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To: Rowe Cohen Solicitors Fax: + **GRO**
cc: Your ref: MDT.113969

From: Stephen Dilley Our ref: SJD3/KAK2/348035.134

Direct: + **GRO** Date: 25 April 2006

Fax: + **GRO**
stephen.dilley + **GRO** Number of pages:

Without prejudice save as to costs
Post Office Limited -v- Mr L Castleton

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25/3/06

Stephen Dilley

From: Stephen Dilley
Sent: 24 April 2006 15:50
To: 'mandy.talbot' [REDACTED] GRO
Cc: Tom Beezer; Richard Morgan
Subject: Post Office Limited -v- Mr L Castleton: Update
Attachments: LETTER_1153086.DOC; LFORM_1153255.PDF; FAX_1153256.PDF

Dear Mandy,

I refer to our telephone conference on 7 April. I have the following update :

1. Assets

I attach an asset report from our enquiry agent. Basically, this shows that Mr and Mrs Castleton jointly own [REDACTED] GRO [REDACTED] land that they purchased it for £218,000, in October 2003. We have written to the Land Registry to try to ascertain the amount of the mortgage advance, but unsurprisingly they have refused to give us this information. The mortgage is with Royal Bank of Scotland. Mr and Mrs Castleton also own a motor vehicle, but the make and model are unknown.

Given that Mr and Mrs Castleton purchased the property with the assistance of a mortgage 2 and a half years ago, there may not be a great deal of equity - we simply do not have sufficient information to determine this.

There are 5 or 6 witnesses plus 2 experts on our side alone, so the costs involved in pursuing this case to trial will certainly be significantly higher than the amount of the claim. If the P.O is successful, it may well find that it is unable to enforce (or fully enforce) any judgment against Mr Castleton given his asset position.

There is a "bigger picture" i.e. that the PO wishes to be seen to be taking this claim very seriously, to defend the Horizon system and to discourage other sub-post masters from pursuing similar claims. However, looking at the case in isolation, the cost/benefit of pursuing it to trial, even if you succeed, is uncertain.

2. Mediation

Mr Castleton's solicitors have now confirmed that they would prefer to mediate after disclosure, because they do not believe the parties can meaningfully mediate at the moment. This is bizarre, given that they previously stated that they would be prepared to mediate before disclosure. I anticipate that Mr Castleton may be driving this position and that his solicitors are having difficulty persuading him to see sense.

I don't want Castleton to spend all his money on legal fees and then to get to mediation and say he has nothing left. For this reason alone, we should try to persuade him to mediate sooner rather than later. I attach a copy of their fax of 20 April, together with my draft reply just for your information.

3. Horizon Witnesses

You will recall that I identified Andrew Wise (NBSC) and Julie Welsh, Service Delivery Manager (HSH/Fujitsu) as potential witnesses. (Andrew Price e-mailed Cath Oglesby and stated

that Andrew Wise had been unable to find any errors with the system. Julie Welsh also stated in a -mail that there was no evidence of any system problems).

Unfortunately Julie Welsh has left HSH to live overseas in Italy. This is a shame because it would be really helpful if the person at HSH who reviewed the system at the time is available to give evidence. I am however going to visit Brian Pinder at HSH on 6 June, together with Hugh James' solicitors and Graham Ward. I will interview him and see what information he can provide.

I have not yet heard from Andrew Wise.

4. Part 18 Replies

We have received the Part 18 replies from Mr Castleton which I have written to you separately about. Clearly we need to pick up on the problems he alleges he encountered with the system, both when I interview Andrew Wise and Brian Pinder and when instructing an IT expert.

I will keep you updated.

Kind Regards.

Stephen Dilley
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for and on behalf of Bond Pearce LLP
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Please note that on Monday 8 May our telephone and fax numbers are changing to:

Firmwide number: GRO
My direct line: GRO
Plymouth office fax: GRO