

IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION
COMMERCIAL COURT

B E T W E E N:-

JUSTCARD PLC

Claimant

- and -

CYBERSAFE LTD

Defendant

**WITNESS STATEMENT
OF MARJORIE HANCOCK**

I, Marjorie Hancock, of JustCard Plc, Darwin Industrial Estate, Slough, Berkshire will state as follows:-

1. I am the Chief Executive of JustCard.
2. In late January 2011 JustCard was the victim of a sophisticated cyber attack. I can confirm that we incurred the following costs:

Initial fraud losses	£15m
Crisis management	£24m
Recall of pre-paid cards	£26m
Long-term remediation	£5m
Other potential liabilities	£3m

3. JustCard entered into a policy of insurance ("the Policy") with the Defendant with effect from 1 January 2011 to cover just this sort of eventuality. Unfortunately, as it all too often the case, insurers have refused to cover our claim, seeking to dredge up any possible defence to avoid having to pay out. I have been asked to address in this statement the following issues:
 - 3.1. The upgrade to ProcessSys in autumn 2010 for which JustCard declined to pay;
 - 3.2. The decision to reinstate and the process of reinstating customers' balances where they had been depleted by XYZ's fraud; and
 - 3.3. The decision making process which led to the incurring of crisis management costs in the immediate aftermath of the cyber attack.

The upgrade

4. In 2008 JustCard entered into a contract with a software design and support company called Software Solutions Ltd. Software Solutions wrote and implemented ProcessSys for JustCard in 2009. The system, which enables us to process payments on our prepaid cards, was designed for us and our requirements, but Software Solutions retained the copyright and the right to sell the software to other companies which were not in direct competition with JustCard.
5. At the beginning of November 2010 a new upgrade for ProcessSys was made available by Software Solutions Limited. However, the cost of the upgrade was over £2 million. JustCard was in some financial difficulty at the time and could not really afford this. Accordingly, we did not purchase the upgrade.

Reinstating customer balances

6. In the immediate aftermath of the cyber attack, one of my prime concerns, obviously, was to maintain JustCard's good reputation with its customers and to ensure that none of them was put to any financial loss by reason of this attack, which, after all, was certainly not any of their faults. As I have said, I was told about the attack on 1 February 2011. That afternoon, I instructed our Security and Accounts department to ascertain as quickly as possible which payments had been made by reason of the fraud. This was not particularly difficult to do, because generally the payments had been made from ATMs geographically very distant from the relevant customer's address. By about 9:00 am on 2 February 2011, they had what they thought was a reasonably complete list of the affected customers. I immediately authorised that each of those balances should be re-credited with the money that had been wrongly withdrawn, and that was in effect by lunchtime that day.

Crisis management costs

7. Ms Avery informed insurers of the attack on 2 February 2011. As the Court will, I expect, understand, the immediate aftermath of the cyber attack was extremely busy. Whilst we recognised the importance of notifying insurers as quickly as possible, my primary concern was to preserve the reputation of JustCard by making sure no customer was inconvenienced and ensuring, as quickly as possible, that no further attacks could be carried out.

STATEMENT OF TRUTH

I believe that the facts stated in this witness statement are true.

Signed: *Marjorie Hancock*

Dated 10 June 2011