

Claim No: HQ16X01238

B E T W E E N:

BATES & OTHERS

Claimant

AND

POST OFFICE LIMITED

Defendant

COMMENTARY ON DOCUMENTS IN COUNSEL'S BUNDLE

Tab	Description	Commentary
A. Overview documents		
1.	Spreadsheet of background details on Claimants	This spreadsheet has been prepared by Post Office as a way of capturing basic information on each of the Claimants. It is a live document that will be updated and the information needs to be verified but it's a useful guide.
2.	Commentary on documents	
B. Correspondence with Freeths		
3.	Letter from Freeths dated 16 February 2016	
4.	Letter to POL dated 12 April 2016	
5.	Letter to Freeths dated 15 April 2016	

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Tab	Description	Commentary
6.	Letter to POL dated 19 April 2016	
7.	Letter to Freeths dated 26 April 2016	
8.	Letter of Claim addressed to POL dated 28 April 2016	
9.	Letter to Freeths dated 29 April 2016	
10.	Letter to Freeths dated 6 May 2016	
11.	Letter to Bond Dickinson dated 11 May 2016	
12.	Letter to Freeths dated 12 May 2016	
13.	Letter to Bond Dickinson dated 13 May 2016	
14.	Letter to Freeths dated 16 May 2016	
15.	Letter to Bond Dickinson dated 18 May 2016	
16.	Letter to Bond Dickinson dated 20 May 2016	
17.	Letter to Bond Dickinson dated 23 May 2016	
C. Contracts		
18.	Sample acknowledgement of appointment	The contracting model for postmasters under the standard SPMR Contract was that each postmaster signed an acknowledgment of appointment which

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Tab	Description	Commentary
		<p>then incorporated the standard SPMR Contract Terms. Generally speaking Post Office has the acknowledgment of appointment for most postmasters however some are now missing due to the passage of time. It is unclear whether SPMRs were actually provided with the standard SPMR Contract. It appears that the original practice was that a copy of the Contract was placed in every branch – postmasters taking over a live branch would therefore inherit the version from the previous postmaster; new branches would be given a new copy. At some point in time the acknowledgement of appointment began to be accompanied by a statement of the core terms and conditions from the SPMR Contract and sometimes the SPMR Contract was actually provided to the postmaster.</p>
19.	Standard SPMR Contract – original 1994	<p>This is the original 1994 version of the standard SPMR Contract. Prior to 1994, postmasters were engaged under a statutory regime. The terms of that statutory regime were then converted into a contract in around 1994.</p>
20.	Unofficial Consolidated SPMR Contract – updated 2008	<p>One of the challenges that we will face is tracking down all the variations and amendments to the standard SPMR Contract. This unofficial consolidated version is the best example that we have. We have previously attempted to track down all the amendments and variations and it simply has not been possible to do. This unofficial consolidated version has never been released to postmasters and it has only been used for internal purposes.</p>

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Tab	Description	Commentary
		<p>It does however show that the primary responsibility (section 12 clause 12) for losses does not appear to have changed over time.</p>
21.	Modified SPMR Contract	<p>This is the modified SPMR Contract which is very similar to the standard SPMR Contract. However there was a period of time where Post Office charged a small number of branches a licence fee in order to operate that branch. The model was not widely used and we are finding out further details about it.</p>
22.	Local Contract	<p>In 2011 / 2012 Post Office started to change its operating model through a programme called Network Transformation (NT). Through NT the strict separation of the physical Post Office counter from the retail business was taken away. This created a greater mixing of Post Office and retail assets (eg cash and stock) but reduced operating costs for branches as they no longer needed to operate two till points. This was known as the "local" model.</p> <p>Larger branches tended to stick to the model of operating a separate Post Office counter within a retail business or larger shop and these were known as "Mains" Contracts.</p> <p>We are undertaking investigative work to understand more fully the differences between the contractual structures in case they have any bearing on questions of construction and implied terms.</p>

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D. Shoosmiths litigation		
23.	Sample letter of claim	<p>In 2011, Shoosmiths attempted to bring, what they termed, a class action against Post Office. They allegedly had around 150 Claimants on their books but in practice only five claims came to the fore. A letter of claim was sent for each of the five Claimants in approximately the same terms and after a short exchange of correspondence Post Office provided a simply worded response to each letter of claim (tab 24).</p> <p>Around the same time Shoosmiths became aware that the case of Lynne Prosser was due to become time bared. Therefore they issued a claim form but did not serve it. Shortly before the four month deadline for serving the claim form, Shoosmiths sought an extension of time from Bond Dickinson. We refused that request and so, rather than serve the claim form, Shoosmiths made an application without notice to the Court for an extension of time. The application was initially granted but on the return date we challenged the application and the extension was set aside on the grounds that there was no good reason that the claim form could not have been served on time. The County Court's judgment on Prosser is at tab 25.</p> <p>Following the judgment on Prosser, Shoosmiths did not engage again with the idea of a class action and there was no further correspondence (save for a small amount about costs orders).</p>

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Tab	Description	Commentary
24.	Sample response	
25.	Judgment on Prosser	
E. Second Sight Interim Report		
26.	Raising concerns with Horizon document	<p>The "raising concerns" document was prepared in order to set out the terms of reference for Second Sight's initial review of Horizon in 2012. Although drafted by Post Office, it was approved by Second Sight, the JFSA and James Arbuthnot MP. The interesting point to note in the raising concerns document is that it provided amnesty to postmasters. Any postmaster raising a concern about Horizon was given an assurance that this would not be used against them. The legal status of the assurance is somewhat questionable however in recent correspondence Freeths have referred to it again and sought a similar assurance in these proceedings.</p> <p>Although this may be a point of dispute, Post Office would say that any amnesty provided by the raising concerns document was superseded by the creation of the complaint review and mediation scheme. The terms of reference for the mediation scheme (which are at tab 42) make clear that Second Sight's findings could produce a result that was either beneficial or adverse to a postmaster and that Post Office's right to take action as a result of those findings was fully reserved.</p>
Spot reviews + POL responses		
27.	a. What happens when there is a communications	In order to conduct its initial review, Second Sight settled on a process which it called

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	failure between a branch and POL's servers?	spot reviews. This meant that it invited postmasters to put forward issues for investigation. Those issues were then formed into spot reviews that were put to Post Office to answer. In response to each spot review Post Office produced commentary on what it thought the issue was and an explanation for any discrepancies. Although approximately 50 postmasters approached Second Sight with issues only ten spot reviews were put to Post Office and Post Office responded to all ten. The spot reviews and responses are at tabs 27 to 36.
28.	b. SPMR claims to have witnessed a Fujitsu employee manipulating live Horizon data.	
29.	c. Can transactions be logged against an SPMR's user ID after they are suspended?	
30.	d. Could a power failure cause Horizon to print duplicate postage labels?	
31.	e. SPMRs cannot follow an audit trail for Giro transactions.	
32.	f. SPMRs are liable for lost cheques even though the root cause of the loss is never explained.	
33.	g. SPMR was charged for a TV licence due to the loss of a cheque.	

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Tab	Description	Commentary
34.	h. Does Horizon make automatic stock adjustments that are hidden from SPMRs?	
35.	i. Are remittances of Lottery Scratch Cards into Horizon incorrectly recorded?	
36.	j. Can spoilt postage transactions be logged against a user's ID even if that user does not conduct those transactions?	
37.	Interim Report – 8 July 2013	<p>Based on the spot reviews, Second Sight produced this interim report in July 2013. As one can see from the interim report, the report only deals with four of the ten spot reviews. It does however include a statement that thus far Second Sight had found no systemic errors in Horizon. It should however be noted that the inclusion of this language only came after considerable negotiation and pressure from Post Office. Although Second Sight agreed that the statement was correct, they were reluctant to make such a bold statement at an interim stage.</p> <p>Following publication of the interim report, there was significant media and political pressure on Post Office to complete the Second Sight review. What happens next is perhaps a contentious point in the history of this case. From Post Office's perspective, they were under pressure to have the Second Sight review completed by the end of 2013. That pressure largely coming from BIS and MPs. Second Sight</p>

