

ROYAL MAIL GROUP (POST OFFICE LTD) – CASE REVIEW

R. v Gillian Howard

Huddersfield Magistrates' Court and Bradford Crown Court

Offence and Case history

1. On 26th April 2011 at Bradford Crown Court, this defendant pleaded guilty, on a basis, to one count of Fraud, contrary to section 1 of the Fraud Act 2006. On 26th May 2011 she was sentenced to a 6 month community order 6 month supervision requirement...
2. Ms Howard first appeared at Huddersfield Magistrates' Court on the 5th October 2010. There were several adjournments before she was committed to Bradford Crown Court on 9th March 2011. The PCMH before the Bradford Crown Court was listed on the 26th April 2011.
3. The defendant's solicitors contacted the RMG by letter of 7th April 2011 to offer a guilty plea on a basis to false accounting. They enclosed a basis of plea. The offer was later changed to a plea to Fraud on the same basis.
4. The basis of plea was that:
 - i. On the 14th November 2002 the defendant's husband, GRO GRO took over the Post Office as Sub Postmaster. The defendant worked for GRO
 - ii. Up until the 28th June 2008 GRO managed the Sub Post Office. On that date he had a GRO and was incapable of work.

- iii. From the 28th June 2008 until an audit on the 27th May 2010 the defendant attempted to manage the Sub Post Office.
 - iv. One of her duties was to prepare a branch trading account on a 4 week cycle.
 - v. The defendant was unable to manage the Post Office. The defendant falsified the branch trading account and on several occasions in order to balance the total assets of the Post Office with the assets seemingly represented on the Horizon system (sic).
 - vi. The defendant made no financial or material gain from her false presentation of the branch account during this period.
5. The PCMH was listed on the 26th April 2011 on which date the defendant pleaded guilty on the basis offered in the letter of 7th April 2011 and the case was adjourned for a Pre Sentence Report to the 26th May where it was sentenced as above.

Prosecution case

6. The defendant, Gillian Howard, was during the relevant period, 1/6/2008 – 28/05/2010, married to the sub postmaster at New Mill Sub Post Office, Holmfirth. She was effectively managing the branch as her husband, **GRO**, **GRO** had **GRO** on the 28th June 2008.
7. On 27th May 2010 an audit took place at New Mill, Sub Post Office prompted by concerns at the overnight cash holding figures.
8. Upon the arrival of the auditors Mrs. Howard left hurriedly stating that she had a **GRO** which she had not mentioned to her family as she did not wish to worry them. She left, taking the Post Office keys with her. She telephoned in due course to say that she had been **GRO**. In due course, after the auditing team had contacted the family she returned and gave the keys to the auditors so that they might secure the Post Office for

an audit the following day. Mrs Howard told the auditor that, “I need to come clean, the money isn’t there.” She was asked how much money and what had happened to it and she replied that she did not know how much and it was due to being unable to cope with Horizon on Line and also employing extra help in the shop to keep the business going.

9. On the date of the audit, 28th May 2010 the auditor found a total shortage of £45,850.05 made up as follows:

- £45,846.29 (-) identified as a difference in cash figures
- £1.21 (-) identified as a difference in stock figures
- £2.55 (-) identified as a difference in foreign currency figures

10. Mrs. Howard was approached at her home address and told that the investigator would like to arrange a PACE interview. She was told of her rights. She produced a typed statement and an article from “The Grocer” magazine relating to “glitches” in the Horizon system. The note also complained of lack of support from POL and says that a series of errors were made. The inference is that she was not properly trained for the responsibilities that she took on.

11. Mrs Howard, in her interviews, conducted under the provisions of the Police and Criminal Evidence Act 1984 and the relevant Codes of Practice, on the 8th June 2010 said that:

- She read out her prepared statement
- She had not taken any money
- She used to help her husband with the cashing up
- She had experience problems from 2008 after her husband was GRO
- GRO
- She employed 2 staff, Julie Whitely and Gwyneth Francis. Ms Francis only assisted with the retail
- When her husband was GRO she struggled to balance the accounts from the outset. She was never sure that she was completing the monthly

balance correctly and simply put in the figures that Horizon displayed to balance.

- She was aware that the figures that she was entering were inflated and that the losses were increasing.
- To hide the mounting shortages she began to suppress business deposits from a local bus company. She believed that she was misusing the bus company's funds not POL's.
- The owner of the bus company died and the new owner took the business elsewhere and she could no longer use the funds to cover the losses.
- User names and passwords were kept openly on a clip in the secure area.
- She felt that Mrs Whitely had been taking advantage of her by borrowing money to pay bills and taking stock from the shop without paying for it.
- She felt it was a possibility that Mrs Whitley might be responsible for the losses
- She was concerned about Mrs. Whitely's sons visiting the shop to borrow money.
- She had a less than a week's notice that the transfer to Horizon on Line was to occur and was aware that they would be counting her cash. She may have put in some personal money to make sure that it balanced.
- She thought that the loss would be around £40,000 but was surprised that it was almost £46,000.
- She allowed postage on credit to some customers
- She was aware that what she was doing was dishonest and had not financially benefitted from any of the missing money.

