

Client Details



Full name	Post Office Ltd
Greeting	Sir
Case Number	41745
Account Ref	P00830-199-0
UFN Number	Not a Legal Aid Matter

Supervisor	Andy Cash
Fee earner	Martin J Smith

Address	1st Floor, Banner Street Wing 148 Old Street LONDON EC1V 9HQ
Date of birth	
Home telephone number	
Work telephone number	GRO
Mobile number	
Email address	
NINO	

Ethnicity	
Disability	
Gender	Unknown

Source	EXISTING
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Investigation Case Details

CartwrightKing
SOLICITORS

Full name	Post Office Ltd
Case Number	41745
DSCC number	0

Police station	None
Telephone number	
Officer in case	0
Officer's contact number	0
Custody record number	

Bail back date and time	30th day of December 1899 at 12:00 am
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Offence	0
Date of offence	19 November 2013
Anticipated plea	

Bail status	Unconditional police bail
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Client: Post Office Ltd

Case No.: 41745

Account Ref: P00830-199-0

UFN:

Fee Earner: MS2Matter: POL Mediation -
Yates, D P

STAFF IN CONFIDENCE

Offender 1

SIMS/12986/6883

OFFENCE : Theft/False Accounting

Name: David Peter Yates

Rank: Subpostmaster

Identification Code: 1

Office: Walton on Thames MSPO
73 Hersham Road
Walton on Thames
Surrey
KT12 1LN

FAD Code 090 023

Age: **GRO**

Date of Birth:

GRO

Service: 9 years

Date Service Commenced:

13 September 1993

Office Printout:

At Appendix: C

Nat Ins No:

GRO

Home Address:

GRO

Contract for Services Suspended:

07 February 2003, by Elaine Wright, Retail Line Manager

Prosecution Authority:

John Legg (Agency Contracts Manager)

STAFF IN CONFIDENCE

Offender 2

SIMS/12986/6883

OFFENCE : False Accounting

Name: Lindsey Susan Smale

Rank: Counter Manager

**Identification
Code:**



Office: Walton on Thames MSPO
73 Hersham Road
Walton on Thames
Surrey
KT12 1LN

FAD Code 090 023

Age:

GRO

Date of Birth:

GRO

Service: 9 years

**Date Service
Commenced:**

13 September 1993

Office Printout: At Appendix: N/A

Nat Ins No: N/K

Home Address: N/K

**Contract for Services
Suspended:** N/A

Prosecution Authority: John Legg (Agency Contracts Manager)

STAFF IN CONFIDENCE

Discipline Manager

This case concerns an audit discrepancy at Walton on Thames Post Office, 73 Hersham Rd, Walton on Thames, Surrey, KT12 1LN. The circumstances leading to the interviews of those named in the preamble, and suspension for contract of services, are as follows.

On Friday 7th March 2003, I received a telephone call from Paul Dawkins, Investigation Team Manager. I was informed that an audit was occurring at Walton on Thames Post Office and the indications were that a substantial shortage within the accounts was going to emerge. I then made arrangements to attend the office with Rob Fitzgerald, Investigation Manager.

On arrival to the Post Office, I introduced myself and Rob Fitzgerald to the Subpostmaster, David Yates, and informed him of the reason for our presence. I also explained that prior to determining a course of action, I needed to speak with the Audit Manager, Paul Bosson, in order to receive an appraisal of events thus far. Mr Yates agreed that a rest room within the premises could be used to this effect.

Paul Bosson informed me that he had received a telephone call the previous day, Thursday 6th March 2003, from Michael Dadra, Operations Manager within the Security & Audit Team. The details of this call concerned discrepancies in post audit checks, relating to Walton on Thames Post Office and an audit conducted on 15th November 2002. In summary, part of the audit process involves the recording of remittances that have been despatched from Post Offices. At some stage after an audit, checks are made against figures that Subpostmasters claim to have been remitted out from their office, against figures recorded as being remitted in by Cash Centres. It had been identified that the alleged remittances on the audit of 15th November 2002 had not been declared as received by the Cash Centre, or indeed recorded on the cash account submitted by Walton on Thames Post Office. In effect, there was a discrepancy in the amounts sent and the amounts received totalling £330,000.00.

Due to this discrepancy, Mr Bosson, accompanied by Sue Le May, Auditor, had attended Walton on Thames Post Office on Friday 7th March 2003.

On commencement of the audit, Mr Bosson asked Mr Yates for a balance snapshot. This document, obtained from the Horizon computer system, indicates the levels of cash and stock that should be on hand. The snapshot was produced and a part copy is enclosed. It can be seen that the cash figure is recorded as being £410,354.67.

Mr Bosson then asked Mr Yates to provide the office cash declaration from the previous day, Thursday 6th March 2003. A cash declaration should be completed by outlets on a daily basis, at the close of business, ensuring that the amount of actual cash on hand is recorded. This document was located and provided to Mr Bosson. A copy is enclosed. It can be seen that the total cash figure is recorded as being £43,566.00.

STAFF IN CONFIDENCE

Clearly, there was a difference in the amount of cash that should have been on hand (snapshot) and the amount of cash actually on hand (declaration). Accordingly, Mr Yates informed Mr Bosson that a remittance had been despatched the previous day, Thursday 6th March 2003, but it had not been entered onto the Horizon system. This would have explained why the snapshot was showing a much larger cash figure than the declaration.

In order to verify what Mr Yates had said, Mr Bosson then requested the Cash In Transit (CIT) receipt book. This book details outward remittances and a signature is obtained from the CIT officer who collects the remittance. On examination of the book, Mr Bosson pointed out that the last entry concerned a remittance on Wednesday 5th March, not Thursday 6th March. A copy of the last entry is enclosed.

For further verification, Mr Bosson asked Mr Yates for the P884 forms (subsequently determined as being P5257MA forms). These forms are used by Subpostmasters to detail a breakdown of all cash being remitted. The top copy of the forms are enclosed in the relevant pouches and the undercopy of the forms are retained in the Post Office, for audit purposes. It should also be noted that the maximum amount of cash, which can be placed in a pouch, is £20,000.00 and a P5257MA should be completed for each pouch. Accordingly, there should have been a number of P5257MA undercopies to reflect the alleged remittance of the previous day.

Mr Yates claimed he could not find the forms. At this stage Mr Yates also informed Mr Bosson that no remittance had been despatched the previous day and that the audit would probably result in a shortage of some £350,000.00.

A report detailing the events so far was written by Mr Bosson and he and Mr Yates signed the report. A copy of the report is enclosed. The matter was then referred to the Investigation Team.

I then spoke to Mr Yates, inviting him to attend a tape-recorded interview and explaining his legal rights and his right to have a friend present during the interview. I also cautioned Mr Yates and he agreed to be interviewed.

At 12.10 hours I commenced a tape-recorded interview with Mr Yates. Also present was Rob Fitzgerald. Mr Yates declined the right to seek legal representation or advice, or the offer of a friend to be present during the interview.

The interview consisted of one tape (seal ref 046861) and was concluded at 12.54 hours. A taped summary has been prepared and is associated.

Mr Yates admitted to inflating his cash figures for the past 3 to 5 years in order to conceal an ever-increasing shortage. Given the length of time of this activity, he could not recall, specifically, when this falsification of his accounts commenced or the amounts, specifically, that had accrued over the period. He was aware that when completing the last cash account, on Wednesday 5th March, he inflated the cash by £350,000.00.

STAFF IN CONFIDENCE

With regards to why this activity had been occurring, Mr Yates claimed, at various points during the interview, that cash was used to pay for losses, error notices, staff wages, personal bills and repayments on loans. He further claimed that expenditure associated with the Post Office and the retail area was exceeding his income, and that over time the amount had 'mushroomed', culminating in a deficiency of £350,000.00.

Mr Yates claimed no one else was aware of what he was doing and that he had completed the accounts each and every week over the past few years. He also admitted to falsely claiming outward remittances at two previous audits (now known to have been 15th November 2002 and 23rd May 2002).

A number of cash accounts were shown to Mr Yates during interview. Two of these related to weeks 9, ending 29th May 2002, and 10, ending 5th June 2002. The signatures on these accounts appeared to be different and Mr Yates claimed that his colleague, Lindsey Smale, had signed the account for week 10. He further claimed that he trained her on how to prepare the accounts and whilst she hadn't physically completed the account, she had signed it.

Following the interview, I spoke with you and you indicated that Mrs Smale was making her way to Walton on Thames Post Office. You informed me that Mrs Smale might be considered with regards to running the outlet on a temporary basis, until the final outcome of the investigation had been determined. You also informed me that Mrs Smale had claimed to have completed the cash accounts in May/June 2002, when Mr Yates took a vacation in the United States.

This obviously implicated Mrs Smale in the investigation, as Mr Yates claimed to have falsified his accounts for the past 3 to 5 years and it therefore required an explanation as to how a balance was achieved during these 2 weeks. It was decided that Mrs Smale would be invited to attend an interview on her arrival to the office.

In the meantime, a search of the Post office was instigated. Mr Yates provided consent for the search and a quantity of documents were seized. The search commenced at 14.00 hours and concluded at 15.15 hours. Paul Dawkins, Investigation Team Manager, had also arrived by this stage.

Mrs Smale arrived and following introductions and the reason for our visit, I invited her to attend a tape-recorded interview. I explained her legal rights and right to have a friend present during the interview. Mrs Smale agreed to be interviewed.

At 15.38 hours I commenced a tape-recorded interview with Mrs Smale. Also present was Rob Fitzgerald. Mrs Smale declined the right to seek legal representation or advice, or the offer of a friend to be present during the interview.

The interview consisted of one tape (seal ref 046862) and was concluded at 16.00 hours. A taped summary has been prepared and is associated.

STAFF IN CONFIDENCE

On examination of the cash accounts for weeks 9 and 10, and in particular the signatures on them, Mrs Smale agreed that they reflected Mr Yates period of absence and that she had completed and signed them. She further claimed that Mr Yates informed her that there was £250,000.00 within the safe, relating to a closed Post Office that was being held by Walton on Thames Post Office. This figure was incorporated into the cash account for both weeks, in addition to the other cash physically on hand. Mrs Smale stated she did not have any concerns over this as she had known and worked with Mr Yates for many years and she took what he had said to be true.

Following the interview of Mrs Smale, arrangements were made to attend the home address of Mr Yates, in order for a search to be carried out. Mr Yates provided consent for the search and a further quantity of documents were seized. The search commenced at 17.30 hours and concluded at 18.30 hours.

One item seized was the passport of Mr Yates. There is an immigration stamp indicating that Mr Yates was in the United States from 25th May 2002. It was pointed out that during interview, Mr Yates claimed he had not been away. Mr Yates stated he wasn't really thinking straight. A part copy of the passport is enclosed.

Since the interview, I have examined all documentation in this case. Further documentation has been identified as relating to the two audits in 2002.

Audit 23rd May 2002 - Within the cash account file, was a quantity of P5257MA forms, dated 23 May 2002. There are 15 such forms and the amounts on them total £285,000.00. Copies of these and part of the relevant cash account for week 9, ending 29th May 2002, are enclosed. There is no outward remittance for the amounts on the P5257MA's. A copy of the diary entry of 24th May 2002 (item seized) is also enclosed, annotated 'David off 2 weeks USA until 12 June'.

Audit 15th November 2002 – On examination of the CIT book, there are 2 pages dated 15th November 2002, detailing 16 pouches for collection. Copies of these and a further page dated 13th November 2002, and the cash account for week 34, ending 20th November 2002, are enclosed. It can be seen that the signatures on the CIT book appear to be in the name of Peter Rodriguez, though the signatures are different. There is no outward remittance for the pouches indicated.

In addition, you found Horizon printouts, whilst subsequently clearing the office with Mrs Smale. These printouts detail a remittance of 15th November 2002, totalling £330,000.00, and the subsequent reversal of this remittance on 20th November 2002. A copy of the printouts are enclosed.

The final audit result was a shortage of £359,325.71. A report and breakdown of this figure has been prepared by Mr Bosson, Audit Manager, and a copy is enclosed.

In respect of Mr Yates reasons for falsifying his accounts, it should be noted that due to shortages being covered up, by the inflation of his cash, a true picture of actual shortages accrued will be impossible to determine. In respect of error notices, 2 schedules are enclosed. The first details all error notices since January 2000. The amount of charges is indicated as £9,089.23 and the amount of claims is indicated as £12,293.73, thus implying that Mr Yates has actually gained financially from the error notices. The second schedule, Holding Account Analysis Report, details error notices since 1997, which, for various reasons, have been written off by Post Office Ltd.

STAFF IN CONFIDENCE

I have enclosed part copies of a selection of cash accounts. It should be noted that these reflect cash accounts referred to during interview, the first account within the cash account file obtained (week 30, ending 20th October 1999), other cash accounts over the past few years and the last cash account produced by Mr Yates (week 49, ending 5th March 2003).

This report is submitted for your information and action as necessary.

Dave Posnett
Investigation Manager

Post Office Ltd
Investigation Team
Market Square
Woking
GU21 6DG



GRO

POST OFFICE *Limited* CONFIDENTIAL**Offender 1****SIMS/12986/6883****OFFENCE : Theft/False Accounting****Name:** David Peter Yates**Rank:** Subpostmaster **Identification Code:** 1**Office:** Walton on Thames MSPO **FAD Code** 090 023
73 Hersham Road
Walton on Thames
Surrey
KT12 1LN**Age:** **GRO****Date of Birth:** **GRO****Service:** 9 years **Date Service Commenced:** 13 September 1993**Office Printout:** **At Appendix:** C**Nat Ins No:** **GRO****Home Address:** **GRO****Contract for Services Suspended:** 07 March 2003, by Elaine Wright, Retail Line Manager**Prosecution Authority:** John Legg (Agency Contracts Manager)**Discipline Manager:** Elaine Wright (Retail Line Manager)

POST OFFICE *Limited* CONFIDENTIAL**Offender 2****SIMS/12986/6883****OFFENCE : False Accounting****Name:** Lindsey Susan Smale**Rank:** Counter Manager **Identification Code:** 1**Office:** Walton on Thames MSPO **FAD Code** 090 023
73 Hersham Road
Walton on Thames
Surrey
KT12 1LN**Age:** **GRO** **Date of Birth:** **GRO****Service:** 9 years **Date Service Commenced:** 13 September 1993**Office Printout:** **At Appendix:** N/A**Nat Ins No:** N/K**Home Address:** N/K**Contract for Services
Suspended:** N/A**Prosecution Authority:** John Legg (Agency Contracts Manager)**Discipline Manager:** Elaine Wright (Retail Line Manager)

POST OFFICE *Limited* CONFIDENTIAL**Legal Services**

This case concerns an audit discrepancy at Walton on Thames Post Office, 73 Hersham Rd, Walton on Thames, Surrey, KT12 1LN. The circumstances leading to the interviews of those named in the preamble, and suspension for contract of services, are as follows.

On Friday 7th March 2003, I received a telephone call from Paul Dawkins, Investigation Team Manager. I was informed that an audit was occurring at Walton on Thames Post Office and the indications were that a substantial shortage within the³ accounts was going to emerge. I then made arrangements to attend the office with Rob Fitzgerald, Investigation Manager.

On arrival to the Post Office, I introduced myself and Rob Fitzgerald to the Subpostmaster, David Yates, and informed him of the reason for our presence. I also explained that prior to determining a course of action, I needed to speak with the Audit Manager, Paul Bosson, in order to receive an appraisal of events thus far. Mr Yates agreed that a rest room within the premises could be used to this effect.

Paul Bosson informed me that he had received a telephone call the previous day, Thursday 6th March 2003, from Michael Dadra, Operations Manager within the Security & Audit Team. The details of this call concerned discrepancies in post audit checks, relating to Walton on Thames Post Office and an audit conducted on 15th November 2002. In summary, part of the audit process involves the recording of remittances that have been despatched from Post Offices. At some stage after an audit, checks are made against figures that Subpostmasters claim to have been remitted out from their office, against figures recorded as being remitted in by Cash Centres. It had been identified that the alleged remittances on the audit of 15th November 2002 had not been declared as received by the Cash Centre, or indeed recorded on the cash account submitted by Walton on Thames Post Office. In effect, there was a discrepancy in the amounts sent and the amounts received totalling £330,000.00.

Due to this discrepancy, Mr Bosson, accompanied by Sue Le May, Auditor, had attended Walton on Thames Post Office on Friday 7th March 2003.

On commencement of the audit, Mr Bosson asked Mr Yates for a balance snapshot. This document, obtained from the Horizon computer system, indicates the levels of cash and stock that should be on hand. The snapshot was produced and a part copy is enclosed at Appendix B. It can be seen that the cash figure is recorded as being £410,354.67.

Mr Bosson then asked Mr Yates to provide the office cash declaration from the previous day, Thursday 6th March 2003. A cash declaration should be completed by outlets on a daily basis, at the close of business, ensuring that the amount of actual cash on hand is recorded. This document was located and provided to Mr Bosson. A copy is enclosed at Appendix B. It can be seen that the total cash figure is recorded as being £43,566.00.

POST OFFICE *Limited* CONFIDENTIAL

Clearly, there was a difference in the amount of cash that should have been on hand (snapshot) and the amount of cash actually on hand (declaration). Accordingly, Mr Yates informed Mr Bosson that a remittance had been despatched the previous day, Thursday 6th March 2003, but it had not been entered onto the Horizon system. This would have explained why the snapshot was showing a much larger cash figure than the declaration.

In order to verify what Mr Yates had said, Mr Bosson then requested the Cash In Transit (CIT) receipt book. This book details outward remittances and a signature is obtained from the CIT officer who collects the remittance. On examination of the book, Mr Bosson pointed out that the last entry concerned a remittance on Wednesday 5th March, not Thursday 6th March. A copy of the last entry is enclosed at Appendix B.

For further verification, Mr Bosson asked Mr Yates for the P884 forms (subsequently determined as being P5257MA forms). These forms are used by Subpostmasters to detail a breakdown of all cash being remitted. The top copy of the forms are enclosed in the relevant pouches and the undercopy of the forms are retained in the Post Office, for audit purposes. It should also be noted that the maximum amount of cash, which can be placed in a pouch, is £20,000.00 and a P5257MA should be completed for each pouch. Accordingly, there should have been a number of P5257MA undercopies to reflect the alleged remittance of the previous day.

Mr Yates claimed he could not find the forms. At this stage Mr Yates also informed Mr Bosson that no remittance had been despatched the previous day and that the audit would probably result in a shortage of some £350,000.00.

A report detailing the events so far was written by Mr Bosson and he and Mr Yates signed the report. A copy of the report is enclosed at Appendix B. The matter was then referred to the Investigation Team.

I then spoke to Mr Yates, inviting him to attend a tape-recorded interview and explaining his legal rights and his right to have a friend present during the interview. I also cautioned Mr Yates. Rob Fitzgerald made a notebook entry, detailing this conversation. A copy of the notebook entry is enclosed at Appendix C. Mr Yates agreed to be interviewed.

At 12.10 hours I commenced a tape-recorded interview with Mr Yates. Also present was Rob Fitzgerald. Mr Yates declined the right to seek legal representation or advice and a copy of form CS001 is enclosed at Appendix B to this effect. He also declined the offer of a friend to be present during the interview and a copy of form CS003 is enclosed at Appendix C to this effect.

The interview consisted of one tape (seal ref 046861) and was concluded at 12.54 hours. A taped summary has been prepared and associated at pages to of these papers.

Mr Yates admitted to inflating his cash figures for the past 3 to 5 years in order to conceal an ever-increasing shortage. Given the length of time of this activity, he could not recall, specifically, when this falsification of his accounts commenced or the amounts, specifically, that had accrued over the period. He was aware that when completing the last cash account, on Wednesday 5th March, he inflated the cash by £350,000.00.

POST OFFICE *Limited* CONFIDENTIAL

With regards to why this activity had been occurring, Mr Yates claimed, at various points during the interview, that cash was used to pay for losses, error notices, staff wages, personal bills and repayments on loans. He further claimed that expenditure associated with the Post Office and the retail area was exceeding his income, and that over time the amount had 'mushroomed', culminating in a deficiency of £350,000.00.

Mr Yates claimed no one else was aware of what he was doing and that he had completed the accounts each and every week over the past few years. He also admitted to falsely claiming outward remittances at two previous audits (now known to have been 15th November 2002 and 23rd May 2002).

A number of cash accounts were shown to Mr Yates during interview. Two of these related to weeks 9, ending 29th May 2002, and 10, ending 5th June 2002. The signatures on these accounts appeared to be different and Mr Yates claimed that his colleague, Lindsey Smale, had signed the account for week 10. He further claimed that he trained her on how to prepare the accounts and whilst she hadn't physically completed the account, she had signed it.

Following the interview, I spoke with Elaine Wright, Retail Line Manager, who indicated that Mrs Smale was making her way to Walton on Thames Post Office. I was informed that Mrs Smale might be considered with regards to running the outlet on a temporary basis, until the final outcome of the investigation had been determined. I was also informed that Mrs Smale had claimed to have completed the cash accounts in May/June 2002, when Mr Yates took a vacation in the United States.

This obviously implicated Mrs Smale in the investigation, as Mr Yates claimed to have falsified his accounts for the past 3 to 5 years and it therefore required an explanation as to how a balance was achieved during these 2 weeks. It was decided that Mrs Smale would be invited to attend an interview on her arrival to the office.

In the meantime, a search of the Post office was instigated. Mr Yates provided consent for the search and a copy of forms CS005 and CS005iii are enclosed at Appendix B. A quantity of documents were seized as detailed on the forms. The search commenced at 14.00 hours and concluded at 15.15 hours. Paul Dawkins, Investigation Team Manager, had also arrived by this stage.

Mrs Smale arrived and following introductions and the reason for our visit, I invited her to attend a tape-recorded interview. I explained her legal rights and right to have a friend present during the interview. Rob Fitzgerald made a notebook entry, detailing this conversation. A copy of the notebook entry is enclosed at Appendix C. Mrs Smale agreed to be interviewed.

At 15.38 hours I commenced a tape-recorded interview with Mrs Smale. Also present was Rob Fitzgerald. Mrs Smale declined the right to seek legal representation or advice and a copy of form CS001 is enclosed at Appendix B to this effect. She also declined the offer of a friend to be present during the interview and a copy of form CS003 is enclosed at Appendix C to this effect.

The interview consisted of one tape (seal ref 046862) and was concluded at 16.00 hours. A taped summary has been prepared and associated at pages to of these papers.

POST OFFICE *Limited* CONFIDENTIAL

On examination of the cash accounts for weeks 9 and 10, and in particular the signatures on them, Mrs Smale agreed that they reflected Mr Yates period of absence and that she had completed and signed them. She further claimed that Mr Yates informed her that there was £250,000.00 within the safe, relating to a closed Post Office that was being held by Walton on Thames Post Office. This figure was incorporated into the cash account for both weeks, in addition to the other cash physically on hand. Mrs Smale stated she did not have any concerns over this as she had known and worked with Mr Yates for many years and she took what he had said to be true.

Following the interview of Mrs Smale, arrangements were made to attend the home address of Mr Yates, in order for a search to be carried out. Mr Yates provided consent for the search and a copy of forms CS005 and CS005iii are enclosed at Appendix B. A further quantity of documents were seized as detailed on the forms. The search commenced at 17.30 hours and concluded at 18.30 hours.

It can be seen against entry 13 (item RF/16) on the CS005iii, that in relation to the passport seized, there is an immigration stamp indicating that Mr Yates was in the United States from 25th May 2002. Mr Fitzgerald pointed out that during interview, Mr Yates claimed he had not been away. Mr Yates stated he wasn't really thinking straight. A part copy of the passport is enclosed at Appendix B.

Since the interview, I have examined all documentation in this case. Further documentation has been identified as relating to the two audits in 2002.

Audit 23rd May 2002 - Within the cash account file, was a quantity of P5257MA forms, dated 23 May 2002. There are 15 such forms and the amounts on them total £285,000.00. Copies of these and part of the relevant cash account for week 9, ending 29th May 2002, are enclosed at Appendix B. There is no outward remittance for the amounts on the P5257MA's. A copy of the diary entry of 24th May 2002 (item RF/10) is also enclosed at Appendix B, annotated 'David off 2 weeks USA until 12 June'.

Audit 15th November 2002 – On examination of the CIT book, there are 2 pages dated 15th November 2002, detailing 16 pouches for collection. Copies of these and a further page dated 13th November 2002, and the cash account for week 34, ending 20th November 2002, are enclosed at Appendix B. It can be seen that the signatures on the CIT book appear to be in the name of Peter Rodriguez, though the signatures are different. There is no outward remittance for the pouches indicated.

In addition, Elaine Wright, Retail Line Manager, has found Horizon printouts, whilst subsequently clearing the office with Mrs Smale. These printouts detail a remittance of 15th November 2002, totalling £330,000.00, and the subsequent reversal of this remittance on 20th November 2002. A copy of the printouts are enclosed at Appendix B.

The final audit result was a shortage of £359,325.71. A report and breakdown of this figure has been prepared by Mr Bosson, Audit Manager, and a copy is enclosed at Appendix C.

POST OFFICE *Limited* CONFIDENTIAL

In respect of Mr Yates reasons for falsifying his accounts, it should be noted that due to shortages being covered up, by the inflation of his cash, a true picture of actual shortages accrued will be impossible to determine. In respect of error notices, 2 schedules are enclosed in Appendix C. The first details all error notices since January 2000. The amount of charges is indicated as £9,089.23 and the amount of claims is indicated as £12,293.73, thus implying that Mr Yates has actually gained financially from the error notices. The second schedule, Holding Account Analysis Report, details error notices since 1997, which, for various reasons, have been written off by Post Office Ltd.

These figures suggest that the financial difficulties cited by Mr Yates, in these areas, do not equate to the amount of the loss in this case. Additionally, given that his Post Office salary is £70,000.00 per year and the retail area of the Post Office provided £40,000.00 per year, the loss seems significantly larger than it already is.

There are no indications, within the items seized on the searches, that large funds have been deposited into accounts or savings plans and Mr Yates does not appear to be 'living' beyond his means. Bank disclosure authority has been granted by Mr Yates, though this information will take a while to obtain. In the meantime, it should be noted I am liaising with Joe Ashton, Head Of Civil Litigation, with regards to the recoveries of monies owed.

It may be agreed that Mr Yates has clearly committed criminal offences during his period as Subpostmaster. You will no doubt advise on possible charges in due course. I have enclosed part copies of a selection of cash accounts at Appendix B. It should be noted that these reflect cash accounts referred to during interview, the first account within the cash account file obtained (week 30, ending 20th October 1999), other cash accounts over the past few years and the last cash account produced by Mr Yates (week 49, ending 5th March 2003). These may be of use if a selection of specimen charges are drafted in relation to theft and/or false accounting, as the cash on hand figures are detailed within the information.

In my opinion there are insufficient grounds to pursue a prosecution against Mrs Smale. She made no incriminating admissions during interview, was only involved solely with 2 accounts, and whilst the amount of the loss is significant, there is no evidence to dispute her version of events or that she was aware of the situation.

The fact that Mr Yates activities have occurred at 2 previous audits provides cause for concern. If this fraud had been identified and properly dealt with at either of these audits, the loss in this case would have been significantly smaller. However, through liaisons with Mr Bosson and my previous audit experience, the current processes seem to have been adhered to. The auditors at these previous audits appear to have been duped through the production of bogus pouches (contents unknown), CIT receipts and P5257MA forms. Weaknesses in controls following the audits do appear to have contributed to no action taken against Mr Yates activities. I am aware that Martin Ferlinc, Network Audit & Inspection Manager, has instigated enquiries into the matter, with a view to identifying weaknesses, reviewing processes and ultimately preventing this type of activity occurring again.

POST OFFICE *Limited* CONFIDENTIAL

Another area of concern involves the Inventory Management Team. This team receives cash declarations and cash on hand information from outlets, for cash targeting and monitoring purposes. My understanding is that the cash anomalies associated with Walton on Thames Post Office should have been identified and flagged up by this team. It may be agreed that enquiries should be instigated by the Inventory Management Team, in order to establish if weaknesses in their procedures have contributed to this fraud continuing without detection.

In accordance with Casework Management guidelines, a copy of this report, the taped summaries and a revised/factual report, for the attention of the Discipline Manager, Elaine Wright, have been emailed to S&A Casework, for distribution as appropriate.

The Working Tapes of the interviews are enclosed at Appendix B. The Master Tapes have been retained by me.

All original exhibits in this case have been retained by me with photocopies, where applicable, being enclosed at Appendix B.

This case is submitted for the current position to be seen and noted and for consideration to the prosecution aspects of this case.

Dave Posnett
Investigation Manager

Post Office Ltd
Investigation Team
Market Square
Woking
GU21 6DG



GRO

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a)
and 5B, MC Rules 1981, r 70)



Statement of Dave Posnett

Age if under 18 Over 18 (If over 18 insert 'over 18')

This statement (consisting of three pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 11th day of July 2003

Signature Dave Posnett

I am employed by Post Office Ltd and have been since 1986. My job title is Investigation Manager and my responsibilities are to lead and assist investigations into suspected criminal offences committed against the business by its employees, agents and staff.

On Friday 7th March 2003, I was informed that an audit of the accounts was being conducted at Walton on Thames Post Office, 73 Hersham Road, Walton on Thames, Surrey, KT12 1LN, and that there were indications a substantial deficiency of cash would emerge. I made arrangements to attend the Post Office, with my colleague, Rob Fitzgerald.

On arrival at the office, I introduced myself and Rob Fitzgerald to the Subpostmaster, Mr David Yates, and explained that the reason for our presence was in connection with the audit being carried out. I informed Mr Yates that I wished to speak with the Audit Manager, Mr Paul Bosson, prior to determining a course of action.

Following my conversation with Paul Bosson, I cautioned Mr Yates and invited him to attend a tape recorded interview. I also explained his legal rights and his right to have a friend present during the interview. Mr Yates agreed to be interviewed.

At 1210 hours I commenced a tape recorded interview with Mr Yates, within an office at Walton on Thames Post Office. Also present was Rob Fitzgerald, Investigation Manager. The interview consisted of one tape. I now produce form CS001, relating to Mr Yates' legal rights as item **DP/1**. I also produce the master tape for this interview (bearing seal number 046861) as item **DP/2** and the taped summary of this interview as item **DP/3**.

Signature Dave Posnett

Signature witnessed by Jay Ramrattan

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Dave Posnett

Following this interview, a search of the Post Office secure area was conducted. The search was undertaken by Rob Fitzgerald and Paul Dawkins, Investigation Team Manager, who had subsequently arrived at the office. The search commenced at 1400 hours and was completed at 1515 hours. All items seized during the search were recorded on form CS005, which I now produce as item **DP/4**.

Mr Yates also agreed to a search of his home address of **GRO** **GRO** and arrangements were made to attend the address. The search was undertaken by Rob Fitzgerald and Paul Dawkins. The search commenced at 1730 hours and was completed at 180 hours. All items seized during the search were recorded on form CS005, which I now produce as item **DP/5**.

Most transactions performed by a Post Office are checked at some stage thereafter and there are occasions when errors are identified. An example of such an error could be if a customer deposits £100 into a personal Girobank account, but the Subpostmaster enters the transaction on the Horizon system as £10. When Girobank receive the customers deposit slip, they will reconcile the transaction with details supplied by the Post Office. They will note that the Post Office has made an error and an 'error notice' will be generated. The 'charge' error notice is despatched to the Post Office where the transaction occurred and the Subpostmaster is required to financially make good the error and record this within the accounts. Errors work both ways and 'claim' error notices are also issued to Post Offices, whereby a Subpostmaster is permitted to withdraw cash that is proper to him. Records of error notices relating to all Post Offices are maintained at the Post Office Ltd, Accounts Division, Chesterfield.

Due to my position as Investigation Manager, I have access to records relating to the business of Post Office Ltd. As part of further enquiries, I obtained a record of error notices in relation to Walton on Thames Post Office. These records consist of two schedules. The first schedule details error notices covering the period January 2000 to December 2002. I now produce this schedule as item **DP/6**. The second schedule details error notices covering the period 1997 to 2001. I now produce this schedule as item **DP/7**.

Post Office accounting weeks run from Thursday to Wednesday and are referred to as Cash Account Periods (CAP's). After the close of business on Wednesdays, a balance of all cash, stock and transactions is conducted, which culminates in a cash account being produced from the Horizon computer system. This is the official accounting document produced each CAP and one cash account is despatched to Chesterfield and another is retained within the Post Office.

Signature Dave Posnett

Signature witnessed by Jay Ramrattan

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Dave Posnett

Whilst at Walton on Thames Post Office I obtained the cash accounts. On further examination of these documents, I can say that they reflect the period from October 1999 through to March 2003, though a number of CAP's appear to be missing. I now produce these cash accounts as item **DP/8**.

Most of the cash accounts are contained within a folder and whilst examining this folder, I noticed a quantity of P5257MA forms. These are remittance advice notes, completed in duplicate, and Subpostmasters are required to complete these forms when they rem out cash from their Post Office. The advice notes should be placed into a secure pouch with the cash they relate to, prior to collection from the Cash In Transit team. I know from experience that the maximum amount of cash that can be placed into a secure pouch is £20,000.00 and an advice note should be prepared for each pouch being remmed. There were 15 advice notes, dated 23rd May 2002, relating to CAP 09 and totalling £285,000.00. I now produce these advice notes as item **DP/9**.

I am aware that an audit of the accounts was completed at Walton on Thames Post Office on 23rd May 2002 (exhibit MD/1 refers). On examination of the cash account relating to this date (CAP 09), specifically the 'Table 9 Rems To ADC', at page 5, a cash amount of £40,000.00 is recorded as being remmed out, not £285,000.00.

I am also aware that an audit of the accounts was completed at Walton on Thames Post Office on 15th November 2002 (exhibit MD/2 refers). On examination of the Cash In Transit collections book (exhibit PB/3) for the 15th November 2002, there are 16 pouches indicated as being remmed out from the Post Office, detailed on 2 pages. The signatures on these pages appear to be in the name of 'Peter Rodrigues'. A further remittance on 13th November 2002, detailing 2 pouches remmed out, also appears to contain a signature in the name of 'Peter Rodrigues', but this signature is different from the signatures of 15th November 2002. On examination of the cash account relating to this date (CAP 34), specifically the 'Table 9 Rems To ADC', at page 5, a cash amount of £20,000.00 is recorded as being remmed out.

Certain records to which I refer in this statement form part of the records relating to the business of Post Office Ltd and were compiled during the ordinary course of business, from information supplied by persons who have, or may reasonably be supposed to have, personal knowledge of the matter dealt with in the information supplied, but are unlikely to have any recollection of the information.

Signature Dave Posnett

Signature witnessed by Jay Ramrattan

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a)
and 5B, MC Rules 1981, r 70)



Statement of Paul Bosson

Age if under 18 Over 18 (If over 18 insert 'over 18')

This statement (consisting of three pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 7th day of July 2003

Signature Paul Bosson

I am a Network Audit Manager, employed by Post Office Ltd, and I have been so for approximately 16 years. My duties include the verification of cash and stock by undertaking audits at all Post Office Ltd outlets. I can confirm that on Friday 7th March 2003, myself and Sue Le May (Network Auditor) arrived at Walton on Thames Post Office, Hersham Road, Walton on Thames, Surrey, KT12 1LN, in order to conduct an audit of the accounts. This audit was instigated by Michael Dadra, Security And Audit Operations Manager, following discrepancies identified in post-audit checks resulting from a previous audit conducted on 15th November 2002. The audit commenced at approximately 0855 hours.

All Post Office outlets operate with the Horizon computerised accounting system. All transactions, declarations, balancing processes etc must be performed on the Horizon system.

As part of the audit process, an office snapshot is obtained from the Horizon system. The office snapshot is a report, which can be printed, and details all the cash, stock and vouchers which should be on hand and all transactions which have been entered onto the system. A physical check of the cash, stock and vouchers is then conducted and compared to the office snapshot, in order to verify that all items are present. The user of the Horizon system has to enter the amount of cash on hand when a balance is performed (usually Wednesdays) and the Horizon system takes into account all receipts and payments entered throughout the following week, thus it continually calculates how much cash should physically be on hand.

I asked the Subpostmaster of Walton on Thames Post Office, Mr David Yates, to produce an office snapshot from the Horizon computer system. This was done and I now produce this report as item **PB/1**.

Signature Paul Bosson

Signature witnessed by

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Paul Bosson

It is also a requirement for Subpostmasters to physically declare the amount of cash they are holding on a daily basis. This procedure should be performed before the close of business each day. Once the cash has been declared, a printout of this declaration should be obtained from the Horizon system.

I asked Mr Yates to produce the office cash declaration which should have been obtained the previous day, Thursday 6th March. This was done and I now produce this report as item **PB/2**.

Following an examination of the office snapshot and the office cash declaration, it was evident that the cash figures differed significantly. The office snapshot, which indicates the amount of cash that should be on hand, detailed £410,354.67 (four hundred and ten thousand, three hundred and fifty four pounds, sixty seven pence). The office cash declaration, which indicates how much cash is physically on hand, detailed £43,566.00 (forty three thousand, five hundred and sixty six pounds).

Mr David Yates then informed me that he had sent a remittance the previous day (Thursday 6th March 2003), but had not booked it out on the Horizon system. A remittance is performed when an office has excess cash, mutilated cash, obsolete stock etc. Such items are booked out on the Horizon system and enclosed in secure pouches with remittance advice notes (formerly referenced as P884's, now referenced as P5257MA's). The advice notes should be completed by the Subpostmaster in duplicate and they detail a breakdown of the items being remmed. The top copy is placed within the secure pouch and the undercopy should be retained and archived at the Post Office.

Any pouches to be remmed should also be recorded in the Cash In Transit (CIT) collections book. Each pouch has a serial number and these numbers should be recorded in the CIT book and the book should be datestamped. The CIT book is carbonised, with 5 copies of collection receipts subsequently containing the details of a remittance. The Subpostmaster arranges for a secure collection of the remittance and when the CIT officer attends the Post Office, he should sign, time and date the CIT book as an acknowledgement that the pouches have been taken. Two copies of the CIT book collection receipts are left with the Subpostmaster, the top copy, which should be retained and archived at the Post Office, and a further copy, which remains in the CIT book.

I asked Mr Yates to show me the CIT collections book. On examination of the book, I noted that the last collection was dated Wednesday 5th March 2003 (not Thursday 6th March 2003). I now produce the CIT collection book as item **PB/3**.

Signature Paul Bosson

Signature witnessed by

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Paul Bosson

I also asked Mr Yates to show me the advice notes relating to the remittance. Mr Yates initially informed me that he could not find them, but then claimed he had not sent a remittance and that the audit would result in a shortage of approximately £350,000.00.

I made a note of the events thus far and asked Mr Yates to sign this note. I now produce this note as item **PB/4**. The matter was then referred to other managers within Post Office Ltd.

The audit of the accounts continued and resulted in a shortage of £359,325.71. The audit accounting form P32 was completed by myself and I now produce this as item **PB/5**. I also submitted a report of the audit to Dave Posnett, Investigation Manager, which I now produce as item **PB/6**.

Signature Paul Bosson

Signature witnessed by

CS011A

Version 3.0 11/02

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a)
and 5B, MC Rules 1981, r 70)



Statement of Robert Oliver FITZGERALD

Age if under 18 Over 18 (If over 18 insert 'over 18')

This statement (consisting of two pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 8 day of July 2003

Signature

I am employed by the Post Office and have been so for over 19 years. I currently perform the duties of Investigation Manager (IM) for Post Office Ltd (PO Ltd), and as such I am responsible for carrying out investigations into possible criminal offences against the business.

As part of my duties, on the Friday 7 March 2003, I attended Walton On Thames Modified Scale Payment Sub Post Office (MSPO). Which is located at 73 Hersham Road Walton On Thames Surrey, with my colleague Dave Posnett (IM). On arrival I was present when Mr Posnett introduced himself to a person I now know to be David Yates. Mr Posnett then spoke with a member of the audit team to clarify the discrepancy identified within the office accounts. Following this Mr Posnett cautioned Mr Yates and asked if he would attend a tape recorded interview that day. Mr Posnett then informed Mr Yates of his legal right to have a solicitor and of his additional post office right to having a friend present throughout the interview. These events were recorded in my notebook.

I was present throughout the tape recorded interview which commenced at 12.10 hours and terminated at 12.54 hours.

Following this I conducted a search of the Post Office secure area. This search commenced at 14.00 hours and terminated at 15.15 hours. During the search I seized a number of items, which

Signature

Signature witnessed by

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Robert Oliver Fitzgerald

were recorded on a Post Office search record form number CS005.

Myself, Mr Posnett and Mr Paul Dawkins Investigation Team Leader, who had arrived at the office during the search, then followed Mr Yates by car to his home address at **GRO**

GRO On arrival Mr Dawkins and Myself conducted a search of Mr Yates home address. This search commenced at 17.30 hours and terminated at 18.30 hours. During the search I seized a number of items, which were recorded on form CS005.

Signature

Signature witnessed by

CS011A

Version 3.0 11/02

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Robert Oliver Fitzgerald

Signature

Signature witnessed by

CS011A

Witness Statement*(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)*Statement of Michael Raj DadraAge if under 18 Over 18 (if over 18 insert 'over 18')

This statement (consisting of _____ pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe to be true.

Dated the 7th day of July 2003Signature M Dadra

I am the Operations Manager for Post Office Ltd, Audit and Inspections team. I have held this position for four years and have been employed by Royal Mail Group for ten years.

As part of the post audit process, members of the audit and inspections team carry out a reconciliation of inward and outward remittances for an office cash account, following an audit. I am notified of any large discrepancies.

On 6 March 2003, I was notified of a large discrepancy, in excess of £300,000 (Three Hundred Thousand Pounds) in connection with the Walton on Thames post office. I satisfied myself that the necessary checks had been made and that this was not some "paper error". I then made arrangements for Mr Paul BOSON to attend Walton On Thames post office the next day, 7 March 2003, to carry out a further audit.

From office records I have obtained copies of the audit reports for Walton On Thames for 23rd May 2002 and 15th November 2002. I now produce these items as **MD/1** and **MD/2**. I have signed an exhibit label for each of these items.

Signature M Dadra Signature witnessed by P Dawkins

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a)
and 5B, MC Rules 1981, r 70)



Statement of Elaine Wright

Age if under 18 Over 18 (If over 18 insert 'over 18')

This statement (consisting of two pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 29th day of July 2003

Signature

I am employed by Post Office Ltd as a Retail Line Manager and have been so for the past 5 years. My role involves the supervision of a number of post office outlets within a defined geographical area, ensuring that business objectives are met in the area of sales, accuracy, mystery shopper etc.

One office I am responsible for is Walton on Thames Post Office, 73 Hersham Road, Walton on Thames, Surrey, KT12 1LN. On Friday 7th February 2003, I suspended and subsequently terminated the contract for services of the Subpostmaster, Mr David Yates.

On Monday 10th February 2003 I attended Walton on Thames Post Office in order to tidy up the office and clear out rubbish in preparation for the appointment of a temporary Subpostmaster. Whilst at the office, I found three Horizon printouts relating to cash remitted out. I contacted Dave Posnett, Investigation Manager, who requested that I send the printouts to him.

The first printout details an outward cash remittance of £330,000.00, dated 15/11/02, at 09:01 hours. This printout is produced from the Horizon computer system when details of an outward remittance are entered on the system. I now produce this printout as item **EW/1**.

The second printout details the reversal of an outward remittance of £205,000.00, dated 20/11/02, at 07:23 hours. The facility exists on the Horizon computer system to reverse certain transactions that have previously been entered. This facility can be used, for example, if a customer returns and wishes to cancel a transaction previously conducted, or if a Subpostmaster books in stock incorrectly which is later noticed and the correct amount can be booked in. I now produce this printout as item **EW/2**.

Signature

Signature witnessed by

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Elaine Wright

The third printout details a further reversal of an outward remittance of £125,000.00, dated 20/11/02, at 07:24 hours. I now produce this printout as item **EW/3**.

All three printouts relate to the same Cash Account Period, 34 (Thursday 14/11/02 to Wednesday 20/11/02).

Signature

Signature witnessed by

CS011A

Version 3.0 11/02

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a)
and 5B, MC Rules 1981, r 70)



Statement of Rosemary Sporle

Age if under 18 over 18 (If over 18 insert 'over 18')

This statement (consisting of two pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 31st day of March 2003

Signature Rosemary Sporle

I am employed by Post Office Ltd as a Contracts Manager. I have worked for Post Office Ltd for 20 years, of which the last eighteen months has been as Contracts Manager. My responsibilities include the consistent deployment of all agency policies and procedures relating to the contract for services of Subpostmasters, within a defined geographical area. Furthermore, I advise Retail Line Managers and other appropriate sections and business units, of the various conditions of the Subpostmasters contract.

Subpostmasters are not employees of Post Office Ltd, but operate under a contract to provide services on behalf of Post Office Ltd. Subpostmasters usually locate the actual Post Office in premises in which they also run a private business. Under the terms of the contract, Subpostmasters have sole responsibility for all stock and cash, and for all daily and weekly accounting and administration in respect of the Post Office.

From records held I can state that Mr David Yates was the Subpostmaster at Walton on Thames Post Office, from 13th September 1993 to 7th March 2003, when his contract for services was suspended.

Signature Rosemary Sporle

Signature witnessed by

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Rosemary Sporle

I now produce a copy of section 9(M) of the Modified Subpostmasters contract, detailing the responsibility a Subpostmaster has for Post Office cash and stock, as item RS/1.

I also produce a schedule detailing the remuneration paid to Mr Yates during his period as Subpostmaster between March 2002 and March 2003, as item RS/2.

The records to which I refer in this statement form part of the records relating to the business of Post Office Ltd and were compiled during the ordinary course of business, from information supplied by persons who have, or may reasonably be supposed to have, personal knowledge of the matter dealt with in the information supplied, but are unlikely to have any recollection of the information.

Signature Rosemary Sporle

Signature witnessed by

CS011A

Version 3.0 11/02

POST OFFICE *Limited* CONFIDENTIAL**Offender 1****SIMS/12986/6883****OFFENCE : Theft/False Accounting****Name:** David Peter Yates**Rank:** Subpostmaster **Identification Code:** 1**Office:** Walton on Thames MSPO **FAD Code** 090 023
73 Hersham Road
Walton on Thames
Surrey
KT12 1LN**Age:** **GRO** **Date of Birth:** **GRO****Service:** 9 years **Date Service Commenced:** 13 September 1993**Office Printout:** **At Appendix:** C**Nat Ins No:** **GRO****Home Address:** **GRO****Contract for Services Suspended:** 07 March 2003, by Elaine Wright, Retail Line Manager**Prosecution Authority:** John Legg (Agency Contracts Manager)**Discipline Manager:** Elaine Wright (Retail Line Manager)

POST OFFICE *Limited* CONFIDENTIAL**Offender 2****SIMS/12986/6883****OFFENCE : False Accounting****Name:** Lindsey Susan Smale**Rank:** Counter Manager **Identification Code:** 1**Office:** Walton on Thames MSPO **FAD Code** 090 023
73 Hersham Road
Walton on Thames
Surrey
KT12 1LN**Age:** GRO **Date of Birth:** GRO**Service:** 9 years **Date Service Commenced:** 13 September 1993**Office Printout:** **At Appendix:** N/A**Nat Ins No:** N/K**Home Address:** N/K**Contract for Services Suspended:** N/A**Prosecution Authority:** John Legg (Agency Contracts Manager)**Discipline Manager:** Elaine Wright (Retail Line Manager)

POST OFFICE *Limited* CONFIDENTIAL**Legal Services**

This case concerns an audit discrepancy at Walton on Thames Post Office, 73 Hersham Rd, Walton on Thames, Surrey, KT12 1LN. The circumstances leading to the interviews of those named in the preamble, and suspension for contract of services, are as follows.

On Friday 7th March 2003, I received a telephone call from Paul Dawkins, Investigation Team Manager. I was informed that an audit was occurring at Walton on Thames Post Office and the indications were that a substantial shortage within the accounts was going to emerge. I then made arrangements to attend the office with Rob Fitzgerald, Investigation Manager.

On arrival to the Post Office, I introduced myself and Rob Fitzgerald to the Subpostmaster, David Yates, and informed him of the reason for our presence. I also explained that prior to determining a course of action, I needed to speak with the Audit Manager, Paul Bosson, in order to receive an appraisal of events thus far. Mr Yates agreed that a rest room within the premises could be used to this effect.

Paul Bosson informed me that he had received a telephone call the previous day, Thursday 6th March 2003, from Michael Dadra, Operations Manager within the Security & Audit Team. The details of this call concerned discrepancies in post audit checks, relating to Walton on Thames Post Office and an audit conducted on 15th November 2002. In summary, part of the audit process involves the recording of remittances that have been despatched from Post Offices. At some stage after an audit, checks are made against figures that Subpostmasters claim to have been remitted out from their office, against figures recorded as being remitted in by Cash Centres. It had been identified that the alleged remittances on the audit of 15th November 2002 had not been declared as received by the Cash Centre, or indeed recorded on the cash account submitted by Walton on Thames Post Office. In effect, there was a discrepancy in the amounts sent and the amounts received totalling £330,000.00.

Due to this discrepancy, Mr Bosson, accompanied by Sue Le May, Auditor, had attended Walton on Thames Post Office on Friday 7th March 2003.

On commencement of the audit, Mr Bosson asked Mr Yates for a balance snapshot. This document, obtained from the Horizon computer system, indicates the levels of cash and stock that should be on hand. The snapshot was produced and a part copy is enclosed at Appendix B. It can be seen that the cash figure is recorded as being £410,354.67.

Mr Bosson then asked Mr Yates to provide the office cash declaration from the previous day, Thursday 6th March 2003. A cash declaration should be completed by outlets on a daily basis, at the close of business, ensuring that the amount of actual cash on hand is recorded. This document was located and provided to Mr Bosson. A copy is enclosed at Appendix B. It can be seen that the total cash figure is recorded as being £43,566.00.

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Clearly, there was a difference in the amount of cash that should have been on hand (snapshot) and the amount of cash actually on hand (declaration). Accordingly, Mr Yates informed Mr Bosson that a remittance had been despatched the previous day, Thursday 6th March 2003, but it had not been entered onto the Horizon system. This would have explained why the snapshot was showing a much larger cash figure than the declaration.

In order to verify what Mr Yates had said, Mr Bosson then requested the Cash In Transit (CIT) receipt book. This book details outward remittances and a signature is obtained from the CIT officer who collects the remittance. On examination of the book, Mr Bosson pointed out that the last entry concerned a remittance on Wednesday 5th March, not Thursday 6th March. A copy of the last entry is enclosed at Appendix B.

For further verification, Mr Bosson asked Mr Yates for the P884 forms (subsequently determined as being P5257MA forms). These forms are used by Subpostmasters to detail a breakdown of all cash being remitted. The top copy of the forms are enclosed in the relevant pouches and the undercopy of the forms are retained in the Post Office, for audit purposes. It should also be noted that the maximum amount of cash, which can be placed in a pouch, is £20,000.00 and a P5257MA should be completed for each pouch. Accordingly, there should have been a number of P5257MA undercopies to reflect the alleged remittance of the previous day.

Mr Yates claimed he could not find the forms. At this stage Mr Yates also informed Mr Bosson that no remittance had been despatched the previous day and that the audit would probably result in a shortage of some £350,000.00.

A report detailing the events so far was written by Mr Bosson and he and Mr Yates signed the report. A copy of the report is enclosed at Appendix B. The matter was then referred to the Investigation Team.

I then spoke to Mr Yates, inviting him to attend a tape-recorded interview and explaining his legal rights and his right to have a friend present during the interview. I also cautioned Mr Yates. Rob Fitzgerald made a notebook entry, detailing this conversation. A copy of the notebook entry is enclosed at Appendix C. Mr Yates agreed to be interviewed.

At 12.10 hours I commenced a tape-recorded interview with Mr Yates. Also present was Rob Fitzgerald. Mr Yates declined the right to seek legal representation or advice and a copy of form CS001 is enclosed at Appendix B to this effect. He also declined the offer of a friend to be present during the interview and a copy of form CS003 is enclosed at Appendix C to this effect.

The interview consisted of one tape (seal ref 046861) and was concluded at 12.54 hours. A taped summary has been prepared and associated at pages to of these papers.

Mr Yates admitted to inflating his cash figures for the past 3 to 5 years in order to conceal an ever-increasing shortage. Given the length of time of this activity, he could not recall, specifically, when this falsification of his accounts commenced or the amounts, specifically, that had accrued over the period. He was aware that when completing the last cash account, on Wednesday 5th March, he inflated the cash by £350,000.00.

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With regards to why this activity had been occurring, Mr Yates claimed, at various points during the interview, that cash was used to pay for losses, error notices, staff wages, personal bills and repayments on loans. He further claimed that expenditure associated with the Post Office and the retail area was exceeding his income, and that over time the amount had 'mushroomed', culminating in a deficiency of £350,000.00.

Mr Yates claimed no one else was aware of what he was doing and that he had completed the accounts each and every week over the past few years. He also admitted to falsely claiming outward remittances at two previous audits (now known to have been 15th November 2002 and 23rd May 2002).

A number of cash accounts were shown to Mr Yates during interview. Two of these related to weeks 9, ending 29th May 2002, and 10, ending 5th June 2002. The signatures on these accounts appeared to be different and Mr Yates claimed that his colleague, Lindsey Smale, had signed the account for week 10. He further claimed that he trained her on how to prepare the accounts and whilst she hadn't physically completed the account, she had signed it.

Following the interview, I spoke with Elaine Wright, Retail Line Manager, who indicated that Mrs Smale was making her way to Walton on Thames Post Office. I was informed that Mrs Smale might be considered with regards to running the outlet on a temporary basis, until the final outcome of the investigation had been determined. I was also informed that Mrs Smale had claimed to have completed the cash accounts in May/June 2002, when Mr Yates took a vacation in the United States.

This obviously implicated Mrs Smale in the investigation, as Mr Yates claimed to have falsified his accounts for the past 3 to 5 years and it therefore required an explanation as to how a balance was achieved during these 2 weeks. It was decided that Mrs Smale would be invited to attend an interview on her arrival to the office.

In the meantime, a search of the Post office was instigated. Mr Yates provided consent for the search and a copy of forms CS005 and CS005iii are enclosed at Appendix B. A quantity of documents were seized as detailed on the forms. The search commenced at 14.00 hours and concluded at 15.15 hours. Paul Dawkins, Investigation Team Manager, had also arrived by this stage.

Mrs Smale arrived and following introductions and the reason for our visit, I invited her to attend a tape-recorded interview. I explained her legal rights and right to have a friend present during the interview. Rob Fitzgerald made a notebook entry, detailing this conversation. A copy of the notebook entry is enclosed at Appendix C. Mrs Smale agreed to be interviewed.

At 15.38 hours I commenced a tape-recorded interview with Mrs Smale. Also present was Rob Fitzgerald. Mrs Smale declined the right to seek legal representation or advice and a copy of form CS001 is enclosed at Appendix B to this effect. She also declined the offer of a friend to be present during the interview and a copy of form CS003 is enclosed at Appendix C to this effect.

The interview consisted of one tape (seal ref 046862) and was concluded at 16.00 hours. A taped summary has been prepared and associated at pages to of these papers.

POST OFFICE *Limited* CONFIDENTIAL

On examination of the cash accounts for weeks 9 and 10, and in particular the signatures on them, Mrs Smale agreed that they reflected Mr Yates period of absence and that she had completed and signed them. She further claimed that Mr Yates informed her that there was £250,000.00 within the safe, relating to a closed Post Office that was being held by Walton on Thames Post Office. This figure was incorporated into the cash account for both weeks, in addition to the other cash physically on hand. Mrs Smale stated she did not have any concerns over this as she had known and worked with Mr Yates for many years and she took what he had said to be true.

Following the interview of Mrs Smale, arrangements were made to attend the home address of Mr Yates, in order for a search to be carried out. Mr Yates provided consent for the search and a copy of forms CS005 and CS005iii are enclosed at Appendix B. A further quantity of documents were seized as detailed on the forms. The search commenced at 17.30 hours and concluded at 18.30 hours.

It can be seen against entry 13 (item RF/16) on the CS005iii, that in relation to the passport seized, there is an immigration stamp indicating that Mr Yates was in the United States from 25th May 2002. Mr Fitzgerald pointed out that during interview, Mr Yates claimed he had not been away. Mr Yates stated he wasn't really thinking straight. A part copy of the passport is enclosed at Appendix B.

Since the interview, I have examined all documentation in this case. Further documentation has been identified as relating to the two audits in 2002.

Audit 23rd May 2002 - Within the cash account file, was a quantity of P5257MA forms, dated 23 May 2002. There are 15 such forms and the amounts on them total £285,000.00. Copies of these and part of the relevant cash account for week 9, ending 29th May 2002, are enclosed at Appendix B. There is no outward remittance for the amounts on the P5257MA's. A copy of the diary entry of 24th May 2002 (item RF/10) is also enclosed at Appendix B, annotated 'David off 2 weeks USA until 12 June'.

Audit 15th November 2002 – On examination of the CIT book, there are 2 pages dated 15th November 2002, detailing 16 pouches for collection. Copies of these and a further page dated 13th November 2002, and the cash account for week 34, ending 20th November 2002, are enclosed at Appendix B. It can be seen that the signatures on the CIT book appear to be in the name of Peter Rodriguez, though the signatures are different. There is no outward remittance for the pouches indicated.

In addition, Elaine Wright, Retail Line Manager, has found Horizon printouts, whilst subsequently clearing the office with Mrs Smale. These printouts detail a remittance of 15th November 2002, totalling £330,000.00, and the subsequent reversal of this remittance on 20th November 2002. A copy of the printouts are enclosed at Appendix B.

The final audit result was a shortage of £359,325.71. A report and breakdown of this figure has been prepared by Mr Bosson, Audit Manager, and a copy is enclosed at Appendix C.

POST OFFICE *Limited* CONFIDENTIAL

In respect of Mr Yates reasons for falsifying his accounts, it should be noted that due to shortages being covered up, by the inflation of his cash, a true picture of actual shortages accrued will be impossible to determine. In respect of error notices, 2 schedules are enclosed in Appendix C. The first details all error notices since January 2000. The amount of charges is indicated as £9,089.23 and the amount of claims is indicated as £12,293.73, thus implying that Mr Yates has actually gained financially from the error notices. The second schedule, Holding Account Analysis Report, details error notices since 1997, which, for various reasons, have been written off by Post Office Ltd.

These figures suggest that the financial difficulties cited by Mr Yates, in these areas, do not equate to the amount of the loss in this case. Additionally, given that his Post Office salary is £70,000.00 per year and the retail area of the Post Office provided £40,000.00 per year, the loss seems significantly larger than it already is.

There are no indications, within the items seized on the searches, that large funds have been deposited into accounts or savings plans and Mr Yates does not appear to be 'living' beyond his means. Bank disclosure authority has been granted by Mr Yates, though this information will take a while to obtain. In the meantime, it should be noted I am liaising with Joe Ashton, Head Of Civil Litigation, with regards to the recoveries of monies owed.

It may be agreed that Mr Yates has clearly committed criminal offences during his period as Subpostmaster. You will no doubt advise on possible charges in due course. I have enclosed part copies of a selection of cash accounts at Appendix B. It should be noted that these reflect cash accounts referred to during interview, the first account within the cash account file obtained (week 30, ending 20th October 1999), other cash accounts over the past few years and the last cash account produced by Mr Yates (week 49, ending 5th March 2003). These may be of use if a selection of specimen charges are drafted in relation to theft and/or false accounting, as the cash on hand figures are detailed within the information.

In my opinion there are insufficient grounds to pursue a prosecution against Mrs Smale. She made no incriminating admissions during interview, was only involved solely with 2 accounts, and whilst the amount of the loss is significant, there is no evidence to dispute her version of events or that she was aware of the situation.

The fact that Mr Yates activities have occurred at 2 previous audits provides cause for concern. If this fraud had been identified and properly dealt with at either of these audits, the loss in this case would have been significantly smaller. However, through liaisons with Mr Bosson and my previous audit experience, the current processes seem to have been adhered to. The auditors at these previous audits appear to have been duped through the production of bogus pouches (contents unknown), CIT receipts and P5257MA forms. Weaknesses in controls following the audits do appear to have contributed to no action taken against Mr Yates activities. I am aware that Martin Ferlinc, Network Audit & Inspection Manager, has instigated enquiries into the matter, with a view to identifying weaknesses, reviewing processes and ultimately preventing this type of activity occurring again.

POST OFFICE *Limited* CONFIDENTIAL

Another area of concern involves the Inventory Management Team. This team receives cash declarations and cash on hand information from outlets, for cash targeting and monitoring purposes. My understanding is that the cash anomalies associated with Walton on Thames Post Office should have been identified and flagged up by this team. It may be agreed that enquiries should be instigated by the Inventory Management Team, in order to establish if weaknesses in their procedures have contributed to this fraud continuing without detection.

In accordance with Casework Management guidelines, a copy of this report, the taped summaries and a revised/factual report, for the attention of the Discipline Manager, Elaine Wright, have been emailed to S&A Casework, for distribution as appropriate.

The Working Tapes of the interviews are enclosed at Appendix B. The Master Tapes have been retained by me.

All original exhibits in this case have been retained by me with photocopies, where applicable, being enclosed at Appendix B.

This case is submitted for the current position to be seen and noted and for consideration to the prosecution aspects of this case.

Dave Posnett
Investigation Manager

Post Office Ltd
Investigation Team
Market Square
Woking
GU21 6DG



Witness Statement*(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)***Statement of** Michael Raj DadraAge if under 18 Over 18 (if over 18 insert 'over 18')

This statement (consisting of _____ pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe to be true.

Dated the 7th day of July 2003Signature M Dadra

I am the Operations Manager for Post Office Ltd, Audit and Inspections team. I have held this position for four years and have been employed by Royal Mail Group for ten years.

As part of the post audit process, members of the audit and inspections team carry out a reconciliation of inward and outward remittances for an office cash account, following an audit. I am notified of any large discrepancies.

On 6 March 2003, I was notified of a large discrepancy, in excess of £300,000 (Three Hundred Thousand Pounds) in connection with the Walton on Thames post office. I satisfied myself that the necessary checks had been made and that this was not some "paper error". I then made arrangements for Mr Paul BOSON to attend Walton On Thames post office the next day, 7 March 2003, to carry out a further audit.

From office records I have obtained copies of the audit reports for Walton On Thames for 23rd May 2002 and 15th November 2002. I now produce these items as **MD/1** and **MD/2**. I have signed an exhibit label for each of these items.

Signature M Dadra Signature witnessed by P Dawkins

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a)
and 5B, MC Rules 1981, r 70)



Statement of Robert Oliver FITZGERALD

Age if under 18 Over 18 (If over 18 insert 'over 18')

This statement (consisting of two pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 8 day of July 2003

Signature

I am employed by the Post Office and have been so for over 19 years. I currently perform the duties of Investigation Manager (IM) for Post Office Ltd (PO Ltd), and as such I am responsible for carrying out investigations into possible criminal offences against the business.

As part of my duties, on the Friday 7 March 2003, I attended Walton On Thames Modified Scale Payment Sub Post Office (MSPO). Which is located at 73 Hersham Road Walton On Thames Surrey, with my colleague Dave Posnett (IM). On arrival I was present when Mr Posnett introduced himself to a person I now know to be David Yates. Mr Posnett then spoke with a member of the audit team to clarify the discrepancy identified within the office accounts. Following this Mr Posnett cautioned Mr Yates and asked if he would attend a tape recorded interview that day. Mr Posnett then informed Mr Yates of his legal right to have a solicitor and of his additional post office right to having a friend present throughout the interview. These events were recorded in my notebook.

I was present throughout the tape recorded interview which commenced at 12.10 hours and terminated at 12.54 hours.

Following this I conducted a search of the Post Office secure area. This search commenced at 14.00 hours and terminated at 15.15 hours. During the search I seized a number of items, which

Signature

Signature witnessed by

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Robert Oliver Fitzgerald

were recorded on a Post Office search record form number CS005.

Myself, Mr Posnett and Mr Paul Dawkins Investigation Team Leader, who had arrived at the office during the search, then followed Mr Yates by car to his home address at **GRO**

GRO On arrival Mr Dawkins and Myself conducted a search of Mr Yates home address. This search commenced at 17.30 hours and terminated at 18.30 hours. During the search I seized a number of items, which were recorded on form CS005.

Signature

Signature witnessed by

CS011A

Version 3.0 11/02

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Robert Oliver Fitzgerald

Signature

Signature witnessed by

CS011A

STAFF IN CONFIDENCE

Offender 1

SIMS/12986/6883

OFFENCE : Theft/False Accounting

Name: David Peter Yates

Rank: Subpostmaster **Identification Code:** 1

Office: Walton on Thames MSPO **FAD Code** 090 023
73 Hersham Road
Walton on Thames
Surrey
KT12 1LN

Age: **GRO**

Date of Birth: **GRO**

Service: 9 years

Date Service Commenced: 13 September 1993

Office Printout: **At Appendix:** C

Nat Ins No: **GRO**

Home Address: **GRO**

Contract for Services Suspended: 07 February 2003, by Elaine Wright, Retail Line Manager

Prosecution Authority: John Legg (Agency Contracts Manager)

STAFF IN CONFIDENCE**Offender 2****SIMS/12986/6883****OFFENCE : False Accounting****Name:** Lindsey Susan Smale**Rank:** Counter Manager**Identification
Code:** 1**Office:** Walton on Thames MSPO
73 Hersham Road
Walton on Thames
Surrey
KT12 1LN**FAD Code** 090 023**Age:****GRO****Date of Birth:****GRO****Service:** 9 years**Date Service
Commenced:**

13 September 1993

Office Printout:**At Appendix:** N/A**Nat Ins No:**

N/K

Home Address:

N/K

**Contract for Services
Suspended:**

N/A

Prosecution Authority:

John Legg (Agency Contracts Manager)

STAFF IN CONFIDENCE

Discipline Manager

This case concerns an audit discrepancy at Walton on Thames Post Office, 73 Hersham Rd, Walton on Thames, Surrey, KT12 1LN. The circumstances leading to the interviews of those named in the preamble, and suspension for contract of services, are as follows.

On Friday 7th March 2003, I received a telephone call from Paul Dawkins, Investigation Team Manager. I was informed that an audit was occurring at Walton on Thames Post Office and the indications were that a substantial shortage within the accounts was going to emerge. I then made arrangements to attend the office with Rob Fitzgerald, Investigation Manager.

On arrival to the Post Office, I introduced myself and Rob Fitzgerald to the Subpostmaster, David Yates, and informed him of the reason for our presence. I also explained that prior to determining a course of action, I needed to speak with the Audit Manager, Paul Bosson, in order to receive an appraisal of events thus far. Mr Yates agreed that a rest room within the premises could be used to this effect.

Paul Bosson informed me that he had received a telephone call the previous day, Thursday 6th March 2003, from Michael Dadra, Operations Manager within the Security & Audit Team. The details of this call concerned discrepancies in post audit checks, relating to Walton on Thames Post Office and an audit conducted on 15th November 2002. In summary, part of the audit process involves the recording of remittances that have been despatched from Post Offices. At some stage after an audit, checks are made against figures that Subpostmasters claim to have been remitted out from their office, against figures recorded as being remitted in by Cash Centres. It had been identified that the alleged remittances on the audit of 15th November 2002 had not been declared as received by the Cash Centre, or indeed recorded on the cash account submitted by Walton on Thames Post Office. In effect, there was a discrepancy in the amounts sent and the amounts received totalling £330,000.00.

Due to this discrepancy, Mr Bosson, accompanied by Sue Le May, Auditor, had attended Walton on Thames Post Office on Friday 7th March 2003.

On commencement of the audit, Mr Bosson asked Mr Yates for a balance snapshot. This document, obtained from the Horizon computer system, indicates the levels of cash and stock that should be on hand. The snapshot was produced and a part copy is enclosed. It can be seen that the cash figure is recorded as being £410,354.67.

Mr Bosson then asked Mr Yates to provide the office cash declaration from the previous day, Thursday 6th March 2003. A cash declaration should be completed by outlets on a daily basis, at the close of business, ensuring that the amount of actual cash on hand is recorded. This document was located and provided to Mr Bosson. A copy is enclosed. It can be seen that the total cash figure is recorded as being £43,566.00.

STAFF IN CONFIDENCE

Clearly, there was a difference in the amount of cash that should have been on hand (snapshot) and the amount of cash actually on hand (declaration). Accordingly, Mr Yates informed Mr Bosson that a remittance had been despatched the previous day, Thursday 6th March 2003, but it had not been entered onto the Horizon system. This would have explained why the snapshot was showing a much larger cash figure than the declaration.

In order to verify what Mr Yates had said, Mr Bosson then requested the Cash In Transit (CIT) receipt book. This book details outward remittances and a signature is obtained from the CIT officer who collects the remittance. On examination of the book, Mr Bosson pointed out that the last entry concerned a remittance on Wednesday 5th March, not Thursday 6th March. A copy of the last entry is enclosed.

For further verification, Mr Bosson asked Mr Yates for the P884 forms (subsequently determined as being P5257MA forms). These forms are used by Subpostmasters to detail a breakdown of all cash being remitted. The top copy of the forms are enclosed in the relevant pouches and the undercopy of the forms are retained in the Post Office, for audit purposes. It should also be noted that the maximum amount of cash, which can be placed in a pouch, is £20,000.00 and a P5257MA should be completed for each pouch. Accordingly, there should have been a number of P5257MA undercopies to reflect the alleged remittance of the previous day.

Mr Yates claimed he could not find the forms. At this stage Mr Yates also informed Mr Bosson that no remittance had been despatched the previous day and that the audit would probably result in a shortage of some £350,000.00.

A report detailing the events so far was written by Mr Bosson and he and Mr Yates signed the report. A copy of the report is enclosed. The matter was then referred to the Investigation Team.

I then spoke to Mr Yates, inviting him to attend a tape-recorded interview and explaining his legal rights and his right to have a friend present during the interview. I also cautioned Mr Yates and he agreed to be interviewed.

At 12.10 hours I commenced a tape-recorded interview with Mr Yates. Also present was Rob Fitzgerald. Mr Yates declined the right to seek legal representation or advice, or the offer of a friend to be present during the interview.

The interview consisted of one tape (seal ref 046861) and was concluded at 12.54 hours. A taped summary has been prepared and is associated.

Mr Yates admitted to inflating his cash figures for the past 3 to 5 years in order to conceal an ever-increasing shortage. Given the length of time of this activity, he could not recall, specifically, when this falsification of his accounts commenced or the amounts, specifically, that had accrued over the period. He was aware that when completing the last cash account, on Wednesday 5th March, he inflated the cash by £350,000.00.

STAFF IN CONFIDENCE

With regards to why this activity had been occurring, Mr Yates claimed, at various points during the interview, that cash was used to pay for losses, error notices, staff wages, personal bills and repayments on loans. He further claimed that expenditure associated with the Post Office and the retail area was exceeding his income, and that over time the amount had 'mushroomed', culminating in a deficiency of £350,000.00.

Mr Yates claimed no one else was aware of what he was doing and that he had completed the accounts each and every week over the past few years. He also admitted to falsely claiming outward remittances at two previous audits (now known to have been 15th November 2002 and 23rd May 2002).

A number of cash accounts were shown to Mr Yates during interview. Two of these related to weeks 9, ending 29th May 2002, and 10, ending 5th June 2002. The signatures on these accounts appeared to be different and Mr Yates claimed that his colleague, Lindsey Smale, had signed the account for week 10. He further claimed that he trained her on how to prepare the accounts and whilst she hadn't physically completed the account, she had signed it.

Following the interview, I spoke with you and you indicated that Mrs Smale was making her way to Walton on Thames Post Office. You informed me that Mrs Smale might be considered with regards to running the outlet on a temporary basis, until the final outcome of the investigation had been determined. You also informed me that Mrs Smale had claimed to have completed the cash accounts in May/June 2002, when Mr Yates took a vacation in the United States.

This obviously implicated Mrs Smale in the investigation, as Mr Yates claimed to have falsified his accounts for the past 3 to 5 years and it therefore required an explanation as to how a balance was achieved during these 2 weeks. It was decided that Mrs Smale would be invited to attend an interview on her arrival to the office.

In the meantime, a search of the Post office was instigated. Mr Yates provided consent for the search and a quantity of documents were seized. The search commenced at 14.00 hours and concluded at 15.15 hours. Paul Dawkins, Investigation Team Manager, had also arrived by this stage.

Mrs Smale arrived and following introductions and the reason for our visit, I invited her to attend a tape-recorded interview. I explained her legal rights and right to have a friend present during the interview. Mrs Smale agreed to be interviewed.

At 15.38 hours I commenced a tape-recorded interview with Mrs Smale. Also present was Rob Fitzgerald. Mrs Smale declined the right to seek legal representation or advice, or the offer of a friend to be present during the interview.

The interview consisted of one tape (seal ref 046862) and was concluded at 16.00 hours. A taped summary has been prepared and is associated.

STAFF IN CONFIDENCE

On examination of the cash accounts for weeks 9 and 10, and in particular the signatures on them, Mrs Smale agreed that they reflected Mr Yates period of absence and that she had completed and signed them. She further claimed that Mr Yates informed her that there was £250,000.00 within the safe, relating to a closed Post Office that was being held by Walton on Thames Post Office. This figure was incorporated into the cash account for both weeks, in addition to the other cash physically on hand. Mrs Smale stated she did not have any concerns over this as she had known and worked with Mr Yates for many years and she took what he had said to be true.

Following the interview of Mrs Smale, arrangements were made to attend the home address of Mr Yates, in order for a search to be carried out. Mr Yates provided consent for the search and a further quantity of documents were seized. The search commenced at 17.30 hours and concluded at 18.30 hours.

One item seized was the passport of Mr Yates. There is an immigration stamp indicating that Mr Yates was in the United States from 25th May 2002. It was pointed out that during interview, Mr Yates claimed he had not been away. Mr Yates stated he wasn't really thinking straight. A part copy of the passport is enclosed.

Since the interview, I have examined all documentation in this case. Further documentation has been identified as relating to the two audits in 2002.

Audit 23rd May 2002 - Within the cash account file, was a quantity of P5257MA forms, dated 23 May 2002. There are 15 such forms and the amounts on them total £285,000.00. Copies of these and part of the relevant cash account for week 9, ending 29th May 2002, are enclosed. There is no outward remittance for the amounts on the P5257MA's. A copy of the diary entry of 24th May 2002 (item seized) is also enclosed, annotated 'David off 2 weeks USA until 12 June'.

Audit 15th November 2002 – On examination of the CIT book, there are 2 pages dated 15th November 2002, detailing 16 pouches for collection. Copies of these and a further page dated 13th November 2002, and the cash account for week 34, ending 20th November 2002, are enclosed. It can be seen that the signatures on the CIT book appear to be in the name of Peter Rodriguez, though the signatures are different. There is no outward remittance for the pouches indicated.

In addition, you found Horizon printouts, whilst subsequently clearing the office with Mrs Smale. These printouts detail a remittance of 15th November 2002, totalling £330,000.00, and the subsequent reversal of this remittance on 20th November 2002. A copy of the printouts are enclosed.

The final audit result was a shortage of £359,325.71. A report and breakdown of this figure has been prepared by Mr Bosson, Audit Manager, and a copy is enclosed.

In respect of Mr Yates reasons for falsifying his accounts, it should be noted that due to shortages being covered up, by the inflation of his cash, a true picture of actual shortages accrued will be impossible to determine. In respect of error notices, 2 schedules are enclosed. The first details all error notices since January 2000. The amount of charges is indicated as £9,089.23 and the amount of claims is indicated as £12,293.73, thus implying that Mr Yates has actually gained financially from the error notices. The second schedule, Holding Account Analysis Report, details error notices since 1997, which, for various reasons, have been written off by Post Office Ltd.

STAFF IN CONFIDENCE

I have enclosed part copies of a selection of cash accounts. It should be noted that these reflect cash accounts referred to during interview, the first account within the cash account file obtained (week 30, ending 20th October 1999), other cash accounts over the past few years and the last cash account produced by Mr Yates (week 49, ending 5th March 2003).

This report is submitted for your information and action as necessary.

Dave Posnett
Investigation Manager

Post Office Ltd
Investigation Team
Market Square
Woking
GU21 6DG



GRO

Witness Statement*(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a)
and 5B, MC Rules 1981, r 70)***Statement of** Rosemary Sporle

Age if under 18 over 18 (If over 18 insert 'over 18')

This statement (consisting of two pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 31st day of March 2003

Signature Rosemary Sporle

I am employed by Post Office Ltd as a Contracts Manager. I have worked for Post Office Ltd for 20 years, of which the last eighteen months has been as Contracts Manager. My responsibilities include the consistent deployment of all agency policies and procedures relating to the contract for services of Subpostmasters, within a defined geographical area. Furthermore, I advise Retail Line Managers and other appropriate sections and business units, of the various conditions of the Subpostmasters contract.

Subpostmasters are not employees of Post Office Ltd, but operate under a contract to provide services on behalf of Post Office Ltd. Subpostmasters usually locate the actual Post Office in premises in which they also run a private business. Under the terms of the contract, Subpostmasters have sole responsibility for all stock and cash, and for all daily and weekly accounting and administration in respect of the Post Office.

From records held I can state that Mr David Yates was the Subpostmaster at Walton on Thames Post Office, from 13th September 1993 to 7th March 2003, when his contract for services was suspended.

Signature Rosemary Sporle

Signature witnessed by

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Rosemary Sporle

I now produce a copy of section 9(M) of the Modified Subpostmasters contract, detailing the responsibility a Subpostmaster has for Post Office cash and stock, as item RS/1.

I also produce a schedule detailing the remuneration paid to Mr Yates during his period as Subpostmaster between March 2002 and March 2003, as item RS/2.

The records to which I refer in this statement form part of the records relating to the business of Post Office Ltd and were compiled during the ordinary course of business, from information supplied by persons who have, or may reasonably be supposed to have, personal knowledge of the matter dealt with in the information supplied, but are unlikely to have any recollection of the information.

Signature Rosemary Sporle

Signature witnessed by

CS011A

Version 3.0 11/02

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a)
and 5B, MC Rules 1981, r 70)



Statement of Dave Posnett

Age if under 18 Over 18 (If over 18 insert 'over 18')

This statement (consisting of three pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 11th day of July 2003

Signature Dave Posnett

I am employed by Post Office Ltd and have been since 1986. My job title is Investigation Manager and my responsibilities are to lead and assist investigations into suspected criminal offences committed against the business by its employees, agents and staff.

On Friday 7th March 2003, I was informed that an audit of the accounts was being conducted at Walton on Thames Post Office, 73 Hersham Road, Walton on Thames, Surrey, KT12 1LN, and that there were indications a substantial deficiency of cash would emerge. I made arrangements to attend the Post Office, with my colleague, Rob Fitzgerald.

On arrival at the office, I introduced myself and Rob Fitzgerald to the Subpostmaster, Mr David Yates, and explained that the reason for our presence was in connection with the audit being carried out. I informed Mr Yates that I wished to speak with the Audit Manager, Mr Paul Bosson, prior to determining a course of action.

Following my conversation with Paul Bosson, I cautioned Mr Yates and invited him to attend a tape recorded interview. I also explained his legal rights and his right to have a friend present during the interview. Mr Yates agreed to be interviewed.

At 1210 hours I commenced a tape recorded interview with Mr Yates, within an office at Walton on Thames Post Office. Also present was Rob Fitzgerald, Investigation Manager. The interview consisted of one tape. I now produce form CS001, relating to Mr Yates' legal rights as item **DP/1**. I also produce the master tape for this interview (bearing seal number 046861) as item **DP/2** and the taped summary of this interview as item **DP/3**.

Signature Dave Posnett

Signature witnessed by Jay Ramrattan

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Dave Posnett

Following this interview, a search of the Post Office secure area was conducted. The search was undertaken by Rob Fitzgerald and Paul Dawkins, Investigation Team Manager, who had subsequently arrived at the office. The search commenced at 1400 hours and was completed at 1515 hours. All items seized during the search were recorded on form CS005, which I now produce as item **DP/4**.

Mr Yates also agreed to a search of his home address of **GRO** and arrangements were made to attend the address. The search was undertaken by Rob Fitzgerald and Paul Dawkins. The search commenced at 1730 hours and was completed at 180 hours. All items seized during the search were recorded on form CS005, which I now produce as item **DP/5**.

Most transactions performed by a Post Office are checked at some stage thereafter and there are occasions when errors are identified. An example of such an error could be if a customer deposits £100 into a personal Girobank account, but the Subpostmaster enters the transaction on the Horizon system as £10. When Girobank receive the customers deposit slip, they will reconcile the transaction with details supplied by the Post Office. They will note that the Post Office has made an error and an 'error notice' will be generated. The 'charge' error notice is despatched to the Post Office where the transaction occurred and the Subpostmaster is required to financially make good the error and record this within the accounts. Errors work both ways and 'claim' error notices are also issued to Post Offices, whereby a Subpostmaster is permitted to withdraw cash that is proper to him. Records of error notices relating to all Post Offices are maintained at the Post Office Ltd, Accounts Division, Chesterfield.

Due to my position as Investigation Manager, I have access to records relating to the business of Post Office Ltd. As part of further enquiries, I obtained a record of error notices in relation to Walton on Thames Post Office. These records consist of two schedules. The first schedule details error notices covering the period January 2000 to December 2002. I now produce this schedule as item **DP/6**. The second schedule details error notices covering the period 1997 to 2001. I now produce this schedule as item **DP/7**.

Post Office accounting weeks run from Thursday to Wednesday and are referred to as Cash Account Periods (CAP's). After the close of business on Wednesdays, a balance of all cash, stock and transactions is conducted, which culminates in a cash account being produced from the Horizon computer system. This is the official accounting document produced each CAP and one cash account is despatched to Chesterfield and another is retained within the Post Office.

Signature Dave Posnett

Signature witnessed by Jay Ramrattan

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Dave Posnett

Whilst at Walton on Thames Post Office I obtained the cash accounts. On further examination of these documents, I can say that they reflect the period from October 1999 through to March 2003, though a number of CAP's appear to be missing. I now produce these cash accounts as item **DP/8**.

Most of the cash accounts are contained within a folder and whilst examining this folder, I noticed a quantity of P5257MA forms. These are remittance advice notes, completed in duplicate, and Subpostmasters are required to complete these forms when they rem out cash from their Post Office. The advice notes should be placed into a secure pouch with the cash they relate to, prior to collection from the Cash In Transit team. I know from experience that the maximum amount of cash that can be placed into a secure pouch is £20,000.00 and an advice note should be prepared for each pouch being remmed. There were 15 advice notes, dated 23rd May 2002, relating to CAP 09 and totalling £285,000.00. I now produce these advice notes as item **DP/9**.

I am aware that an audit of the accounts was completed at Walton on Thames Post Office on 23rd May 2002 (exhibit MD/1 refers). On examination of the cash account relating to this date (CAP 09), specifically the 'Table 9 Rems To ADC', at page 5, a cash amount of £40,000.00 is recorded as being remmed out, not £285,000.00.

I am also aware that an audit of the accounts was completed at Walton on Thames Post Office on 15th November 2002 (exhibit MD/2 refers). On examination of the Cash In Transit collections book (exhibit PB/3) for the 15th November 2002, there are 16 pouches indicated as being remmed out from the Post Office, detailed on 2 pages. The signatures on these pages appear to be in the name of 'Peter Rodrigues'. A further remittance on 13th November 2002, detailing 2 pouches remmed out, also appears to contain a signature in the name of 'Peter Rodrigues', but this signature is different from the signatures of 15th November 2002. On examination of the cash account relating to this date (CAP 34), specifically the 'Table 9 Rems To ADC', at page 5, a cash amount of £20,000.00 is recorded as being remmed out.

Certain records to which I refer in this statement form part of the records relating to the business of Post Office Ltd and were compiled during the ordinary course of business, from information supplied by persons who have, or may reasonably be supposed to have, personal knowledge of the matter dealt with in the information supplied, but are unlikely to have any recollection of the information.

Signature Dave Posnett

Signature witnessed by Jay Ramrattan

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a)
and 5B, MC Rules 1981, r 70)



Statement of Elaine Wright

Age if under 18 Over 18 (If over 18 insert 'over 18')

This statement (consisting of two pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 29th day of July 2003

Signature

I am employed by Post Office Ltd as a Retail Line Manager and have been so for the past 5 years. My role involves the supervision of a number of post office outlets within a defined geographical area, ensuring that business objectives are met in the area of sales, accuracy, mystery shopper etc.

One office I am responsible for is Walton on Thames Post Office, 73 Hersham Road, Walton on Thames, Surrey, KT12 1LN. On Friday 7th February 2003, I suspended and subsequently terminated the contract for services of the Subpostmaster, Mr David Yates.

On Monday 10th February 2003 I attended Walton on Thames Post Office in order to tidy up the office and clear out rubbish in preparation for the appointment of a temporary Subpostmaster. Whilst at the office, I found three Horizon printouts relating to cash remitted out. I contacted Dave Posnett, Investigation Manager, who requested that I send the printouts to him.

The first printout details an outward cash remittance of £330,000.00, dated 15/11/02, at 09:01 hours. This printout is produced from the Horizon computer system when details of an outward remittance are entered on the system. I now produce this printout as item **EW/1**.

The second printout details the reversal of an outward remittance of £205,000.00, dated 20/11/02, at 07:23 hours. The facility exists on the Horizon computer system to reverse certain transactions that have previously been entered. This facility can be used, for example, if a customer returns and wishes to cancel a transaction previously conducted, or if a Subpostmaster books in stock incorrectly which is later noticed and the correct amount can be booked in. I now produce this printout as item **EW/2**.

Signature

Signature witnessed by

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Elaine Wright

The third printout details a further reversal of an outward remittance of £125,000.00, dated 20/11/02, at 07:24 hours. I now produce this printout as item **EW/3**.

All three printouts relate to the same Cash Account Period, 34 (Thursday 14/11/02 to Wednesday 20/11/02).

Signature

Signature witnessed by

CS011A

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a)
and 5B, MC Rules 1981, r 70)



Statement of Paul Bosson

Age if under 18 Over 18 (If over 18 insert 'over 18')

This statement (consisting of three pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 7th day of July 2003

Signature Paul Bosson

I am a Network Audit Manager, employed by Post Office Ltd, and I have been so for approximately 16 years. My duties include the verification of cash and stock by undertaking audits at all Post Office Ltd outlets. I can confirm that on Friday 7th March 2003, myself and Sue Le May (Network Auditor) arrived at Walton on Thames Post Office, Hersham Road, Walton on Thames, Surrey, KT12 1LN, in order to conduct an audit of the accounts. This audit was instigated by Michael Dadra, Security And Audit Operations Manager, following discrepancies identified in post-audit checks resulting from a previous audit conducted on 15th November 2002. The audit commenced at approximately 0855 hours.

All Post Office outlets operate with the Horizon computerised accounting system. All transactions, declarations, balancing processes etc must be performed on the Horizon system.

As part of the audit process, an office snapshot is obtained from the Horizon system. The office snapshot is a report, which can be printed, and details all the cash, stock and vouchers which should be on hand and all transactions which have been entered onto the system. A physical check of the cash, stock and vouchers is then conducted and compared to the office snapshot, in order to verify that all items are present. The user of the Horizon system has to enter the amount of cash on hand when a balance is performed (usually Wednesdays) and the Horizon system takes into account all receipts and payments entered throughout the following week, thus it continually calculates how much cash should physically be on hand.

I asked the Subpostmaster of Walton on Thames Post Office, Mr David Yates, to produce an office snapshot from the Horizon computer system. This was done and I now produce this report as item **PB/1**.

Signature Paul Bosson

Signature witnessed by

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Paul Bosson

It is also a requirement for Subpostmasters to physically declare the amount of cash they are holding on a daily basis. This procedure should be performed before the close of business each day. Once the cash has been declared, a printout of this declaration should be obtained from the Horizon system.

I asked Mr Yates to produce the office cash declaration which should have been obtained the previous day, Thursday 6th March. This was done and I now produce this report as item **PB/2**.

Following an examination of the office snapshot and the office cash declaration, it was evident that the cash figures differed significantly. The office snapshot, which indicates the amount of cash that should be on hand, detailed £410,354.67 (four hundred and ten thousand, three hundred and fifty four pounds, sixty seven pence). The office cash declaration, which indicates how much cash is physically on hand, detailed £43,566.00 (forty three thousand, five hundred and sixty six pounds).

Mr David Yates then informed me that he had sent a remittance the previous day (Thursday 6th March 2003), but had not booked it out on the Horizon system. A remittance is performed when an office has excess cash, mutilated cash, obsolete stock etc. Such items are booked out on the Horizon system and enclosed in secure pouches with remittance advice notes (formerly referenced as P884's, now referenced as P5257MA's). The advice notes should be completed by the Subpostmaster in duplicate and they detail a breakdown of the items being remmed. The top copy is placed within the secure pouch and the undercopy should be retained and archived at the Post Office.

Any pouches to be remmed should also be recorded in the Cash In Transit (CIT) collections book. Each pouch has a serial number and these numbers should be recorded in the CIT book and the book should be datestamped. The CIT book is carbonised, with 5 copies of collection receipts subsequently containing the details of a remittance. The Subpostmaster arranges for a secure collection of the remittance and when the CIT officer attends the Post Office, he should sign, time and date the CIT book as an acknowledgement that the pouches have been taken. Two copies of the CIT book collection receipts are left with the Subpostmaster, the top copy, which should be retained and archived at the Post Office, and a further copy, which remains in the CIT book.

I asked Mr Yates to show me the CIT collections book. On examination of the book, I noted that the last collection was dated Wednesday 5th March 2003 (not Thursday 6th March 2003). I now produce the CIT collection book as item **PB/3**.

Signature Paul Bosson

Signature witnessed by

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of Paul Bosson

I also asked Mr Yates to show me the advice notes relating to the remittance. Mr Yates initially informed me that he could not find them, but then claimed he had not sent a remittance and that the audit would result in a shortage of approximately £350,000.00.

I made a note of the events thus far and asked Mr Yates to sign this note. I now produce this note as item **PB/4**. The matter was then referred to other managers within Post Office Ltd.

The audit of the accounts continued and resulted in a shortage of £359,325.71. The audit accounting form P32 was completed by myself and I now produce this as item **PB/5**. I also submitted a report of the audit to Dave Posnett, Investigation Manager, which I now produce as item **PB/6**.

Signature Paul Bosson

Signature witnessed by

CS011A

Version 3.0 11/02

POST OFFICE RESPONSE TO CRR ON M071
[TO GO ON POST OFFICE LETTERHEAD]

Second Sight
By email only

[DATE]

Ref: M071

Dear Sirs

Post Office's Response to Second Sight's draft Case Review Report on case M071

This letter sets out Post Office's response to Second Sight's draft Case Review Report dated 30 October 2014 for application M071 (**the CRR**).

The appendix to this letter has Post Office's line-by-line comments on the CRR.

In summary, given the Applicant's admission of guilt and conviction for theft, together with the fact that the available evidence is completely at odds with the Applicant's claims, Post Office agrees with the CRR's conclusion that this case should not be mediated under any circumstances.

If you have any questions about this response, please do not hesitate to contact me.

