

Submissions on behalf of Mr. Carl Page
Initial Complaint Review and Mediation Scheme
Reference Number M118

1. Mr. Page was born on GRO Staffordshire. He attended Great Wyrley High School where he obtained O levels. He left school GRO and became an apprentice professional footballer at Walsall FC. He undertook various jobs, including working as a Production Manager for an industrial floor paints company.
2. Mr. Page began working as a sub postmaster in February 1997 with his then wife Deborah. They formed a business partnership called Rugeley Post Shop. They were equal partners, however as they had two children, Deborah did not always work office hours. Mr. Page had no relevant financial services or banking experience. He assumed the role of Postmaster, as he was the only one person who could fill this position. Mr. and Mrs. Page were given 2 weeks on the job training at Wolverhampton Post Office and, having bought the right to run Rugeley sub post office for £102,496, were thereafter expected to manage what was in effect a combination of a small bank, government office and shop in strict accordance with the Post Office's internal rule and regulations.
3. Training consisted primarily of computer training on a system known as ECCO. This was a branch computer system unique to the post office. This involved training on how to carry various transactions that would occur in a branch style office and included dealing with car tax, stamps, various licences, Royal Mail services etc.
4. Mr. and Mrs. Page decided to retain the services of the four existing members of staff for continuity purposes.

5. A Bureau-de-change was installed in 1998. Mr. and Mrs. Page received a grant from English Partnership and some personal financial input from the business. It involved having to set aside a separate room, which was to be used solely for Bureau de change. A man came from the Training Department of the Post Office, and provided information and instruction on the workings of the Bureau to Mr. and Mrs. Page and one other member of staff. This training lasted for about 3 hours. They were also given an operation's manual. The transactions within the bureau built up slowly, and were more popular in summer months and during Post Office promotions. They won an award in 2000 for increasing sale of foreign currency and received a certificate from Royal Mail which was hanging up in Rugeley Post Office.

6.

GRO

GRO

 The Post Office area manager, Jim Coney was informed of this development including the fact that partnership which owned and ran Rugeley Post Office no longer existed. Mr. Page informed him that he alone would now be running the administration side of the post office. The Post Office raised no concerns or issues with the new state of affairs nor did they enquire if Mr. Page was coping with the business working alone. Deborah had worked for Midland Bank since she left school and was much more adept at accounting matters than Mr. Page. When they worked as a partnership Deborah tended to deal with the accounting side of the business.

7. When Deborah left, Mr. Page relied on the existing staff. However, staff turnover was also an issue and within the first few years, three of the original four left and were replaced by new staff. Mr. Page did struggle when Deborah left and had to rely heavily on the staff, who from his point of view were all brilliant. After Deborah left, he began to receive correspondence from the Post Office which included irregularities found at audits, performance of Rugeley Post Office against the transaction Accuracy Monitoring Standard, the level of errors being noted, weakness noted with an emerging pattern of a

failure to cross sells and that excess cash was not dispatched [**TAB1**]. These include disciplinary notes of an interview held on 3 June 2002, copy of letter from Post Office to Mr. Page dated 28 June 2002, copies of warning letters from Post Office to Mr. Page dated 6 March 2001, 6 March 2002, 21 May 2002 and 7 August 2002 plus documents relating to the audits on 9 November 2001, 27 June 2002 and 14 January 2003. From these it can be clearly seen that the Post Office was on notice that continued and repeated accounting problems. Despite all of this, Mr. Page received no further training.

