



Telephone attendance

Client: Royal Mail Group PLC Sub Postmaster Litigation

Matter: Mr Lee Castleton

Matter no: 348035.134

Attending: Mandy Talbot

Name: Stephen Dilley

Location: N/A

Date: 24 February 2006

Start time:

Units:

I had a telephone conversation with Mandy Talbot who was coming back to me in relation to my e-mail of 20 February. We discussed the following points:-

1. Internally the Post Office feels conflicted about which direction to go in with the Castleton case. The Post Office believes the Horizon system is robust, but the downside is the cost (in Post Office's time and money) in proving a negative (ie. that there are no faults) and that is expensive. For example, Mandy would need to get a report from Fujitsu (who apparently have difficulty writing in plain English) and get someone in the Post Office to review Fujitsu data to see if there are any anomalies.
2. It is Mandy's view that the Post Office must now show any weaknesses and even if this case will cost a lot, there are broader issues at stake than just the Castleton claim: if the Post Office are seen to compromise on Castleton, then "the whole system will come crashing down" ie. it will egg on other sub-postmasters to issue speculative claims. Mandy knows that Mr Castleton is talking to Barjarge (the other sub-postmaster bringing a Horizon based claim). The Post Office's clear line to the industry must be that we are taking a firm line with Castleton. She even said that she thought it might be damaging to settle the claim on confidential terms rather than fight it and lose.

Mandy wants us to draft a Part 18 request on the Defence and Counterclaim and send it in to her for approval because she thinks that we need to better understand his case and give him further pause for thought. She thinks the counterclaim is weak because even if the Post Office had dismissed him on 3 months notice (which she thinks they can do without reason) instead of summarily, his compensation would be those 3 months pay.

She would like us to do a discrete asset check on Mr Castleton.

She is happy to mediate after Castleton replies to the Part 18 request. However she is not holding out much hope that Castleton will voluntarily pay anything and is wary that making any concession to him could send out a wrong message and egg on other hopeless claims.

The Post Office doesn't want an expert. She wants us to use a well known Accountant with a speciality in IT (but not their auditors Ernst & Young) for example KPMG. She thinks the expert will need a long time to get to know the Horizon system.

She wants us to build a long time for everything into the Directions because it is going to take her a while to get information from Fujitsu and an internal Post Office report on the Fujitsu information.

Time Engaged: