

IN THE HIGH COURT OF SOUTH AFRICA
(DURBAN AND COAST LOCAL DIVISION)

CASE NUMBER: 2000/3156

In the matter between :

DINERS CLUB SA (PTY) LIMITED

Plaintiff

and

SINGH, ANIL

First Defendant

SINGH, VANITHA

Second Defendant

PLAINTIFF'S NOTICE IN TERMS OF RULE 36(9)(a) AND (b)
IN RESPECT OF THE TESTIMONY OF
ALLEN MORTLOCK

TAKE NOTICE that

ALLEN MORTLOCK

will, at the hearing of the trial in this matter, give expert evidence on behalf of the plaintiff as hereinafter set forth.

TAKE NOTICE FURTHER that a copy of the curriculum vitae of **ALLEN MORTLOCK** is annexed hereto marked "AM.1".

TAKE NOTICE FURTHER that the testimony of **ALLEN MORTLOCK** will be as hereinafter set forth.

BACKGROUND FACTS

- 1 The transactions that take place in the United Kingdom in consequence, for example, of a card issued by the plaintiff and its associated Personal Identification Number ("PIN") being used at an Automatic Teller Machine ("ATM") are processed through various systems which, amongst other things, verify the authenticity of the information on the card and the correctness of the associated PIN, such information being transmitted through an electronic routing system in the UK known as the Card Authorisation Front End System ("CAFES") and ultimately electronically transmits the information to a settlement or billing system known as the Card Holder and Merchant Processing System ("CHAMPS").
- 2 At the end of a business day, an extract batch file is created by CAFES for retrieval by CHAMPS for further billing and settlement processing.

- 3 CHAMPS, in addition, performs the function of a sorter, in that it identifies those transactions which originate, in the case of an ATM transaction, from the use of a card and its associated PIN. CHAMPS identifies and distinguishes between transactions which originate from the use of a card and PIN issued in the United Kingdom and those which originate from a card and PIN issued elsewhere in the world (for example, South Africa). ATM transactions emanating from, for example, a South African issued card and PIN, are sent on to yet a further system called INTERCHANGE.
- 4 The expert is the business interface between the technical groups (CHAMPS and CAFES) and certain franchisees and is based in Farnborough.
- 5 All processing entities within the transaction "route" have, during their processing, applied a unique identifier to the transaction such that it can be tracked uniquely from the point of occurrence, that is, an ATM to the settlement and billing systems employed, that is, INTERCHANGE and CHAMPS. The trace number which comes from CHAMPS to INTERCHANGE is traceable to a prior switch. As far as the expert is aware, there has never been an error between the information originating from an ATM and that arriving at CHAMPS.
- 6 The expert has been advised that :

- 6.1 the plaintiff has instituted action against Mr Anil Singh, the first defendant, and Mrs Vanitha Singh, the second defendant, out of the High Court of the Republic of South Africa for recovery of monies disbursed by the plaintiff on behalf of the defendants; and
- 6.2 the action arises in consequence of the use of a Diners Club card and the associated PIN at various ATMs in and around London on 4 and 5 March 2000; and
- 6.3 a total of 199 transactions took place in consequence of the use of Diners Club card number 36135828226037 ("the card number") which was issued to the first defendant; and
- 6.4 of the 199 transactions aforesaid, 190 were successful, in that the ATMs in question dispensed cash on each such occasion. This would mean that 9 transactions failed, for whatever reason; and
- 6.5 the processing of a summary report generated by CHAMPS reflects only 190 authorised and successful transactions on the basis that certain of the transactions recorded elsewhere in "*the route*" were not ultimately received by CHAMPS, that is, the 9 failed transactions; and

6.6 the defendants contend, in defence of the action instituted against them, that neither of them utilized their Diners Club cards or facilities to receive any cash advances, to withdraw any monies from ATMs or to obtain travellers cheques on the dates alleged by the plaintiff, that is, 4 and 5 March 2000; and

6.7 the defendants further allege that neither of them was in the United Kingdom on the days in question, that is, 4 and 5 March 2000, that neither of them withdrew any of the sums alleged and that they accordingly deny liability to the plaintiff in respect of the alleged withdrawals.

7 CAFES is "*upstream*" of CHAMPS, meaning that the information received by CHAMPS is sourced from CAFES.

8 The information received by CHAMPS from CAFES is in batched form, is not encrypted and is processed for billing and settlement purposes, whether for local card usage or for foreign card usage, in which latter event it is then, as aforesaid, sent on to INTERCHANGE.

9 CHAMPS is the collective name of certain software which is host to specific Diners Club franchise data. . CHAMPS stands for **Card Holder And Merchant Processing System**. The CHAMPS software is run on an AS400. The software is divided into multiple system applications which

provide for, among other things, data storage of merchant and cardholder financial and demographic information, and charge data capture and processing.

10 CHAMPS, in addition, generates a processing summary report in respect of each day's processing as received by it from CAFES.

11 It is important to appreciate that CHAMPS retrieves data relating only to successful transactions from CAFES (which batches the data) and, save and except for the allocation by the system of a franchise code to the "*information package*", is not in a position to generate its own transaction information.

12 To the extent that CHAMPS constitutes an element in "*the route*" having, as its preceding element, CAFES, and its succeeding element, INTERCHANGE, for purposes of billing and settlement, the relationship between CHAMPS and its predecessor and successors is a function of electronic data received by it, processed by it and ultimately forwarded by it. The input data received by CHAMPS from CAFES consists of the following :

12.1 the card number; and

12.2 the transaction information; and

- 12.3 the ATM identifier number or reference; and
- 12.4 the acquirer bank trace number.

- 13 The billing or settlement information received by CHAMPS from CAFES for onward transmission to INTERCHANGE is stripped of any data which does not specifically relate to the billing process, for example, the encrypted PIN block.

- 14 Insofar as the "downstream" relationship between CHAMPS and INTERCHANGE is concerned, the situation which pertains is similar to that regarding the relationship between CHAMPS and CAFES, that is, the information sent by CHAMPS to INTERCHANGE is processed before it is sent to INTERCHANGE.

- 15 A further point that it is necessary to appreciate is that CHAMPS operates, to an extent, as a filter, in that it recognizes Diners Club cards issued locally as being "its own" and identifies Diners Club cards which are not issued locally as being "foreign".

- 16 Insofar as "its own" cards are concerned, CHAMPS is able to perform the billing function without having to on-send the information any further. Insofar as a "foreign" Diners Club card is concerned, the billing information

is on-sent to INTERCHANGE for ultimate settlement by the franchisees, including the plaintiff.

17 CHAMPS and INTERCHANGE are both logically and physically split, that is, they run on different hardware platforms.

18 The CHAMPS and CAFES systems, in the event of there being a malfunction, allows for manual intervention for purposes of recovery of data. The recovery process, amongst other things, involves the positioning of recovery "*pointers*" in the log file received from CAFES, which then results in an extract being created and this being processed by CHAMPS for billing and settlement purposes. A malfunction took place in respect of the CAFES system in April 2000 which required a recovery process to be initiated. The pointer determined for purposes of commencement of the recovery process was incorrectly positioned, resulting in 35 transactions being duplicated, that is, the identical information being re-transferred for billing and settlement purposes in respect of the card number.

THE EXPERT'S OPINIONS AND REASONS THEREFOR

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19.1 **The first opinion**

On the basis that the transactions in question were received by CHAMPS from CAFES, the expert is of the opinion that the 190 successful ATM transactions to which he has previously referred took place in consequence of the presentation of a card whose magnetic stripe carries the authentic information, which includes the card number, and the derived PIN being present at the ATM simultaneously.

19.2 The expert's reasons for the first opinion

The systems in place between CHAMPS and CAFES have internal controls to ensure that illicit information injection cannot occur. Within the expert's experience and to his knowledge a spurious or counterfeit electronic transaction has never been injected into the CAFES or CHAMPS systems and nor, for that matter, would the said systems be in a position, of their own accord, to generate such a transaction. The witness has never experienced any mistake in the transference of information through CHAMPS.

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20.1 The second opinion

The integrity of the transaction data is inviolate when it enters the CHAMPS system and when it is processed and passed on downstream to INTERCHANGE.

20.2 The expert's reasons for the second opinion

The data management processes in place in CHAMPS are fully tested programmature which are not susceptible to random processing.

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21.1 The third opinion

The electronic data file created by CHAMPS for purposes of forwarding to INTERCHANGE contains billing records, each of which is a direct result of an ATM transaction and is a true and accurate reflection of the ATM transaction in question.

21.2 The expert's reasons for the third opinion

CHAMPS is incapable of fabricating information, in that it processes and passes on only that which it has received from CAFES. There

is no possibility of any rogue or spurious information being electronically created by CHAMPS.

AM. 1

Allen Mortlock
Business Development Services Director

Current Role:

Act as the interface between the technical teams, which support Cafes and Champs and the Diners Club Europe businesses.

This role entails managing the production support of both Cafes and Champs. Prioritising systems work and working with the businesses to develop and enhance the functionality of both systems

Brief Resume.

Worked for Citibank for 31 years.

Spent all the time working either in Diners Club businesses or as in the last 10 years supporting Diners Club Businesses

Previous Roles.

Supervisor Establishment Accounts 1970 - 76

Foreign Accounts Manager 1977 - 82

Charge and Remittance Processing Manager 1983 - 86

Operations Manager 1987 - 90

Credit & Operations Manager DC Ireland 1991

Project Manager responsible for gathering business requirements to develop Cafes and Champs. 1992-93

Responsible for implementing Cafes and Champs in 8 Countries in Europe including testing and training. 1992 - 1997