8. In the absence of any formal training, Mr. Page started to develop his own way of doing things particularly in relation to accounting. He had found that it was always very difficult to balance the bureau de change, which was required weekly. The reason he found this difficult was because the system required cheques to be sent off daily so when it came to the end of the week he didn't have the cheques to assist him with balancing the account. He decided it would be easier to keep the cheques until the end of the week so that they would be available for him reconcile the accounts.
9. He also started storing Bureau Euros as AM stock. He started doing this shortly after the Bureau de Change was installed in an office. The reason this practice developed was again to make accounting easier and to keep things easier to count up. The larger amounts were kept in the AM stock for ease of counting and left in the safes separate from the other currency.
10. Mr. Page perception was that his Area Manager was the boss. During his time at Rugeley Post Office, there were at least four Area Managers. They were the people who Mr. Page would deal with directly, and although he was aware of other managers he had no dealings with them. One such Area Manager was Steve Geraty. Mr. Page got on very well with Mr. Geraty, who had worked in the Post Office for many years. He encouraged Mr. and Mrs. Page to try new

ventures. He helped them to introduce the Bureau-de-change and National Lottery. Mr. Page would communicate with him as to what he could and could not do. During these discussions, the issue of exchange rates came up. He suggested that Mr. Page could sell currency at a level provided that everyone gained. He also told Mr. Page that he could provide favourable exchange rates for someone buying in bulk as long as they were less than the buyback rate. He encouraged the introduction of other franchises within the post office (without post office permission and contrary to the lease agreement) e.g. local paper and travel agent. He provided assistance on the retail side and on growing the business of the post office. Mr. and Mrs Page considered him a good friend to the business and relied very much on what he said.

11.1 The agreement with Mr. Geraty was a verbal agreement as was many other agreements with him. Mr. Page relied upon what Mr. Geraty and then other Area Managers told him. He was told that the selling rate should always be higher than the buyback rate so the POL would still make a profit. A daily sheet was faxed over from POL every morning with the rates. Mr. Page and others in the Post Office would use this as their guide. There was no real strategy as exactly what values to use – just that it should be higher than the buyback rate. He and others would follow this procedure, which by January 2013, had been going on many years. Mr. Geraty was on occasion in the Rugeley Post Office when GRO came in to purchase currency.

11.2 Mr. Page assumed that Mr. Geraty had cleared it with others at POL. Mr. Page would have no direct dealings with anyone other than his Area Managers. Furthermore, cash accounts were sent on daily/weekly bases to POL. This clearly showed the rate at which Rugeley Post Office were selling currency. As Mr. Page had agreement with Mr. Geraty and no-one from POL said

anything upon receipt of the documentation, Mr. Page believed that everything was content with the arrangement.

11.3 POL first reacted in January 2013 after **GRO** was arrested. Prior to that, despite providing the information every week for a number of years and having undergone various so called audits, no one ever said anything.

11.4 The issue of rates used was raised at trial. It was concluded then that it was or must have been a mistake. It must be remembered that Mr. Page was not the only person to input the rates. At his trial, it is believed that it was concluded that Mr. Page was away on holiday when some mistakes were made. The general rule of the rate being higher than the buyback was the norm.

11.5 There was no credit approval sought or obtained. All cheques provided by **GRO** would be presented to POL. No-one from POL raised any concerns with Mr. Page. Mr. Page had not considered that he might be at risk. The amount of currency purchased by **GRO** gradually increased. As it increased, obviously the payments got bigger too. As no problems occurred, Mr. Page perception that he was at any risk was dissipated by the previous course of business.

11.6 In addition, at the first trial, POL confirmed that they had a policy of telephoning any Post Office ordering a substantial quantity of foreign currency. The person that would make the call to ask some further questions was based at Hemel Hempstead. It was accepted that not a single telephone call was made to Rugeley Post Office despite it being one that sold a largest amount of foreign currency. Furthermore, at trial all the above issues were ventilated. After listening to all the evidence over two months, the jury unanimously found both Mr. Page and **GRO** not guilty of conspiracy to defraud POL. Mr. Geraty gave evidence for the Crown