Yours faithfully

Angela Van Den Bogerd
Head of Partnerships

Post Office Limited

Appendix

Line by line comments

Paragraph in Draft CRR	Post Office comment
1.5(f)	Paragraph 1.5(f) of the CRR notes that the Applicant has raised consequential losses "<i>which may be raised if the case progresses to mediation</i>". As stated in the CRR, it is outside the scope of the Scheme and Second Sight's role for it to assess or comment on any consequential losses claimed by an Applicant. However, in the interests of transparency, Post Office notes that it does not consider the losses claimed by the Applicant to be recoverable under any circumstances. The relationship between Subpostmasters and Post Office is governed by a contract. Post Office has considered the circumstances of this case very carefully and on the basis of the information provided by the Applicant, in its own investigation and in the CRR, does not consider that it has acted in breach of contract or caused the Applicant the harm now claimed as consequential loss, not least given the unequivocal admission of theft by the Applicant.
1.9 – 1.10	The Applicant admitted to theft and false accounting during his interview under caution. When faced with the charge of theft in criminal proceedings, the Applicant pleaded guilty. A plea of guilty to a charge entails a complete admission to the offence. Nothing in the Post Office investigation or the draft CRR presents a challenge to this position. The plea was voluntarily entered after the Applicant had the opportunity to take legal advice. Post Office is not responsible for any advice that the Applicant may or may not have received. If the Applicant considers that he was wrongly advised, then that is a matter to be addressed with his lawyer.
1.11	Post Office does not agree that the sum of £41,000 was accepted in full and final settlement as stated at paragraph 1.11 of the CRR. Other than the Applicant's unsubstantiated claims, there is no evidence that the sum of £41,000 was ever repaid by the Applicant. There is no evidence that Post Office accepted any sum in full and final settlement of the losses suffered. There is insufficient evidence available to establish what the result of the civil recovery proceedings were or to what extent sums remain outstanding to Post Office.
3.3	At no stage during any of the audits carried out at the branch, or in any recorded calls to NBSC, or in the criminal proceedings did the Applicant claim that Horizon was to blame. In addition, Horizon was introduced on 11 July 2000, but there is evidence that the Applicant admitted to the shortfall building up since 1998 which undermines his claim that the differences started to occur a few weeks after Horizon was introduced.
5.2 5.10	The Applicant's false accounting meant that the branch's cash declarations were incorrect as more cash was stated to be in the branch than there actually was. As a result, it was impossible for Post Office, and will have been very difficult if not impossible for staff in the branch, to have identified the days on which there was a cash shortfall and / or the amount of the shortfall. A consequence of not accurately recording a cash shortfall on any given day was to deprive the Applicant of the ability to immediately review that day's transactions for errors by branch staff that could have been the cause of the shortfall. Had a review been undertaken on each day where there was a shortage of cash, it is possible that some errors could have been identified and remedied at the time as the day's trading would have been fresh in the Applicant's mind. Put another way, the Applicant's false accounting may have caused potentially remediable

	accounting and transaction errors in branch to become actual losses. Despite this, Post Office's position is that in the Applicant's case, the bulk, if not all, of the losses at the branch were actual losses arising from the Applicant's admitted theft and that if there were any potentially remediable accounting and transaction errors they would have been very minor in comparison to the sums stolen.
--	---

Draft

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*Bond Dickinson***INITIAL COMPLAINT REVIEW AND MEDIATION SCHEME
SETTLEMENT ANALYSIS****Background Information**

Applicant details	Claim no.	M071
	Name	David Yates
	Branch	Walton on Thames
Loss position	Branch loss	£359,325.71
	Date of loss	Identified on 7 March 2003 but likely to have started accruing well before that date (Applicant refers to 5 years).
	Debt position	Applicant claims to have repaid £41,000.00. At least £318,325.71 is owed to Post Office. (Neither can be confirmed due to lack of records)
	Consequential losses claimed	Mileage Claim (inc interest): £1,778.11 Lost wages (inc interest): £870,814.65 Lost profits (inc interest): £80,520 Loss of goodwill: £100,000 Legal costs: £2,500 Future wages: £171,631 Total: £1,227,000.00
Contract / termination position	SPMR / employee / other	SPMR
	Former or current SPMR?	Former
	Termination route	Termination following an admission of theft on 7 March 2003.
	Termination date	Termination on 7 March 2003
Applicant position	Bankrupt / IVA?	Unknown
	Prosecuted?	Yes
	Outcome of criminal prosecution	Convicted of theft: sentenced to 3 years in prison. 13 months were spent in custody, with 13 months on Home Detention Curfew.
	Civil proceedings?	Yes – but no records as to outcome. Applicant claims to have repaid £41,000

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Bond Dickinson

	High profile media / MP case?	N/A
	Professional advisor	James Cowper (Robert Holland)

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*Bond Dickinson***Bond Dickinson Legal Analysis****Legal risk adjusted claim value**

£0

Legal analysis of branch losses

Legal factor	Legal risk (0% = no risk to POL)	Legal risk adjusted claim value
Claim value The Applicant seeks repayment of the £41,000 he claims to have paid Post Office plus interest of £18,040. Consequential Losses are also claimed by the Applicant which are dealt with separately below.		£59,040
Has the claim already been barred / determined so that legal proceedings cannot be brought against POL? Civil recovery proceedings appear to have been pursued by Post Office, though there is no evidence to confirm what exactly this related to or how the proceedings were concluded. It would almost certainly be impossible to revisit the civil recovery proceedings, due to any action now being time barred and/or considered an abuse of process.	0%	£0
Responsibility for loss. Second Sight appears to accept that the Applicant stole cash from Post Office and concealed the theft over a 5 year period. Second Sight also appears to accept that the available evidence is at odds with the Applicant's claim that Horizon caused the losses. Given the Applicant's unequivocal admission of theft, there is no risk of Post Office being found responsible for the direct losses in this case.	0%	£0
Other legal issues None	n/a	£0

Legal analysis of consequential losses resulting from termination

Legal factor	Legal risk (0% = no risk to POL)	Legal risk adjusted claim value
Value of claim based on Applicant's figures		£1,228,344
Are the claimed consequential losses recoverable at law? See additional notes.	N/A	£25,372.61

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Has the claim already been barred / determined so that legal proceedings cannot be brought against POL? Yes	0%	£0
Is there the possibility of an unlawful termination claim because the Applicant's contract was not terminated on 3 months' notice? No – claim would be time barred.	0%	£0
Was contract termination unlawful? No evidence to suggest that Post Office committed any breach of contract in terminating the Applicant's contract.	0%	£0
Is there evidence that the Applicant could have "sold" his / her branch as a going concern if given 3 months' notice? No	0%	£0

Suitability for mediation

This case is not suitable for mediation as the Applicant admitted to theft, the case is 11 years old and there is no evidence whatsoever to substantiate any of the Applicant's claims. Second Sight appears to agree unequivocally with this view.

Additional Notes

Recoverability of consequential losses:

- Mileage Claim (inc interest): £1,778.11 – Potentially recoverable if Applicant successful in overturning conviction
- Lost wages (inc interest): £870,814.65 – Only 3 months lost wages would be recoverable – max £19,594.50 and does not take into account costs of running the business.
- Lost profits (inc interest): £80,520 - Only 3 months recoverable – max £1,500 (based on net profits of £6,000 per year).
- Loss of goodwill: £100,000 – Irrecoverable at law
- Legal costs: £2,500 – Potentially recoverable if Applicant successful in overturning conviction.
- Future wages: £171,631 – Irrecoverable at law

Total losses potentially recoverable: £25,372.61

Bond Dickinson contact

Name: Richard Pike
 Tel: GRO
 Email: Richard.pike@GRO

Advice qualifications

1. This advice has been produced by applying the principles set out in the Advice from Linklaters dated 20 March 2014.
2. No further legal analysis of the underlying legal principles has been carried out, in particular we have not considered any other possible legal bases for the Applicant's claims including without limitation malicious prosecution, defamation, malicious falsehood, breach of confidence, tortious causes of action or privacy law.

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3. We have not analysed the possibility that failures by Post Office in training or supporting the Applicant, or subsequently investigating losses, may have contributed to the Applicant's ability to prevent losses in branch.
4. Our advice is based on only the information in the Applicant's Case Questionnaire Response, the Post Office Investigation Report and Second Sight's Case Review Reports. Our advice does not factor in the possibility of further information being available at a later date that may change our analysis.
5. We have not considered the Applicant's appetite or capacity to bring proceedings against POL or any of the "other" factors set out in the settlement mandate.
6. We have applied a de minimis threshold to legal risk. Where the legal risk is very small (less than 20%) we have recorded this as 0% in our analysis.

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*Bond Dickinson***Post Office Settlement Mandate****Legal risk adjusted claim value**

£0

Other settlement factors

Factor	Adjustment	Adjusted settlement threshold
Legal risk adjusted claim value		£0
Actual cost of settlement to POL Costs of mediation, plus any cash payment to the Applicant.		
Other admissions of fault by POL None.		
PR / media implications Has not attracted any media attention as far as we know.		
Applicant expectations / experience from any previous negotiations Unknown		
Criminal case – need to protect safety of convictions Pleaded guilty and convicted of theft. No new evidence to call the safety of the conviction into question.		
Risk of future litigation / court costs Applicant's only option at this stage would be to seek to overturn the criminal conviction on the basis of new evidence that was not available at the time of the criminal trial. There is a risk he may attempt to do this, but, the risk of the Applicant being able to get an appeal on foot is de minimis due to the Applicant's unequivocal admission of theft		
Cost savings through early settlement None as mediation is not recommended.		
Other factors		

Mandated financial settlement range**Alternative / additional non-financial settlement proposals that can be offered****Other matters**

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Bond Dickinson

Approved for mediation

Post Office Approval

Name:

Date:

POST OFFICE RESPONSE TO CRR ON M071
[TO GO ON POST OFFICE LETTERHEAD]

Second Sight
By email only

[DATE]

Ref: M071

Dear Sirs

Post Office's Response to Second Sight's draft Case Review Report on case M071

This letter sets out Post Office's response to Second Sight's draft Case Review Report dated 30 October 2014 for application M071 (**the CRR**).

The appendix to this letter has Post Office's line-by-line comments on the CRR.

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If you have any questions about this response, please do not hesitate to contact me.

Yours faithfully

Angela Van Den Bogerd
Head of Partnerships

Post Office Limited

Appendix

Line by line comments

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--	---

Draft

Michele Waddingham

From: Simon Clarke
Sent: 22 August 2014 11:18
To: Martin Smith
Subject: RE: M071: CK Review - (Criminal) [BD-4A.FID25887372]

Martin,

Following a preliminary review of the application and this PO Investigation Report I think I need to see the following, mentioned as available in the PRIR:

- Transcript of PACE i/v conducted by Dave Posnett
- Investigating Officer's Report.

S

Simon Clarke

simon.clarke@

GRO

simon.clarke@

GRO

Tel:

GRO

From: Martin Smith
Sent: 21 August 2014 15:20
To: Simon Clarke
Cc: Chris Powell
Subject: FW: M071: CK Review - (Criminal) [BD-4A.FID25887372]

Simon,

The next one. This chap was prosecuted and received a custodial sentence.

M

Martin Smith

martin.smith@

GRO

martin.smith@

GRO

Direct:

GRO

From: Harris, Matthew
Sent: 21 August 2014 13:03
To: Martin Smith
Cc: Lena Hameed <
shirley.hailstones@
Subject: M071: CK Review - (Criminal) [BD-4A.FID25887372]

Hi Martin,

Please find attached the POIR for M071 (Criminal). We look forward to receiving your comments.

Witness Statements

Please note that the POL case handlers have uncovered several unsigned witness statements, presumably prepared for the prosecution. The BD allocated solicitors adopted the position that these would be privileged and should not be referred to. We would appreciate your view on this matter.

Kind regards,

Matt.

Matt Harris

Trainee Solicitor

for and on behalf of Bond Dickinson LLP

Bond Dickinson

Direct:
Office:

GRO

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Michele Waddingham

From: Martin Smith
Sent: 22 August 2014 11:44
To: 'Harris, Matthew'
Cc: 'Lena Hameed' <[REDACTED] GRO>
'shirley.hailstones@[REDACTED] GRO' Jarnail A Singh
<[REDACTED] GRO>
Subject: RE: M071: CK Review - (Criminal) [BD-4A.FID25887372]

Hi Matt,

Would you be able to let us have copies of the following in relation to this particular mediation case please?

1. The transcript of the PACE interview conducted by Dave Posnett.
2. The investigating Officer's Report
3. The statements referred to below
4. Any other documents which there may be whether in electronic or paper form from the investigation/criminal file.

This is a criminal case which did not fall within the parameters of our file review process. Accordingly we have not previously seen anything from the criminal file.

Kind regards,

Martin.

Martin Smith

martin.smith@[REDACTED] GRO
martin.smith@[REDACTED] GRO
Direct: [REDACTED] GRO

From: Martin Smith
Sent: 21 August 2014 15:27
To: 'Harris, Matthew'
Cc: Lena Hameed <[REDACTED] GRO>
'shirley.hailstones@[REDACTED] GRO'
Subject: RE: M071: CK Review - (Criminal) [BD-4A.FID25887372]

Hi Matt,

Thanks for this. We will make a start on the POIR.

This chap was prosecuted. We take the view that the statements are not privileged. They should, during the course of the proceedings, either have been disclosed or have been placed on a schedule of unused material.

Kind regards,

Martin.

Martin Smith

martin.smith@ [GRO]

martin.smith@ [GRO]

Direct: [GRO]

From: Harris, Matthew [GRO]
Sent: 21 August 2014 13:03
To: Martin Smith
Cc: Lena Hameed < [GRO] >
shirley.hailstones@ [GRO]
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Trainee Solicitor

for and on behalf of Bond Dickinson LLP

Bond Dickinson

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Michele Waddingham

From: Martin Smith
Sent: 22 August 2014 12:22
To: Simon Clarke
Subject: FW: M071: CK Review - (Criminal) [BD-4A.FID25887372]
Attachments: Discipline Manager Report.doc; Offender Report Preamble (Version 2).doc; Statement - Dave Posnett.doc; Statement - Elaine Wright.doc; Statement - Michael Dadra.doc; Statement - Paul Bosson.doc; Statement - Rob Fitzgerald.doc; Statement - Rosemary Sporle.doc

Simon,

Please find attached the documents supplied by BD from the investigation/criminal file in Yates. I have added them to LF.

M

Martin Smith

martin.smith@

GRO

martin.smith@

GRO

Direct: GRO

From: Harris, Matthew

GRO

Sent: 22 August 2014 12:17

To: Martin Smith

Cc: 'Lena Hameed <

GRO

'shirley.hairstones@

GRO

Jarnail A Singh

GRO

Subject: RE: M071: CK Review - (Criminal) [BD-4A.FID25887372]

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Regards,

Matt.

Matt Harris

Trainee Solicitor

for and on behalf of Bond Dickinson LLP

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From: Martin Smith [GRO]
Sent: 22 August 2014 11:44
To: Harris, Matthew
Cc: 'Lena Hameed' [GRO]
'shirley.hailstones@' [GRO] Jarnail A Singh [GRO]
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martin.smith@ [GRO]
martin.smith@ [GRO]
Direct: [GRO]

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Michele Waddingham

From: Martin Smith
Sent: 27 August 2014 12:34
To: Simon Clarke
Subject: FW: M071: Transcript.
Attachments: M071_POL_001_Taped Transcript_AD.PDF

Simon,

A quick response from BD...

M

Martin Smith

GRO

From: Harris, Matthew **GRO**
Sent: 27 August 2014 12:15
To: Martin Smith
Cc: 'Lena Hameed' **GRO**
'shirley.hailstones@' **GRO** ; Jarnail A Singh **GRO**
Subject: RE: M071: CK Review - (Criminal)

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90

Michele Waddingham

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Sent: 27 August 2014 12:35
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Subject: RE: M071: CK Review - (Criminal)

Thanks Matt

Martin Smith

GRO

From: Harris, Matthew [GRO]
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From: Martin Smith
Sent: 27 August 2014 11:11
To: Simon Clarke
Subject: RE: M071: CK Review - (Criminal) [BD-4A.FID25887372]

Simon,

I have asked BD to send a copy electronically.

M.

Martin Smith

GRO

From: Simon Clarke
Sent: 27 August 2014 11:08
To: Martin Smith
Subject: RE: M071: CK Review - (Criminal) [BD-4A.FID25887372]

Martin,

I have read these docs but there is no Interview Transcript present. Can we get it?

If not I can complete the response without it.

S

Simon Clarke

GRO

From: Martin Smith
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Subject: FW: M071: CK Review - (Criminal) [BD-4A.FID25887372]

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[GRO] Shirley Hailstones
[GRO] Jarnail A Singh
[GRO] Chris Powell
Subject: M071 - draft POIR - CK amended
Attachments: _DOC_28760852(2)_M071_POL_POIR CK amends.docx

Hi Matt,

Please find attached the draft POIR upon which we have suggested amendments from a criminal perspective.

Kind regards,

Martin.

Martin Smith

GRO

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Michele Waddingham

From: Martin Smith
Sent: 10 November 2014 14:39
To: 'Pike, Richard'; Loraine, Paul; Jessica Barker; Chris Aujard; Belinda Crowe; Rodric Williams; Melanie Corfield; Angela Van-Den-Bogerd; Andy Holt; Shirley Hailstones; Kathryn Alexander; Patrick Bourke; Tom Wechsler; Mark Underwood1; Judy Balderson; Brooks, Victoria; Eames, Amy; Leigh-Doyle, Alva; Parsons, Andrew; Georgia Barker
Subject: RE: Draft CRRs: M071 and M091
Attachments: draft CRR Response M071.docx

Richard,

Please find attached a copy of the draft CRR Response in M071 upon which we have suggested an amendment.

We are not suggesting any amendments in relation to the draft CRR Response in M091.

Kind regards,

Martin.

Martin Smith

GRO

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From: Pike, Richard | **GRO**
Sent: 10 November 2014 09:34
To: Loraine, Paul; Jessica Barker; Chris Aujard; Belinda Crowe; Rodric Williams; Melanie Corfield; Angela Van-Den-Bogerd; Andy Holt; Shirley Hailstones; Kathryn Alexander; Patrick Bourke; Tom Wechsler; Mark Underwood1; Judy Balderson

Balderson; Martin Smith; Brooks, Victoria; Eames, Amy; Leigh-Doyle, Alva; Parsons, Andrew; Georgia Barker
Subject: RE: Draft CRRs: M046, M059, M071, M091, M093 and M135

All

Please see attached the draft CRR and Settlement Analysis for M071 and M091.

Kind regards

Richard

Richard Pike
Associate
for and on behalf of Bond Dickinson LLP

Bond Dickinson

GRO

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From: Loraine, Paul
Sent: 10 November 2014 09:28
To: Jessica Barker; Chris Aujard; Belinda Crowe; Rodric Williams; Melanie Corfield; Angela Van-Den-Bogerd; Andy Holt; Shirley Hailstones; Kathryn Alexander; Patrick Bourke; Tom Wechsler; Mark Underwood1; Judy Balderson; martin.smith@ **GRO** Brooks, Victoria; Eames, Amy; Pike, Richard; Leigh-Doyle, Alva; Parsons, Andrew; Georgia Barker
Subject: RE: Draft CRRs: M046, M059, M071, M091, M093 and M135

Dear all

Please see attached the draft CRR and Settlement Analysis for M059.

Kind regards

Paul

Paul Loraine
Solicitor
for and on behalf of Bond Dickinson LLP

Bond Dickinson

GRO

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106

From: Jessica Barker GRO
Sent: 05 November 2014 11:06
To: Chris Aujard; Belinda Crowe; Rodric Williams; Melanie Corfield; Angela Van-Den-Bogerd; Andy Holt; Shirley Hailstones; Kathryn Alexander; Patrick Bourke; Tom Wechsler; Mark Underwood1; Judy Balderson; martin.smith@ GRO; Brooks, Victoria; Eames, Amy; Loraine, Paul; Pike, Richard; Leigh-Doyle, Alva; Parsons, Andrew; Georgia Barker
Subject: Draft CRRs: M046, M059, M071, M091, M093 and M135

Dear all

Second Sight have uploaded draft CRRs for cases M046, M059, M071, M091, M093 and M135 – please find attached together with the PO Investigation Report, for ease of reference. The deadline for our M135 response is 12 November; all others are anticipated to be 13 November.

Bond Dickinson will prepare the draft responses and settlement analyses and will circulate these by midday on Monday 10 November (Victoria / Amy, please confirm). Please therefore reply to all with any comments by midday tomorrow, Thursday 6 November.

I will schedule a meeting to discuss the responses.

Best wishes

Jess

Jessica Barker

GRO

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Michele Waddingham

From: Martin Smith
Sent: 17 November 2014 14:43
To: Graham Richardson
Subject: RE: Post Office Ltd - 41745

Hi Graham,

This one is ok.

M071.

M

Martin Smith

GRO

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From: Graham Richardson
Sent: 17 November 2014 08:51
To: Martin Smith
Subject: Post Office Ltd - 41745

Graham Richardson

GRO

Michele Waddingham

From: Martin Smith
Sent: 24 November 2014 10:58
To: Graham Richardson
Subject: RE: Post Office Ltd - 41745

Hi Graham,

This is M071 and requires no amendment.

Thanks.

M.

Martin Smith

GRO

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From: Graham Richardson
Sent: 20 November 2014 08:13
To: Martin Smith
Subject: Post Office Ltd - 41745

Graham Richardson

GRO

Michele Waddingham

From: Harris, Matthew <[REDACTED] GRO>
Sent: 21 August 2014 13:03
To: Martin Smith
Cc: Lena Hameed <[REDACTED] GRO>
shirley.hailstones@[REDACTED] GRO
Subject: M071: CK Review - (Criminal) [BD-4A.FID25887372]
Attachments: _DOC_28760852(2)_M071_POL_Case Review Summary_RP amends.docx

Hi Martin,

Please find attached the POIR for M071 (Criminal). We look forward to receiving your comments.