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Tab	Description	Commentary
		<p>however simply did not have the resources in order to complete their investigation within that timeframe. There was also probably a realisation on Second Sight's part that they had taken on a task much larger than they could handle and that they did not have sufficient technical expertise to get into the very detailed issues around how Horizon operates. Internally, Post Office was also keen not to see a final general report from Second Sight. The interim report had made a number of vague assertions to problems that were largely un-evidenced and Post Office did not expect Second Sight to be able to resolve those issues, even given unlimited time, in a final report.</p> <p>The combined effect of this pressure led to the realisation that Second Sight's work could not continue but nor could Post Office terminate Second Sight's engagement (for fear that it would look like it was covering something up). It therefore decided that the best way to proceed would be to have Second Sight focus on individual cases rather than a general assessment of how Horizon operated. It was also clear that Second Sight would not be able to bring any form of closure or resolution to those cases so Post Office would need to be involved in that process.</p> <p>Some form of expert determination was considered but deemed to be too risky as Post Office did not want to be bound by Second Sight's conclusions. This led to the idea of setting up some form of mediation scheme.</p>

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		<p>The challenge with the mediation scheme was:</p> <ol style="list-style-type: none"> 1. Giving postmasters the confidence that they could come and speak to Post Office and that Post Office would behave reasonably; and 2. having postmasters properly particularise their complaints so that the mediation process would be constructive. <p>Through a series of meetings between Post Office, Second Sight the JFSA and MPs, the mediation scheme was formed and its terms approved by all parties.</p>
38.	Post Office's statement on Second Sight's Interim Report (8 July 2013)	
F. Mediation Scheme process documents		
39.	Press Release announcing the establishment of the Scheme (26 August 2013)	
40.	Letter to Subpostmasters about the Scheme	
41.	Second Sight's terms of engagement	
42.	Scheme Application Pack	<p>The Scheme Application Pack contains the terms of reference for the scheme. This pack was released to postmasters before the formation of the working group to oversee the scheme. At this point in time an informal working group existed comprising Post Office (and Bond Dickinson), Second Sight and JFSA (Alan Bates and his advisor Kay Linnell a</p>

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		chartered accountant). It was only several months later that Tony Hooper was appointed to chair the working group (tab 44) and the working group's terms of reference were established (tab 45).
43.	Mediation Pack	
44.	Press Release announcing the appointment of Sir Anthony Hooper (October 29 2013)	
45.	Working Group Terms of reference	
46.	Second Sight's revised terms of engagement (15 April 2015)	
G. Substantive Mediation Scheme Reports		
47.	Second Sight's Briefing Report – Part One (22 May 2014))	As Second Sight began to investigate cases during the mediation scheme, it became clear that postmasters and others involved (including members of the working group) had different levels of knowledge around how Post Office operated. The working group therefore commissioned Second Sight to produce a report explaining, in neutral terms, how Post Office operated so to set a baseline of knowledge upon which Second Sight could then draft each of its case reports. This became Second Sight's Briefing Report Part One. In practice, this report was largely drafted by Bond Dickinson as by this time Second Sight were struggling with resourcing the large caseload that had come through the scheme.
48.	Second Sight's Briefing Report	As Second Sight reviewed more cases,

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	<p>– Part Two – Version 1 (21 August 2014)</p>	<p>they alleged that they had begun to find themes within the cases that were general to several postmasters. They advocated preparing a further briefing report which set out these "thematic issues" so that then the individual case review reports could refer back to this thematic issues report rather than having to reproduce that material in every case review. Production of the thematic issues report became a highly contentious point. Second Sight took a significant amount of time in order to produce a draft version of the report, and when it was produced it was deeply unsatisfactory to Post Office in terms of not only its content but the quality of the analysis that had been undertaken. It largely comprised assertion without factual basis and reached few actionable conclusions. At around this time (mid 2014) working group meetings became increasingly fractious as Post Office pushed Second Sight to produce better quality work and JFSA took this as an attempt by Post Office to fetter Second Sight's independence.</p>
49.	<p>Reply of Post Office Limited to Second Sight's Briefing Report – Part Two – Version 1 (22 September 2014)</p>	<p>Due to the difficulties that Post Office saw with Second Sight's Part Two Report Post Office felt compelled to produce its own Reply document to the Part Two Report. This reply document was circulated to most postmasters involved in the scheme.</p>
50.	<p>'Thematic Issues' and Post Office Responses (Q&A Final Version – 27 January 2014)</p>	<p>During late 2014 and early 2015, Second Sight proceeded to complete more and more individual case review reports. They also began putting to Post Office specific questions about detailed technical points</p>

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		<p>which they considered needed more detailed analysis by Post Office. These points are at tabs 51 to 59.</p> <p>In an effort to push Second Sight to produce a better quality Part Two Report, Post Office invited Second Sight to set out in writing all the questions it had for Post Office. Post Office then prepared answers to those questions and sent them back to Second Sight. Post Office encouraged Second Sight on a number of occasions to meet with various subject matter experts within Post Office in order that they could gather information first hand. On one occasion, Post Office had gathered together a least a dozen such subject matter experts for a single meeting with Second Sight only for Second Sight to attend without having prepared any questions for those experts at all.</p>
Ad hoc technical papers produced by POL for Second Sight		
51.	a. ATM retract fraud – 5 March 2014	
52.	b. One-sided transaction (M014) – 21 July 2014	
53.	c. Pensions & Allowances Fraud – 25 July 2014	
54.	d. Suspense Account I – 30 July 2014	
55.	e. ATM Power Failures – 21 October 2014	
56.	f. One-sided transaction – "something for nothing" issue	

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Tab	Description	Commentary
	– 21 October 2014	
57.	g. Audit trail on Giro Deposits – 21 October 2014	
58.	h. Suspense Account II – 30 January 2015	
59.	i. Letter to Second Sight on Suspense Account – 13 February 2015	
60.	Scheme Report (10 March 2015) – published on POL website.	<p>Through the above processes of pulling together more information for Second Sight, Post Office had hoped that Second Sight's quality of work would increase. Instead, Second Sight's work became more generalised and its individual case review reports often made assertions without any factual evidence. Indeed, by this time, there were growing concerns that Second Sight had lost its impartiality. Through ongoing discussions with JFSA and postmasters (behind closed doors and without Post Office's awareness) Second Sight were being persuaded, without evidence, to the postmasters' view of the world.</p> <p>In around February 2015, Post Office had largely completed all its Post Office Investigation Reports into specific cases (see below) and handed these to Second Sight for review. There was a large backlog of case review reports due from Second Sight along with an updated version of its Part Two Report. By this time, Post Office had also taken a view that it would mediate all cases save for those which had already been through a judicial</p>

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		<p>process. This decision on mediation was to avoid further arguments at the working group around which cases merited mediation and which did not.</p> <p>Post Office therefore disbanded the working group at this time and sent new terms and conditions to Second Sight under which it was to complete the trail of existing work (eg the outstanding case review reports and its part two report). Post Office also produced a scheme report. This scheme report was made publically available on Post Office's website in order to counteract negative publicity that was inevitably going to arise from the closure of the working group.</p>
61.	Second Sight's Briefing Report – Part Two – Version 2 (9 April 2015)	This is the revised Second Sight Part Two Report following provision of all the additional information listed above. Unfortunately, this revised version suffered from the same problems as the original Part Two Report and so again Post Office was forced into producing a reply to correct inaccuracies (tab 62).
62.	Reply of Post Office Limited to Second Sight's Briefing Report – Part Two – Version 2 (April 2015)	
<p>H. Examples of investigations into specific cases (CQ, CQR + evidence, POIR + evidence, Draft CRR, POL response, Applicant response, Final CRR)</p>		
63.	Bates	<p>The process of investigating a case through the scheme had five distinct stages:</p> <ol style="list-style-type: none"> 1. The Applicant would submit a standard application questionnaire. This asked for very brief details of the

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		<p>Applicant's complaint so that the working group could determine whether the complaint was eligible under the scheme rules. If a complaint was accepted then Second Sight would send out a case questionnaire which was a longer list of detailed questions. These questions were generally the same for most cases though a few bespoke questions may be added in certain cases that were already known to Second Sight or for which questions had arisen from the application form. The Applicant, with assistance from a professional advisor, would then produce a case questionnaire response. A professional advisor was usually a lawyer but sometimes an accountant. Post Office made a financial contribution to the cost of this professional advisor. This contribution was made so to assist postmasters in putting their case in an intelligible way as it was thought that this small investment upfront would save significant resource down the line. The quality of CQRs varied dramatically and so did the supporting evidence submitted with the CQRs.</p> <p>2. On receipt of a CQR the case would be passed to Post Office to investigate. Post Office would then produce a Post Office Investigation Report (POIR) which would draw out the key complaints from the CQR and give Post Office's best position available on each of those complaints. Post Office would also draw together any relevant evidence and append it to the POIR. The POIR's were intended to be neutral documents. Although they reflected Post Office's view of the world, they were</p>

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		<p>also designed to flush out any admissions from Post Office.</p> <p>3. The CQR and POIR were then passed to Second Sight to review. Second Sight would review all the available evidence and produce a draft case review report (CRR).</p> <p>4. The draft CRR would be sent to Post Office and the Applicant for comment. Post Office provided comments on a line by line basis to all Second Sight CRRs. Applicant's responses to CRRs were significantly more varied and sometimes were not provided at all.</p> <p>5. Having taken into account Post Office's and the Applicant's responses, Second Sight would produce its final Case Review Report.</p> <p>The final CRR along with all the other documents would be placed before the working group in order to reach a view on whether the case was considered suitable for mediation. The challenge was that different members of the working group had different views on what the suitability threshold should be. This led to great tension over time with Post Office not wishing to mediate truly hopeless cases in order to avoid costs and JFSA pushing for all cases to be mediated regardless of merit.</p> <p>Counsel has been provided with five sample cases within his papers. These five cases represent five high profile cases within the scheme:</p> <p>Bates – Alan Bates is the chairman of the</p>

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		JFSA and was a member of the scheme working group.
64.	Hamilton	Jo Hamilton is a high profile case that has attracted significant media attention including through the Panorama documentary. Her MP is James Arbuthnot.
65.	Darlington	<p>Scott Darlington is another long running case that has attracted some media attention. GRO</p> <div style="border: 1px dashed black; padding: 20px; text-align: center; font-size: 48px; font-weight: bold;">GRO</div>
66.	Misra	Seema Misra is one of the few individuals to have been prosecuted by Post Office who did not plead guilty and therefore her case went to a full trial. Misra is again a high profile case in the media. A full transcript of Misra's trial is available.
67.	Rudkin	Michael Rudkin is a long term complainant against Post Office. His wife, Susan Rudkin, was convicted of false accounting. Mr Rudkin is also the source of the complaints around Post Office having remote access to the Horizon system and the particular complaint that there is a basement (that he referred to as a black ops centre) in Fujitsu's offices in Bracknell from which Post Office is able to manipulate Horizon data.
I. Settlements		
68.	Settlement agreement for M130 / M131 (Revti and Arun	These are the settlement agreements for the six cases that were settled through the

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	Bhanote)	scheme but have still advanced claims in the group action.
69.	Settlement agreement for M048 (Boston)	
70.	Settlement agreement for M008 (Ward)	
71.	Settlement agreement for M079 (Papov)	
72.	Settlement Agreement for M070 (Bailey)	
J. Political & Media Interest		
73.	Hansard: House of Commons Debate – ‘Post Office Horizon System’ 9 July 2013	Section J of Counsel's bundle includes key pieces of political and media interests. There is significantly more media reporting available, particularly through local press. These extracts however should give Counsel a fair idea of the issues that are likely to attract public attention.
74.	Hansard: Westminster Hall Debate – ‘Post Office Mediation Scheme’ 17 December 2014	
75.	Post Office Response to the Westminster Hall Debate (17 December 2014)	
76.	Mediation Scheme: What You Need to Know (January 2015)	
77.	Transcript of Oral Evidence: Business, Innovation and Skills Committee (3 February 2015)	