Defence case

12. In interview the defendant denies taking POL money but admits that she inflated the cash figure to cover the discrepancies that had occurred over two years.

Other Considerations

13. It became apparent (email from Helen Dickinson dated 10th February 2011) after Mr and Mrs Howard were suspended that those who ran New Mill Post Office continued to employ Mrs. Whitely and also took on one of her sons. The Post Office continued to suffer small unexplained losses including cash being taken from a charity box in the secure area. It transpired that Mrs Whitely had a key to the secure area that the new management were unaware of and Mrs. Whitely's son has **GRO**.
14. The email has endorsed in biro, "to keep under review J"
15. It does not immediately appear from the prosecution buff file that these matters were disclosed to the defence.
16. There is a green post it note attached to an email of 5th April 2011 which reads, "Juliet, I have scrapped the sensitive unused items. I could not remember wether (sic) I had included HD15 – obviously I had. Helen"
17. I have made enquiries with the Officer in the case, Helen Dickinson, and received copies by email of the sensitive and non sensitive unused schedules. The OIC states that the post it note does not refer to the destruction of any material or information but the scrapping of old schedules and replacing with new. Having had dealings with Ms Dickinson I have no doubt that she would have approached this matter in a thoroughly professional and efficient manner and do not doubt the integrity of the schedules and exhibits in this case.
18. At item 17 on the non sensitive unused schedule, dated 4th April 2011, served on the defence by letter on the defence on 11th April 2011 there is an entry that reads, "Email from Newrose Personnel regarding incident at New Mill." This refers to the **GRO**.

Discussion

The Second Sight Interim Report

19. This case was dealt with by way of a guilty plea to Fraud at the PCMH hearing. That guilty plea was indicated by letter before the hearing as was the basis of plea.
20. The Defendant in interview admitted a course of fraudulent conduct over a period of two years. She delayed deposits to make it seem that the Post Office had cash that it didn't and introduced her own money into the system so that the cash would balance when the system transferred to Horizon on Line in March 2010. She had been entering false figures into Horizon for the whole period. She knew that what she was doing was dishonest.
21. The Crown did not invite the court to make any finding adverse to her basis of plea on sentence that she had "made no financial or material gain from her false presentation of the branch account during this period," which was a generous approach bearing in mind that the defendant, at the very least, managed to postpone the reckoning for a loss for which she/her husband were contractually liable and drew remuneration from the business during that period.
22. The defendant's solicitors offered the plea before the PCMH and the basis upon which it was tendered. It is doubtful that had we been in possession of the Second Sight Interim Report at this stage we would have made disclosure. It is my view that the defendant could not be assisted in any appeal against either conviction or sentence should we make such disclosure at this stage.

Subsequent Losses at the Branch

23. More worrying in this case is the fact that we did not specifically disclose the fact that losses continued after the Mrs. Howard and her husband had been

suspended. This was plainly disclosable both as initial and on going disclosure as it could undermine any suggestion that Mrs. Howard had taken the cash herself and might support any positive suggestion that it was another who was responsible for the losses.

24. The fact that we have left a cryptic reference on a disclosure schedule that the defence could have chased, were they sufficiently switched on, is not sufficient. Our duties under the Criminal Procedure and Investigations Act 1996 oblige us to disclose such information - not leave clues as to where it might be found.
25. If this had been a case where we had charged theft or opened the Fraud on the basis that the defendant had had the money we would have been obliged to have made disclosure of these matters now and would have been in for a very unpleasant time in the Court of Appeal. As it is I have seen the transcript of the sentencing hearing in this case and it is plain that the Crown did not invite the Judge to stray from the basis of plea. The Judge indicated that he would follow the recommendation of the Pre Sentence Report and defence counsel did not even mitigate.
26. It is my view that there could not possibly be an appeal against conviction based on the disclosure of the subsequent losses in the Post Office bearing in mind the admissions in interview and the basis of plea. Neither would an appeal against sentence have any mileage as the sentence of a 6 month community order with a 6 month supervision requirement is absurdly lenient for the level of fraud committed.

Conclusion

27. This is an extremely worrying case. It is only through good fortune, sensible prosecution counsel and a sympathetic Judge that we are not going to have to disclose material which would cause POL a great deal of embarrassment.

28. This case raises a training issue which POL needs to address namely:
Disclosure – There should be proper decision making and that should be documented. It is not sufficient to biro in on the correspondence clip “to keep under review.” The decision not to disclose this material was wrong and we do not have any idea of the thought processes that led to the decision.
29. The correct course would have been to have written to the defence with the facts contained in the Helen Dickinson’s email of the 10th of February 2011.
30. Notwithstanding these worries I do not consider that there are any issues in this case that warrant any further disclosure either of issues contained in the Second Sight Interim Report or the matters dealt with in paragraphs 22-25 above.

Harry Bowyer
Barrister
Cartwright King Solicitors

26th June 2014