

**Stephen Dilley**

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**From:** Stephen Dilley  
**Sent:** 08 September 2006 17:06  
**To:** mandy.talbot; GRO  
**Cc:** Tom Beezer; 'rmorgan'; GRO; carol.king; GRO  
'andy.r.pearson'; GRO  
**Subject:** Strategy update: Post Office -v- Castleton  
**Attachments:** eCopy scanned document.pdf

Dear Mandy,

Just to update you following our telecon this morning:

I have since spoken to Mark Turner of Rowe Cohen Solicitors. We discussed the following points :-

1. I referred him to his letter dated 25 July 2006 (further copy attached). In that letter he said that the figure of cash and stock carried over from Week 41 was £92,374.74. He had the cash accounts for Weeks 41 and 42 in front of him and I showed him that the figure actually carried forward from Week 41 was actually £54,170.02. I said that Mr Castleton appeared to be mixing up his figures and therefore queried the validity of his analysis. He will take my comments back to Castleton.

2. I told him that our proposed accountancy expert would cost £62,000 plus VAT. This was to do a very thorough analysis of looking at the cash accounts before, during and after the time in question. That did not surprise him and he thinks their expert may ultimately cost a similar sum. He acknowledged that the costs were disproportionate to the amount at stake.

3. I explained to him that I had for the past few months been meeting various witnesses and the common theme that came out was not just that they were confident with the Horizon System but they were very confident with it. In particular I explained to him that I had vigorously queried Fujitsu on every single I.T issue raised in the Part 20 Reply and that Fujitsu has said was that irrespective of whether Mr Castleton was experiencing any computer problems, it wouldn't cause the losses. In view of this, we anticipate that our expert will support what our witnesses are saying.

4. We spoke on a without prejudice basis about ADR after experts' reports are exchanged, given that they are going to be persuasive. I said that we would look to Mr Castleton for the cost of our experts if he wanted to go to ADR after exchange. Although the parties may be more informed after exchange of experts' reports, I pointed out that Mr Castleton might find it difficult to find the funds to pay our experts costs.

5. He has already advised Mr Castleton to disclose their expert's analysis (once completed) just for week 42 to us on a without prejudice basis, to see whether that could perhaps generate settlement. (I am not sure how practical or helpful looking at just one week in isolation would be).

6. I suggested to him the following :-

(a) We agree a new date for Witness Statement exchange – at the earliest to be in the week commencing 25 September, but probably later because I do not yet know when Ruth Simpson will be available for interview (given her ill health). We also agree amending the statements of case. He has no objection in principle to these points but is awaiting instructions.

(b) We do not yet really understand exactly what it is Castleton is alleging about the I.T

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system. Accordingly, Mr Castleton should provide us with his expert's report on a without prejudice basis. We look at that and instruct our expert to do a summary response on the points they raise, which will hopefully not cost as much as be £62,000. If the experts come down on our side, the reduced cost would have an obvious benefit to Mr Castleton when we come to ADR.

(c) We then have ADR.

(d) We vacate the Trial date.

Mr Turner could entirely see the sense of what I was saying, but he will need to take instructions from his client and then he will come back to me.

7. Finally, I said to him that it was interesting that the only thing that was changed in the branch was the personnel and that the losses then stopped. Mr Castleton thought there was a software update on or around 24 March 2004 (the date after Castleton's suspension) that took several hours and Mr Castleton was probably going to contend that that effectively fixed any problems that had been occurring with his computer. (How convenient!) I said that I had disclosed a list of all the software updates to him and I couldn't from memory remember that there had been a software update on 24 March. Clearly this is something that we can have Fujitsu and/or an I.T expert look at if and when necessary.

I will update you when I hear from Castleton's solicitors further but expect it will not be until next week.

Kind regards.

Stephen Dilley  
Solicitor  
for and on behalf of Bond Pearce LLP

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