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78.	Post Office Supplementary Evidence to the BIS Select Committee	
79.	Hansard: Prime Minister Questions 11 March 2015 (James Arbuthnot)	
80.	Letter from Adrian Bailey to Vince Cable (16 March 2015)	
81.	Letter from Vince Cable to Adrian Bailey (26 March 2015)	
82.	Hansard: House of Commons Debate – 'Post Office Horizon System' 29 June 2015	
83.	Hansard: Prime Minister Questions 1 July 2015 (Andrew Bridgen)	
84.	BBC 1 Panorama Programme 'Trouble at the Post Office' – 17 August 2015	
85.	Post Office's statement in reply to the Panorama Programme – 17 August 2015	
86.	Early Day Motion 'Post Office Horizon Computer System' tabled in Westminster 10 September 2015	
K. Criminal Cases Review Commission		
87.	Sample s17 Notice	Tab 87 is a sample Section 17 Notice. Section 17 is the CCRCs power to call for information and evidence in conducting its review. Counsel should be aware that the

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		<p>CCRC has the power to see legally privileged material, including Counsel's advice. Generally speaking, the CCRC does not disclose the information provided to it to any other party. It simply uses that material to reach a view on whether a case should or should not be reviewed by the Court of Appeal.</p> <p>When calling for information the CCRC issues a Section 17 Notice to Post Office. It has so far issued a Section 17 Notice for each of the cases that it is reviewing as well as a small number of additional, non case specific, documents that it wishes to review. To date, Post Office has complied with all Section 17 requests as fully as possible. Over 250,000 documents have been provided to the CCRC to date.</p>
88.	Letter to POL dated 12 July 2013	<p>Tabs 88 to 111 are all the major pieces of correspondence with the CCRC since its investigation began in July 2013. In general, Post Office's relationship with the CCRC has been fair and productive.</p>
89.	Letter to CCRC dated 24 July 2013	
90.	Letter to CCRC dated 26 July 2013	
91.	Letter to POL dated 30 July 2013	
92.	Email to POL dated 16 May 2014	
93.	Letter to CCRC dated 5 June 2014	

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94.	Letter to POL dated 14 January 2015	
95.	Letter to CCRC dated 20 January 2015	
96.	Letter to CCRC dated 11 February 2015	
97.	Letter to POL dated 12 February 2015	
98.	Letter to CCRC dated 27 February 2015	
99.	Email to CCRC dated 02 April 2015	
100.	Letter to CCRC dated 02 April 2015	
101.	Letter to CCRC dated 16 April 2015	
102.	Letter to POL dated 6 May 2015	
103.	Letter to POL dated 19 March 2015	
104.	Letter to CCRC dated 10 July 2015	
105.	Letter to POL dated 22 July 2015	
106.	Letter to CCRC dated 24 July 2015	
107.	Letter to CCRC dated 18 August 2015	

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Tab	Description	Commentary
108.	Letter to CCRC dated 10 September 2015	
109.	Letter to CCRC dated 18 September 2015	
110.	Email to POL dated 1 October 2015	
111.	Letter to CCRC dated 2 October 2015	
L. Legal advice		
112.	Advice from Cartwright King LLP on use of Gareth Jenkins as an expert witness – 15 July 2013	<p>Gareth Jenkins was the technical expert witness that Post Office used in several prosecutions. He worked, until recently, for Fujitsu and was seen by some as probably the leading expert on Horizon. In mid 2013, it became apparent that Mr Jenkins' evidence during certain prosecutions was not as fulsome as it should have been. Although his evidence was not incorrect, he perhaps gave the impression to the Court that there were no bugs in Horizon despite the fact that there were plainly some minor bugs in Horizon albeit ones not pertinent to the cases on which he was giving evidence. This issue was brought to light from a document which has become known as the Lepton (Helen Rose) Report (at tab 120) which alluded to the fact that Mr Jenkins was aware of bugs in the Horizon system.</p> <p>Having been seized of this information, Post Office, as prosecutor, has an ongoing duty to disclose this additional information. The Lepton Report was therefore disclosed to a number of prosecuted subpostmasters</p>