Witness Statements

Please note that the POL case handlers have uncovered several unsigned witness statements, presumably prepared for the prosecution. The BD allocated solicitors adopted the position that these would be privileged and should not be referred to. We would appreciate your view on this matter.

Kind regards,

Matt.

Matt Harris

Trainee Solicitor

for and on behalf of Bond Dickinson LLP

Bond Dickinson

Direct: [REDACTED]
Office: [REDACTED] GRO

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Michele Waddingham

From: Belinda Crowe <[redacted]@GRO>
Sent: 14 November 2014 09:01
To: Pike, Richard; Jessica Barker; Chris Aujard; Rodric Williams; Melanie Corfield; Angela Van-Den-Bogerd; Andy Holt; Shirley Hailstones; Kathryn Alexander; Patrick Bourke; Tom Wechsler; Mark Underwood1; Judy Balderson; Martin Smith; Eames, Amy; Parsons, Andrew; Georgia Barker
Cc: Belinda Crowe
Subject: RE: M071 and M091 CRR response
Attachments: Draft CRR response M071.docx

I have suggested removing the last few paras in the table. Happy to be challenged on that but it seems to me that the matter of real or actual losses adds nothing.

Best wishes
Belinda

Belinda Crowe

148 Old Street, LONDON, EC1V 9HQ

GRO

From: Pike, Richard <[redacted]@GRO>
Sent: 12 November 2014 14:11
To: Belinda Crowe; Jessica Barker; Chris Aujard; Rodric Williams; Melanie Corfield; Angela Van-Den-Bogerd; Andy Holt; Shirley Hailstones; Kathryn Alexander; Patrick Bourke; Tom Wechsler; Mark Underwood1; Judy Balderson; martin.smith@[redacted]@GRO; Eames, Amy; Parsons, Andrew; Georgia Barker
Subject: RE: M071 and M091 CRR response

All,

Attached are CRR responses for M071 and M091, showing amendments in tracked changes following our discussions in today's call.

Grateful for any further comments following which I will prepare clean versions for Jess to finalise.

Kind regards

Richard

Richard Pike
Associate
for and on behalf of Bond Dickinson LLP

Bond Dickinson

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Michele Waddingham

From: Pike, Richard [GRO]
Sent: 14 November 2014 11:21
To: Belinda Crowe; Jessica Barker; Chris Aujard; Rodric Williams; Melanie Corfield; Angela Van-Den-Bogerd; Andy Holt; Shirley Hailstones; Kathryn Alexander; Patrick Bourke; Tom Wechsler; Mark Underwood1; Judy Balderson; Martin Smith; Eames, Amy; Parsons, Andrew; Georgia Barker
Subject: RE: M071 and M091 CRR response
Attachments: Draft CRR response M071 14_11_14 Clean draft.DOCX; Draft CRR response M091 14_11_14 clean draft.DOCX

Belinda,

I agree with your further amends to both CRRs and now attach clean drafts of both M071 and M091.

Grateful for any further comments, otherwise Jess can now move to finalise these.

Kind regards

Richard

Richard Pike
Associate
for and on behalf of Bond Dickinson LLP

Bond Dickinson



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From: Belinda Crowe [GRO]
Sent: 14 November 2014 09:01
To: Pike, Richard; Jessica Barker; Chris Aujard; Rodric Williams; Melanie Corfield; Angela Van-Den-Bogerd; Andy Holt; Shirley Hailstones; Kathryn Alexander; Patrick Bourke; Tom Wechsler; Mark Underwood1; Judy Balderson; martin.smith@[GRO] Eames, Amy; Parsons, Andrew; Georgia Barker
Cc: Belinda Crowe
Subject: RE: M071 and M091 CRR response

I have suggested removing the last few paras in the table. Happy to be challenged on that but it seems to me that the matter of real or actual losses adds nothing.

Best wishes
Belinda

Belinda Crowe

118
148 Old Street, LONDON, EC1V 9HQ

GRO

From: Pike, Richard [GRO]
Sent: 12 November 2014 14:11
To: Belinda Crowe; Jessica Barker; Chris Aujard; Rodric Williams; Melanie Corfield; Angela Van-Den-Bogerd; Andy Holt; Shirley Hailstones; Kathryn Alexander; Patrick Bourke; Tom Wechsler; Mark Underwood1; Judy Balderson; martin.smith@GRO Eames, Amy; Parsons, Andrew; Georgia Barker
Subject: RE: M071 and M091 CRR response

All,

Attached are CRR responses for M071 and M091, showing amendments in tracked changes following our discussions in today's call.

Grateful for any further comments following which I will prepare clean versions for Jess to finalise.

Kind regards

Richard

Richard Pike
Associate
for and on behalf of Bond Dickinson LLP

Bond Dickinson

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Michele Waddingham

From: Harris, Matthew <[REDACTED] GRO>
Sent: 27 August 2014 12:15
To: Martin Smith
Cc: 'Lena Hameed <[REDACTED] GRO>
'shirley.hailstones@[REDACTED] GRO'; Jarnail A Singh
<[REDACTED] GRO>
Subject: RE: M071: CK Review - (Criminal)
Attachments: M071_POL_001_Taped Transcript_AD.PDF

Martin,

My apologies, please find attached a copy of the transcript.

Matt.

Matt Harris

Trainee Solicitor

for and on behalf of Bond Dickinson LLP

Bond Dickinson

[REDACTED] GRO

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From: Martin Smith <[REDACTED] GRO>
Sent: 27 August 2014 11:10
To: Harris, Matthew
Cc: 'Lena Hameed <[REDACTED] GRO>
'shirley.hailstones@[REDACTED] GRO'; Jarnail A Singh <[REDACTED] GRO>
Subject: RE: M071: CK Review - (Criminal) [BD-4A.FID25887372]

Hi Matt,

Many thanks for your e-mail. However the transcript of the PACE interview was not attached.
Please could you arrange to let us have that.

Many thanks,

Martin.

Martin Smith

[REDACTED] GRO

GRO

From: Harris, Matthew [GRO]

Sent: 22 August 2014 12:17

To: Martin Smith

Cc: 'Lena Hameed' <[GRO]> [GRO]

'shirley.hailstones@' [GRO]; Jarnail A Singh ([GRO])

Subject: RE: M071: CK Review - (Criminal) [BD-4A.FID25887372]

Hi Martin,

Please find attached the documents as requested. If you require any further information please let me know.

Regards,

Matt.

Matt Harris

Trainee Solicitor

for and on behalf of Bond Dickinson LLP

Bond Dickinson

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Office: [GRO]

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From: Martin Smith [GRO]

Sent: 22 August 2014 11:44

To: Harris, Matthew

Cc: 'Lena Hameed' <[GRO]> [GRO]

'shirley.hailstones@' [GRO]; Jarnail A Singh ([GRO])

Subject: RE: M071: CK Review - (Criminal) [BD-4A.FID25887372]

Hi Matt,

Would you be able to let us have copies of the following in relation to this particular mediation case please?

1. The transcript of the PACE interview conducted by Dave Posnett.
2. The investigating Officer's Report
3. The statements referred to below
4. Any other documents which there may be whether in electronic or paper form from the investigation/criminal file.

This is a criminal case which did not fall within the parameters of our file review process. Accordingly we have not previously seen anything from the criminal file.

Kind regards,

Martin.

Martin Smith

GRO

From: Martin Smith

Sent: 21 August 2014 15:27

To: 'Harris, Matthew'

Cc: Lena Hameed <

GRO

shirley.hailstones@

GRO

Subject: RE: M071: CK Review - (Criminal) [BD-4A.FID25887372]

Hi Matt,

Thanks for this. We will make a start on the POIR.

This chap was prosecuted. We take the view that the statements are not privileged. They should, during the course of the proceedings, either have been disclosed or have been placed on a schedule of unused material.

Kind regards,

Martin.

Martin Smith

GRO

From: Harris, Matthew

GRO

Sent: 21 August 2014 13:03

To: Martin Smith

Cc: Lena Hameed <

GRO

shirley.hailstones@

GRO

Subject: M071: CK Review - (Criminal) [BD-4A.FID25887372]

Hi Martin,

Please find attached the POIR for M071 (Criminal). We look forward to receiving your comments.

Witness Statements

Please note that the POL case handlers have uncovered several unsigned witness statements, presumably prepared for the prosecution. The BD allocated solicitors adopted the position that these would be privileged and should not be referred to. We would appreciate your view on this matter.

Kind regards,

Matt.

Matt Harris

Trainee Solicitor

for and on behalf of Bond Dickinson LLP

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Michele Waddingham

From: Pike, Richard <[REDACTED]@GRO>
Sent: 10 November 2014 09:34
To: Loraine, Paul; Jessica Barker; Chris Aujard; Belinda Crowe; Rodric Williams; Melanie Corfield; Angela Van-Den-Bogerd; Andy Holt; Shirley Hailstones; Kathryn Alexander; Patrick Bourke; Tom Wechsler; Mark Underwood1; Judy Balderson; Martin Smith; Brooks, Victoria; Eames, Amy; Leigh-Doyle, Alva; Parsons, Andrew; Georgia Barker
Subject: RE: Draft CRRs: M046, M059, M071, M091, M093 and M135
Attachments: M071 - Draft Settlement Advice.DOCX; Draft CRR response M071.DOCX; M091 - Draft Settlement Advice.DOCX; Draft CRR response M091.DOCX

All

Please see attached the draft CRR and Settlement Analysis for M071 and M091.

Kind regards

Richard

Richard Pike
Associate
for and on behalf of Bond Dickinson LLP

Bond Dickinson

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From: Loraine, Paul
Sent: 10 November 2014 09:28
To: Jessica Barker; Chris Aujard; Belinda Crowe; Rodric Williams; Melanie Corfield; Angela Van-Den-Bogerd; Andy Holt; Shirley Hailstones; Kathryn Alexander; Patrick Bourke; Tom Wechsler; Mark Underwood1; Judy Balderson; martin.smith@[REDACTED]@GRO; Brooks, Victoria; Eames, Amy; Pike, Richard; Leigh-Doyle, Alva; Parsons, Andrew; Georgia Barker
Subject: RE: Draft CRRs: M046, M059, M071, M091, M093 and M135

Dear all

Please see attached the draft CRR and Settlement Analysis for M059.

Kind regards

Paul

Paul 125
Loraine

Solicitor
for and on behalf of Bond Dickinson LLP

Bond Dickinson

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From: Jessica Barker **GRO**
Sent: 05 November 2014 11:06
To: Chris Aujard; Belinda Crowe; Rodric Williams; Melanie Corfield; Angela Van-Den-Bogerd; Andy Holt; Shirley Hailstones; Kathryn Alexander; Patrick Bourke; Tom Wechsler; Mark Underwood1; Judy Balderson; martin.smith@ **GRO**; Brooks, Victoria; Eames, Amy; Loraine, Paul; Pike, Richard; Leigh-Doyle, Alva; Parsons, Andrew; Georgia Barker
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Best wishes

Jess

Jessica Barker

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Michele Waddingham

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To: Martin Smith
Cc: 'Lena Hameed' <[REDACTED] GRO>
'shirley.hailstones@[REDACTED] GRO'; Jarnail A Singh
<[REDACTED] GRO>
Subject: RE: M071: CK Review - (Criminal) [BD-4A.FID25887372]
Attachments: Discipline Manager Report.doc; Offender Report Preamble (Version 2).doc;
Statement - Dave Posnett.doc; Statement - Elaine Wright.doc; Statement - Michael
Dadra.doc; Statement - Paul Bosson.doc; Statement - Rob Fitzgerald.doc; Statement
- Rosemary Sporle.doc

Hi Martin,

Please find attached the documents as requested. If you require any further information please let me know.

Regards,

Matt.

Matt Harris

Trainee Solicitor

for and on behalf of Bond Dickinson LLP

Bond Dickinson

GRO

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From: Martin Smith <[REDACTED] GRO>
Sent: 22 August 2014 11:44
To: Harris, Matthew
Cc: 'Lena Hameed' <[REDACTED] GRO>
'shirley.hailstones@[REDACTED] GRO'; Jarnail A Singh <[REDACTED] GRO>
Subject: RE: M071: CK Review - (Criminal) [BD-4A.FID25887372]

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Martin.

Martin Smith

GRO

From: Martin Smith
Sent: 21 August 2014 15:27
To: 'Harris, Matthew'
Cc: Lena Hameed <[REDACTED]>; shirley.hailstones@[REDACTED]
Subject: RE: M071: CK Review - (Criminal) [BD-4A.FID25887372]

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Kind regards,

Martin.

Martin Smith

GRO

From: Harris, Matthew <[REDACTED]>
Sent: 21 August 2014 13:03
To: Martin Smith
Cc: Lena Hameed <[REDACTED]>; shirley.hailstones@[REDACTED]
Subject: M071: CK Review - (Criminal) [BD-4A.FID25887372]

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Kind regards,

Matt.

Matt Harris

Trainee Solicitor

for and on behalf of Bond Dickinson LLP

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Account Ref : P00830-199-0
Client Name : Post Office Ltd
Matter Desc : POL Mediation - Yates, D P
Note Category : FILE NOTE
Date : 06/11/2014 00:00

User : SC2 Simon Clarke

Summary

To consider CRR and to comment thereon.

Detail

To consider CRR and to comment thereon.

Includes considering POIR; ; witness statements; & CQR.

PREP & PERUSAL	1:48
----------------	------

Total Time	1:48
------------	------

Note Entry for Case 41745

Account Ref : P00830-199-0
Client Name : Post Office Ltd
Matter Desc : POL Mediation - Yates, D P
Note Category : FILE NOTE
Date : 10/11/2014 00:00

User : MS2 Martin J Smith

Summary

Consider and amend draft CRR Response

Detail

Consider and amend draft CRR Response

PREP & PERUSAL 0:48

Total Time 0:48

M071

Ref No. AD 001

Record of Tape

Recorded Interview



Person Interviewed David Yates (DY)

Exhibit No: DP/3

Place of Interview Walton on Thames Post Office
73 Hersham Road

Number of pages: 14

Date of Interview 07 March 2003

Time commenced 12.10 hours

Time concluded 12.54 hours

Duration of interview 44 minutes

Tape reference no 046861

Interviewing Officer(s) Dave Posnett (DP)

Rob Fitzgerald (RF)

Other persons present

Tape counter times	Person speaking	Text
118	DP	Introductions made. Mr Posnett informs Mr Yates that he wishes to ask him questions in relation to audit concerns at Walton on Thames Post Office. Right I'm just going to refer you now to a form CS001, which explains your legal rights. Now because you are suspected of having committed a criminal offence which may result in a criminal prosecution, I must inform you that you do not have to say anything but it may harm your defence if you do not mention when questioned something which you later rely on in court. Anything you do say may

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Tape counter times	Person speaking	Text
213		be given in evidence. Do you understand.
	DY	Yes.
	DP	In order to check your understanding of that caution could you just explain it to me.
	DY	Anything that I say can be used in court basically and if I don't say anything it could be used against me.
	DP	That's certainly an element of it. What I'll do is just break it down to make sure you're absolutely satisfied with it. I'm an Investigator employed by Post Office LTD to investigate possible criminal offences. You are suspected of committing a criminal offence. Do you understand that.
	DY	Yeah.
	DP	I wish to put questions to you about this criminal offence and record your answers to those questions. Do you understand that.
	DY	Yeah, that's fine.
	DP	Firstly, a person who is being interviewed for a suspected criminal offence does not have to say anything. You do not have to answer my questions. Do you understand that.
	DY	Yes I understand that.
	DP	Secondly, if you say nothing now but in court give an explanation which could be given now, then the court may think that the explanation is untrue or you have made it up. You understand that bit.
	DY	Yeah.
	DP	And thirdly anything you say during the interview is being recorded on tape and can be read out in court.

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Tape counter times	Person speaking	Text
309	DY	Yeah that's fine.
	DP	Right back to this form CS001, there's 4 points at the top of the form. I'll go through these with you. 1 you are not under arrest. 2 you do not have to remain at this interview. Mr Yates confirms he consents to be interviewed at Walton on Thames Post office.
	DP	3 If you do remain you have the right to seek legal representation and advice, including the right to speak with a solicitor either in person or on the telephone. The solicitor will give you advice regarding legal aid and I can help you obtain a solicitor. 4 you are entitled to read the Police & Criminal Evidence 1984 Act codes of practice if you wish. I've got the booklet here and those codes basically set out your legal rights and the rules governing the conduct of this interview.
	DY	Okay, fine, yeah I understand.
	DP	Now there are a few questions underneath that, if I can just get you to answer those in your own handwriting. Mr Yates completes form CS001.
449	DP	If you sign it, it's now 12.16. Right I'll just go through these questions you've answered. Have you read 1 to 4 above, you've indicated yes. Do you understand 1 to 4 above, you've indicated yes. With regards to speaking to a solicitor you've signed to say you do not wish to speak to a solicitor at this time. But in relation to the question 'if you do not wish to speak to a solicitor at this time you can change your mind at any time during the interview, do you understand', you've indicated yes.
	DY	Yes. Mr Posnett refers Mr Yates to form CS003 relating to the procedure of having a friend present at the interview. Mr Yates indicates he does not wish to have a

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Tape counter times	Person speaking	Text
704	DP	friend present. Okay, what I'll do first is go through a report that the audit manager, Paul Bosson has written. I'll read it out on tape and it starts' I attended Walton on Thames Post Office on Friday 7th March 2003 to conduct an audit. The audit commenced at approximately 0855. At the start of the audit I asked the Subpostmaster, David Yates, to produce an office snapshot, which indicated an office cash holding of £410,354.67. I asked David to produce the office cash declaration completed at 16.40 the day previous, which showed at total of £43,566.00. David told me he had sent a rem the previous day but had not booked it out on the Horizon system. I asked him to show me the CIT (Cash In Transit) collection receipt, but this indicated that the last collection was Wednesday 5th March 2003. I asked David if he could produce the rem out form P884 but he could not find it. At this point David admitted to me that he had not sent a rem and that we would find a shortage in the account of around £350,000.00. I confirm that this is a true account of the events and conversation that took place between myself, Paul Bosson, and the Subpostmaster, David Yates'. DY Yeah. DP And Paul Bosson's signed it I believe. DY And so have I. DP And you've signed it. Do you agree with the content of that note. DY Yeah, absolutely, yeah. DP Right, so why is there going to be a shortage of £350,000.00. DY Well I've been carrying it for ... I don't know...years basically. I don't know how to explain really. DP Well let's take it one step at a time. You've been carrying it for years. what does

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Tape counter times	Person speaking	Text
		that actually mean.
	DY	Carrying like a shortage for like ... I don't know ... at least 3 years.
	DP	3 years.
	DY	Yeah, maybe even more, I can't remember exactly when I started getting into trouble.
	DP	So how much was the shortage at that stage.
	DY	What 3 years ago. I don't know it may have been 250, something like that maybe.
	DP	£250.
	DY	No £250,000.00. It must have started miles before then. It started off that we kept having shortages, we couldn't afford to put them in ... or I kept having shortages I should say. So I was just carrying it and carrying it and it just builds up.
	DP	Just to recap, at least 3 years ago ...
	DY	Yeah, I mean, probably, maybe ... 5 years ago you know, it's been a long time.
	DP	You said you'd suffered shortages, what's the correct procedure for shortages.
	DY	Obviously to show it and correct it, put it in or take it out depending on whether it's over or short.
	DP	Right so to correct a shortage you put it in, by that you mean you have to pay for any shortages in your accounts.
	DY	Yeah.
	DP	Okay. You said you couldn't afford it.
	DY	No. I was just carrying it as a figure, basically carrying the cash as if it was

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Tape counter times	Person speaking	Text
1051		there. So inflating the cash figure I suppose so the shortage didn't show.
	DP	You inflated the cash figure on your cash accounts at the end of each accounting week.
	DY	Yeah.
	DP	And this is over the last 3 to 5 years but you can't be specific. Okay. That's an awful lot of money Dave.
	DY	Yeah ... I know ... I know it is ... a hell of a lot.
	DP	So are you saying that over the last 5 years £350,000.00 relates to shortages in your accounts.
	DY	No it's not shortages. I have taken ...so I don't know.
	DP	What do you mean you've taken.
	DY	Taken to pay staff or ... you know the business wasn't doing as well as it should be.
	DP	So an element of this is shortages, some of it is taking the money to pay staff ...
	DY	To pay staff, to pay bills yeah.
	DP	And that all amounts to £350,000.00
	DY	I don't know, I haven't carried a breakdown of it but yes some of it I would have had, but nowhere near that amount. I mean some of it was ... a couple of times they phoned up saying we've done rem's wrong, that we'd sent them too much to what we'd claimed, but I didn't know and they wouldn't tell me how much, I had to let it go and I just got deeper and deeper into the mire.
	DP	So you just mentioned a rem there, didn't you get an error notice for things like that.

