of 5 July 2024.
6. We note that this term is agreed as outlined in our letter of 5 July 2024.
7. We note that your client will co-operate with an independent investigation by a forensic accountant. In relation to your request for clarification as to the scope and nature of such

an investigation, it is envisaged that the investigation will involve a full forensic examination of all claims by Bronze Trail Limited under the CPC Agreement. This will include a full forensic examination of the purchasing records of Bronze Trail Limited to confirm that there is proof of purchase of all items claimed (having set aside any purchases utilised in dispensing for non-reimbursed prescriptions). In addition, the forensic examination will examine the extent (if any) of duplicate claims having been made. While our client has carried out its own review and investigation of the inappropriate claims submitted by your client, the purpose of this forensic accountant's review is to have our client's internal review and investigation verified by a third party, which is something we would have thought would be welcomed by your client.

8. As per #2 above, the sale of Bronze Trail Limited is non-negotiable, and as a consequence, this term is also non-negotiable.

As outlined in previous correspondence, the above list is necessarily quite high-level and is intended to form the basis and principles of a formal agreement, which is to be put in place as soon as possible. However, at this juncture and in order to progress matters, once your client confirms agreement to the above terms, and subject to ongoing tax compliance, our client will make an immediate payment to Bronze Trail Limited of €107,267.89 (being 75% of the May 2024 and June 2024 claims, net of withholding tax).

So that there is clarity going forward the breakdown of that figure is as follows

	May 2024	June 2024
GMS	€62,866.36	€26,330.02
LTI/DPS	€27,255.60	€26,571.87
Total	€90,121.96	€52,901.89
75%	€67,591.47	€39,676.42

Finally, in relation to the yellow bags for March 2024 and May 2024, our client has confirmed that if your client agrees to the terms outlined above, it will relieve your client of the obligation to provide any additional paperwork for March 2024 or May 2024 claims only.

We look forward to hearing from you.



PHILIP LEE LLP