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		<p>in late 2013.</p> <p>At tab 112 was the advice from Cartwright King (Post Office's criminal solicitors) on the use of Gareth Jenkins as a witness in future proceedings. Cartwright King reached the view that Mr Jenkins could no longer be used as a witness as his credibility had been drawn into question. Since this date Post Office has not prosecuted any postmaster raising Horizon issues due to the lack of a technical expert in order to defend Horizon. Attempts have been made to secure an alternative technical expert but so far this work has not reached conclusion.</p>
113.	<p>Advice from Brian Altman QC on the suitability of POL to conduct prosecutions – 31 October 2013.</p>	<p>In light of Second Sight's interim report in mid 2013, Post Office commissioned Brian Altman QC to provide a piece of advice on whether Post Office was a suitable prosecutor. At around this time there was pressure from MPs for Post Office to stop prosecuting or to transfer the prosecuting responsibility to the CPS or another body. In broad terms, Mr Altman's advice reached the view that Post Office was the most appropriate prosecutor.</p>
114.	<p>Advice from Linklaters LLP on the SPMR – POL relationship – 20 March 2014</p>	<p>Linklaters' advice was procured by the Post Office board in order to inform its view on the liability it may have to postmasters through the mediation scheme. This has been supplemented by further advice from Bond Dickinson at 115. On the basis of this advice, Post Office adopted a fairly firm stance within the mediation scheme that it would not be paying out for "consequential" losses.</p>

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115.	Advice from Bond Dickinson on recovery of consequential loss of retail business – 26 March 2014	
116.	Jonathan Swift QC report - 8 February 2016	<p>In late 2015, Second Sight's work had been completed however the final few cases were still working their way through the mediation process. Post Office were looking for a way of closing down the whole enquiry around Horizon in light of still ongoing questions from BIS (Post Office's shareholder) and MPs. At around this time, Post Office installed a new Chairman, Tim Parker. Given Mr Parker's independence from the history of the Horizon issues, he was asked to conduct a review into Post Office's handling of the Horizon questions over the last several years. To assist him in this review Post Office engaged Jonathan Swift QC to undertake enquiries on behalf of the Chairman and to report his findings and recommendations to the Chairman. The Chairman would then take those recommendations and findings back to BIS and Lord Arbuthnot (formerly an MP, now in the House of Lords). Mr Swift's report is at tab 116. Instructing solicitors have used Mr Swift's report as the basis for the briefing note that has been provided to Counsel already. Within Mr Swift's full report however are a number of pieces of advice and recommendations on further work that Post Office could undertake that were extracted from Counsel's briefing note.</p>

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M. Miscellaneous documents		
117.	Post Office v Castleton Judgment	Post Office v Castleton is a case on which Post Office has relied for a number of years to underpin its recovery of debts from postmasters. It sets out the basis for the agency relationship between Post Office and its postmasters.
118.	Core Audit Process – Fujitsu paper	This is a paper produced by Fujitsu that explains the safeguards and controls around the core Horizon system and the reasons why Fujitsu say that Horizon accurately records transactions.
119.	Deloitte Report – Project Zebra	Counsel will see in the Linklaters advice at tab 114 a recommendation that Post Office commissions a technical review of Horizon. That technical review was undertaken by Deloitte and is the report at tab 119.
120.	Lepton (Helen Rose) report	See commentary at tab 112.
121.	Payments / Receipts Mismatch documents	This is information on one of the known bugs in the Horizon system.
122.	Winn – Lusher Email (remote access)	This is an email that was disclosed to Second Sight and is the source of their concerns around Post Office remotely altering transaction data.
123.	Letter to MPs on limitation issues	This is an example of a letter that was sent to several MPs in response to the early day motion at tab 86. The letter is largely irrelevant for current purposes however Counsel will note a difficult statement made by Post Office about it not taking certain limitation points in certain circumstances. Whether this letter has the effect of creating any form of waiver or estoppel of any

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		limitation defence to Post Office is a point that will need further review.

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B E T W E E N:

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AND


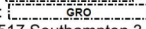
POST OFFICE LIMITED

Defendant

**COMMENTARY ON DOCUMENTS IN
COUNSEL'S BUNDLE**

Bond Dickinson

Bond Dickinson LLP
Oceana House
39-49 Commercial Road
Southampton
SO15 1GA

Tel: 
Fax: 
DX: 38517 Southampton 3

Our Ref: GRM1/AP6/364065.1369

Solicitors for the Defendant