
From: Andrew Parsons [GRO]
Sent: Thur 13/07/2017 6:09:34 PM (UTC)
To: Anthony de Garr Robinson [GRO]
Cc: Owain Draper [GRO]; Amy Prime [GRO]; Elisa Lukas [GRO]; Victoria Brooks [GRO]
Subject: GE / PLSG feedback

Tony

A quick note so that you're in the loop on my meetings with POL over the last few days. No action required – it's just so you have a sense of the thinking at POL.

Both the Postmaster Litigation Steering Group (**PLSG**) and the Group Executive (**GE**) are comfortable with the Defence. The PLSG is the group of senior stakeholders at POL who approve key decision on the litigation. The GE is POL's senior management team (CEO, FD, etc.).

The PLSG members are reviewing the Defence and feeding back comments today. We expect these to be very minor / very few. Deloitte and FJ have signed off with no material changes.

I've briefed both the PLSG and GE on what I saw as the key risk areas as follows:

1. Contractual and legal duties

- a. Foundation of the whole case. Claimants are looking to put all the burden on POL. If they achieve that, massive difficulties for POL in recovering losses and defending other decisions.
- b. Our defence is to deny this save for a couple of implied terms.
- c. Approach taken 12.12 – pushing against the natural meaning of the language.
- d. Likely need to concede duty to act reasonably in relation to training, support, etc
- e. My view (you may disagree) is that we probably have the better of the arguments on the contractual / duty points.

2. Horizon integrity / remote access

- a. Much more comfortable now we have Deloitte's work. Deloitte view is that it is unlikely that data integrity / remote access is the true cause of problems
- b. POL has previously made false statements and we admit this. Deny that they were known to be false when made. Both PLSG / GE are very uncomfortable about this but understand the tactical reasons for this approach. Much discussion about media comments and managing bad publicity.

3. Suspense accounts

- a. Area of concern and Deloitte work not complete.
- b. Risk is that if we cannot show that back-office accounting is sound, which may undermine the ability to rely on losses shown in branch accounts.
- c. POL accepts that its accounting practices are not perfect, but this could be said of any complex accounting system. More work is needed to get comfortable with the robustness of the accounting controls.

4. Overall

- a. I was asked about prospect of success. Repeated my view above on the contractual issues. Said I was more confident on Horizon integrity thanks to Deloitte. However, lots of further factual enquiries needed, allegations still vague, generic claims difficult to pin down, no detail yet on lots of individual cases.

5. Other

- a. POL is doing some worst case planning. They are genuinely concerned that if they went down hard on

the litigation it would financially collapse the entire Post Office business into liquidation. We've managed to push off this debate until post the CMC.

- b. Also POL is starting to just think about settlement.
- c. After the CMC I can imagine POL asking for a merits Opinion (if indeed one could even be done for a piece of litigation like this) so to inform the above.

Kind regards
Andy

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