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Tape counter times	Person speaking	Text
1233	DY	No because I don't know whether they weren't sure it was my bag, they just said there's a problem with this rem, can you tell me whether yours was right. Of course I didn't know.
	DP	So this shortage, which has yet to be determined because the audit is still carrying on, but we guesstimate it's going to be in excess of £350,000.00. As a result of shortages, money you've taken for staff wages, and bills I think you said. Error notices or other errors.
	DY	Yeah it would have been yeah, I mean basically everything.
	DP	Has the money been used for anything else.
	DY	No, not really, no. I mean I've taken some of it. I had to pay bills of my own. You know I haven't bought expensive cars or anything like that with it, or second houses. Mr Yates restates he has taken some of the money in order to pay bills.
	RF	How did it all start.
	DY	I find it difficult to remember. It first started when we had some really large error notices come back but I just couldn't explain, we had Savings Bank ones that came back and they were like 5 and 6 thousand pounds. And I just couldn't understand why they were wrong. I queried it but they said it was definitely right and I could not afford to pay it and it just seemed to then slowly mount up.
	RF	If you have an error notice, forgive me if I'm wrong, by generating an error notice for 6 or 7 thousand pounds, your office should actually be over.
	DY	Well this is it, it should have been over but it wasn't.
	RF	Right, and did you ever bring those error notices to the attention of anyone other than Savings Bank.
	DY	No, no, I just queried it with them as to why it was wrong. I mean I can't

Tape counter times	Person speaking	Text
1456	RF	remember how long ago that was.
	DY	So have you got a record of how much this shortage is for error notices, how much for staff wages.
	DP	I haven't no, I don't keep any records like that.
	DY	Do you declare surpluses and shortages each week.
	DP	Yeah usually.
	DY	You do. So how do you decide what to declare and what not to declare.
	DP	Well, I roughly knew the figure I was carrying so I would have put that in and then you know declare whatever the actual ... is out that week.
	DY	Do you make good your losses
	RF	Yeah, usually, unless there's anything major. But the last few years, 2 or 3 years it hasn't been problems with that, it was before I seemed to be in trouble with that. I don't know why.
	DY	You say you roughly add to the figure, how much have you been adding.
	RF	I said to Paul the last time I think it was £350,000.00. I added to it on Wednesday.
	DY	That would be the Wednesday just gone, Wednesday 5 th .
	RF	5 th March yeah.
	DY	So that was included in your cash figure, £350,000.00.
1601	DP	Yeah, (Indecipherable)
		Right so in order to show a balance, you've inflated your cash by about £350,000.00 and that's been going on for ...

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Tape counter times	Person speaking	Text
1633	DY	(indecipherable)
	DP	When you say weeks, months, years, has it gradually increased over the time.
	DY	Yeah it has, it's got worse and worse. I just didn't know what to do then, it slowly got worse and worse, I didn't know ...
	DP	Okay, so for example on Wednesday then, who does the office cash accounts.
	DY	Me.
	DP	Does anybody else do them.
	DY	No.
	DP	How do you actually balance then, what is the physical process when you're declaring the cash and getting the summaries. How do you determine ...
	DY	Because I've already declared the extra cash in that week it was only ... whatever it was out, £50 or £100 wrong it would only be showing that amount.
	DP	So on Wednesdays, do you declare the actual physical cash that is within the Post Office ...
	DY	Yeah and the figure I was carrying..
	DP	So you don't declare the correct figure and re-declare it with the £350,000.00.
	DY	No, I had already put all the money in, yeah.
	DP	And how long have you been Subpostmaster here.
	DY	About 9 years or so.
	DP	And did these problems start immediately or was it after ...
	DY	Probably 3 or 4 years after.
	DP	3 or 4 years after. And have you always done the accounts.

Tape counter times	Person speaking	Text
	DY	Yeah.
	DP	When was the last period of annual leave you had.
	DY	I don't know because I only usually take a few days, because I knew I had to be here to do the accounts, I don't tend to go away, I only have long weekends.
	DP	So you've not had a week off or two weeks off in the last 9 years then.
	DY	No, well probably 5 years. Long weekends rather than a long holiday.
	DP	So you've worked solidly week in week out, with exception to the odd weekend here or there in the last 5 years.
	DY	Yeah, I've worked.
	RF	Has anyone else produced an account in the last 5 years, bearing in mind we can check the signatures.
	DY	No a couple of times I've done it with people, shown them when they wanted to do it ... because Rod went to a different office ... Rod Chipping ... but this was before the problems started, it was 4 or 5 years ago so I mean I would have done it with him, sort of shown him how to do it, but he didn't actually do the account, I just went through the process with him.
	DP	Was anybody else aware of what you were doing.
	DY	No. Nobody at all.
	DP	Nobody at all.
	DY	No, no family, friends, nobody.
		Mr Fitzgerald enquires as to how long the loss has been running at £350,000.00. Mr Yates claims it has been for the past 6 or 7 months and that it was slowly going up until it reached this amount. He claims not to recall any big jumps, the amount kept building up.

Tape counter times	Person speaking	Text
	RF	If you've been carrying £350,000.00 for the past 6 months, what has been happening to the losses you've been showing.
	DY	Each week I just usually made them up or take them out.
	RF	So for the last 6 months you've been making the shortage and surpluses good.
	DY	Yeah, doing each weeks properly but of course I had this great wad that wasn't there all the time.
	RF	You see what I'm getting at is it can't have always been £350,000.
	DY	No it's built up slowly over the whatever it is, 3 to 5 years. It started off with these error notices and slowly mushroomed. It was having to pay you know VAT, tax people and just it all suddenly snowballed, we weren't making enough money to cover it, just got myself into a big mess.
2124	DP	This money, is it yours, the £350,000.00, whose money is that.
	DY	It belongs to the Post Office.
	DP	So you acknowledge that it wasn't yours.
	DY	Of course, yeah.
	DP	So what are your thoughts as to what you have done.
	DY	Well, I feel terrible.
	DP	The reason being.
	DY	It's wrong.
	DP	It's wrong. Would it be a dishonest thing to do.
	DY	Oh, absolutely, yeah.
	DP	Okay, and why have you done it.

Tape counter times	Person speaking	Text
	DY	I wish I knew really ... I don't know ... trying to get by, trying to live. I don't know, trying to keep the Post Office going, trying to keep the business going, there's been lots of things, I don't know.
	DP	So the ultimate gain by keeping the office going, how would that affect you.
	DY	It keeps me employed.
	DP	Keeps you employed. So you get to gain your employment, retain your employment.
	DY	Yes.
	DP	Mr Posnett recaps that cash figures have been inflated each week for 3 to 5 years. He asks what documents are produced from the Horizon system and Mr Yates confirms that cash accounts are produced, with a copy being retained at the office and another copy being sent to Chesterfield..
	DP	And the figures on those cash accounts, namely the cash on hand figures in table 5 ...
	DY	Wasn't right, no.
2327	DP	They haven't been right for a number of years, so they are false figures, in effect they are false accounts.
	DY	Yeah I know that yeah. Mr Fitzgerald enquires as to when the office transferred from the previous computerised accounting system (Capture) to Horizon. On examination of cash accounts on hand it appears that the office migrated in 2000. Mr Fitzgerald enquires how the migration occurred. Mr Yates confirmed that he would have performed a balance and the 'Horizon Field Support Officer' would have taken these figures to migrate onto the Horizon system. Mr Fitzgerald refers to the cash account for week 44, ending 26/01/00, whereby the cash on hand is declared as £109,811.02 and the cash account for week 43, whereby the cash

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Tape counter times	Person speaking	Text
2752		on hand is declared as £201,000.00. Mr Yates cannot explain why the amount has dropped within the space of a week, claiming he cannot remember, but that the £201,000.00 would in all probability be correct.
	DP	Right we are going to plough through these cash accounts, are we going to see an occasion where cash varies by a significant amount or is it going to be a gradual process as you've described.
	DY	It should be gradual.
	DP	Should be or will it be.
	DY	As far as I can remember it will be.
	RF	Have you ever taken a lump sum out to pay this or that.
	DY	Yeah I mean I suppose I've taken sort of the odd 1 or 2 thousand to pay the staff wages and things.
	RF	Do you do that on a weekly or monthly basis.
	DY	I don't know, every 2 months maybe, every month maybe sometimes, depending on how bad I'd got into a position, we weren't making enough to meet our costs.
	RF	What's your salary.
	DY	Post Office salary about 70 I think.
	RF	And have you got a shop as well.
	DY	Yeah
	RF	How much do you get off that.
	DY	About 40 roughly now, obviously it wasn't as much as that then because it's slowly built up. The shop originally was about 20, it's slowly gone up.

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Tape counter times	Person speaking	Text
2922	DP	So why haven't you mentioned these problems to anyone.
	DY	I wish I knew, wish I had. I just knew I was in a deep hole and didn't know where to turn to really. I knew I should go and see somebody but just didn't know what to do.
	DP	Now you had an audit I believe at the office in November 2002. What happened on that audit.
	DY	I probably told them there was a rem to go out or going out which would have made up the shortfall.
	DP	Now is that not pretty much the story you told Paul Bosson this morning.
	DY	Yeah.
	DP	So what's the difference, why wasn't it picked up at the last audit.
	DY	I don't know.
	DP	But you agree you were inflating the cash at that audit.
	DY	Yeah it should have been picked up.
	DP	And the audit prior to that.
	DY	Again it would have been, though I don't know when that was. Mr Posnett recaps on the report written by Paul Bosson and Mr Yates confirms the content of the report. He indicates that it wasn't a case of he couldn't find the P884 forms, it was the case that he didn't have them to find.
3107	DP	Now you've been Subpostmaster for 9 years and I happen to know you worked at this office before it was converted from a Branch Office. How long in total have you been working here.
	DY	22 years or so. no, longer than that. 24 years I suppose, 1979 I started.

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Tape counter times	Person speaking	Text
	DP	So fairly experienced.
	DY	Oh yeah.
	DP	And what about training issues, would you say you are fully conversant with all areas of a Post Office.
	DY	Should be yeah. Yeah I would say so.
	RF	You said you had dug a hole, you were in a hole, where did you see that hole finishing.
	DY	I didn't, I didn't know what I was going to do.
	RF	What was the ultimate end to this then.
	DY	I don't know.
	RF	Obviously the ultimate end now is the audit team arriving today ...
	DY	Absolutely yeah, I thought that would happen eventually.
	RF	From your point of view, you've already said this money belonged to the Post Office. Were you ever in any position to pay any of the money back.
	DY	I could never see how I could ever pay it. I mean obviously some maybe, but never be able to pay it all back.
	RF	Did you ever make any attempt to try and pay the money back.
	DY	Yes but ... not ... no, not really, not a major amount no. I just didn't know what I was going to do, I really didn't know what I was going to do..
		Mr Yates explains there are 4 staff in the Post Office with a salary bill of about £52,000.00 plus the shop people. He reiterates that the money has been used to carry on living, that the matter wasn't referred to the area manager and that no staff were aware. Mr Yates cannot recall when he had previous audits.

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Tape counter times	Person speaking	Text
3424		though he believed there was a period of 3 years without an audit.
	RF	So if you hadn't had an audit today and we didn't have an audit say for another 3 years, what do you reckon the figure would have been at that stage.
	DY	I don't know, I really don't know.
	RF	So you were never ever going to bring it to anyone's attention, you'd have just carried on.
	DY	I don't know, no, as far as I know I probably wouldn't have done. I would have probably hoped some miracle would have happened that I would have been able in some way to pay it back somewhere along the line.
	DP	So you're not in a position to pay it back and based on what you've said, you had no intention to pay it back, subject to a miracle.
	DY	No, yeah, I would have liked to have paid it back because I knew it was wrong but my ability to pay it back, you know, I probably couldn't.
	DP	Okay in week 36, ending 4 th December 2002, there were £23,478.95 of Green Giros that were transacted at this office but didn't arrive in the pouch to Girobank.
	DY	Well, I don't know.
	DP	You don't know anything about that.
	DY	No, definitely. I mean I definitely send those every week.
	DP	Could they be in the office somewhere.
	DY	Not unless someone has put them somewhere strange. I don't know. No, because I usually put them in the pouches every week. And they haven't turned up at all.
	DP	They haven't turned up, no.

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Tape counter times	Person speaking	Text
3617	DY	I don't know, sorry.
	DP	Okay, after this interview, what we'd like to do is conduct a search of the Post Office, basically looking for those Green Giros and any other any documentation that may be implicated in the main reason that we are here today.
	DY	Yeah of course, yeah.
	DP	Obviously we need your consent for a search.
	DY	Yeah of course that's fine.
	DP	Now additionally we are also considering attending your home address and conducting a search there, again in order for us to do that we need your consent.
	DY	Yeah, okay, yeah ...
	DP	Well that's recorded on tape, there's a number of forms we'll need to complete later for that purpose. Also, would you be willing to provide details of your bank accounts to us.
	DY	Yeah, I should think so, yeah.
	DP	Okay, and again there's forms for that we'll complete a bit later.
	RF	With regards to both those issues, are we going to find anything on those searches that are detrimental to you, that you haven't told us.
	DY	No, not as far as I know, no. No, I mean there shouldn't be.
		Mr Yates refers back to the Green Giros, claiming he can't understand as he sends them every week.
	DP	With regards to your current financial position ... what is it.
	DY	Okay, though I wouldn't say I'm well off or anything like that. I manage it each month just about and today's pretty much the same, the bank account.

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Tape counter times	Person speaking	Text
3813	RF	Have you got an account with a lot of savings.
	DY	No I've got a Woolwich account with about £2,000.00 of savings.
	DP	Right we are going to stop the interview in a moment, is there anything you want to add or clarify before we stop the tape.
	DY	I don't think so.
	DP	What we'll do is flick through some of the cash accounts, we are not obviously going to go through the last 5 years.
		Mr Posnett refers to the account for week 49, ending 5 th March 2003.
	DP	It's got a signature or a little scribble ... that's your signature.
	DY	Yeah.
	DP	Okay, so have you completed that account in its entirety.
	DY	Yeah.
	DP	No-one else helped you.
	DY	No
	DP	And table 5 is recorded as £418,332.17. Is that figure correct, ie was that amount of cash on hand.
	DY	No.
		Mr Posnett shows Mr Yates a number of random accounts.
	DP	And all these signatures on these accounts are all yours.
	DY	Yeah.
	DP	And there's one here that hasn't been signed at all, would you have completed that.

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Tape counter times	Person speaking	Text
	DY	Sorry, yeah I would have done.
	DP	And again, week 39 hasn't been signed.
	DY	That would be me.
		Mr Posnett shows Mr Yates the account for week 10, ending 5 th June 2002.
	DP	The signature looks different to the others.
	DY	Yeah, it's not my signature, no.
	DP	Whose signature is it.
	DY	Lindsey's.
	DP	Lindsey ...
	DY	Smale.
	DP	And why is her signature on that one.
	DY	I expect I was showing her because she wanted to know how to do it, how to do the cash account, so I was going through with her how to do it and she probably just signed it because it was there to be signed. I mean she didn't actually do the account, I did it. I was just going through the process with her how to do it.
	DP	So she didn't complete that account.
	DY	No, no.
	RF	Would she have been aware ... I mean we've got a cash figure for that week of £376,684.67.
	DY	No she wouldn't have known. She wouldn't have known, she wouldn't have looked.
	RF	So where did you used to keep these cash accounts.

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Tape counter times	Person speaking	Text
	DY	Just in the file.
	RF	None of the other staff used to look at them at all.
	DY	Not as far as I know, no.
	DP	There's another cash account here for week 9, ending 29 th May 2002. Whose signature is that.
	DY	Probably mine, but it doesn't look very good. Well it was around then I was showing her, so it might ... it's not her signature so I don't know, it's probably mine, it's not a very good signature is it. Yeah it was around then I was showing her.
	RF	When you used to get these error notices then, didn't you ever bring them to the attention of your staff.
	DY	Yeah sometimes I suppose.
	DP	Didn't you challenge the error notices in any way.
	DY	Sometimes, if I didn't think they were right, but at the end of the day if they keep coming back and saying they are right, what else could I do apart from put them through.
	RF	This cash account here, week 8, week ending 22 nd May 2002, is that your signature.
	DY	Yeah.
	RF	We've got a cash figure on hand of £362,879.22. Would that have been a true and accurate figure of cash on hand.
	DY	No.
	RF	So that would have been a false account then.

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Tape counter times	Person speaking	Text
4301	DY	Yeah.
	RF	And that would be the same if we go through the whole of this file.
	DY	Yeah, if you go through the whole lot it would be the same answer all the way through.
	DP	Right, just to confirm that the file starts at ... this file goes back to 1999, but there seem to be some missing, they don't seem to be in any great particular order. But it's pretty much the last 5 years yeah.
	DY	Yeah.
	DP	Anything else you want to say Dave.
4400	DY	No I don't think so.
		Mr Yates signs the tape seal 046861. Interview concluded at 12.54, Mr Posnett hands Mr Yates a form CS019 which explains what will happen to the tapes.