11. Following the assurances from Mr. Geraty, Rugeley Post Office started offering Bureau de Change selling rates very slightly higher than recorded on the Post Office daily fax (dollars/euro's only), so that they could attract and keep more customers coming into the Post Office. This practice continued for many years and the details of the change in exchange rate was provided to the Post Office. They were on notice that the selling rate was slightly different from the rate on the daily sheet. With Mr. Geraty blessing, and the fact that the Post Office could see from the information provided what he was doing, Mr. Page did not consider what he was doing was wrong.
12. Mr. Page did not know of or had never spoken to GRO until he came into Rugeley Post Office. GRO came into the Post Office as a customer to purchase a large amount of Irish Punt. He asked whether he would get a more favourable rate if he ordered a significant amount of currency. Mr. Page told him that he would make enquiries and get back to him. He spoke Mr. Geraty who confirmed that Mr. Page could provide favourable rates as long as they were less than the buyback rate, which is the exchange rate the Post Office, sends the money to the bureau. Mr. Geraty did say that this could not be offered widely and should be restricted to preferred customers. This was sometime during 1999.
13. When GRO returned to the Post Office, Mr. Page told him he had authority to give him preferential rates. Therefore a system developed of selling bulk currency but always below the retail buy back rate. As well as believing he had authority to do so, Mr. Page believed, which is backed up by expert evidence, that the Post Office would still be making a profit. In his mind he believed that if he was able to sell a substantial amount of currency, then the Post Office would make an increased profit based on volume.

14. **GRO** started to come in regularly buying punt and purchasing Dutch guilders, both being offered at a preferential rate. When the European Union introduced the Euro, **GRO** started to purchase Euros instead. Initially, **GRO** purchased currency about once every two weeks. He then began to purchase it more regularly.
15. **GRO** paid for the currency normally by cheque and little more consideration was given to the matter. All the transactions were declared and the transaction details provided to the Post Office. There was no attempt to conceal matters. Furthermore, the large amounts of current had to be ordered from the Post Office and at no time did anyone say, why is Rugeley Post Office buying so much currency ? This went on for years. All of this, plus the fact that they had been audited a few time, gave Mr. Page no concerns that he was doing anything wrong.
16. **GRO** arrangement was known to all staff and Deborah, and they would all serve him, providing a preferential rate. He came to the Post Office on many occasions when Mr. Page was not present and everyone knew what the position was.
17. Mr. Page was arrested by appointment on 13 January 2003 by Staffordshire Police. It was initially as a result of a Custom and Exercise being alerted by the movement of large amounts of cash. Even though this had been happening for many years and had been clearly identifiable to the Post Office from the own records, they decided to become involved in the Police/Customs investigation. Mr. Page was offered a solicitor, but declined because he knew he had done nothing wrong and was keen to get the matter over and done with soon as he could. At that time, he thought that it must all be a misunderstanding. The officers interviewed him and he provided full responses to all questions asked. He provided details of his bank accounts, savings etc. He also provided his telephone numbers

including my mobile phone. The police later confirmed to Mr. Page that following their investigation, no further action would be taken [TAB2].

18. However, the Post Office continued with their investigation. Mr. Page was again interviewed under caution by the Post Office for over 6 hours. He co-operated fully with the investigation. He denied all allegations.
19. The Post Office commenced civil proceedings against Mr. Page. This included proceedings to freeze his assets at the High Court in London. Mr. Page lost the entire money he paid to acquire the right to operate Rugeley Post Office [TAB3]. However, as will be seen later, much worse was to come. The civil proceedings were never concluded.
20. In December 2003, the Post Office instigated criminal proceedings against Mr. Page and [GRO]. Mr. Page was charged with two offences; jointly with [GRO] of conspiracy to defraud the Post Office in relation to the purchase of foreign currency and alone with the theft of £282,000. A full set of the Prosecution Papers are available, should they be required. The charges were denied by both men.
21. In June 2005, following a 9 week trial, Mr. Page and [GRO] were found not guilty of the conspiracy charge. However, there was a hung jury in relation to the theft charge. The Post Office decided that Mr. Page should be retried in relation to the theft charge.
22. During the first trial, Mr. Page's defence team instructed a forensic accountant to consider all the papers. The charge of theft against Mr Page follows the conclusions of a Post Office audit on 14 January 2003 that a sum of £282,000 of foreign currency was missing from Rugeley Post Office. Mr. Liddell's reports are at TAB4. The Prosecution alleged that the £282,000 was a shortage in AM stock which had been built up over a period of time. They could not say what was taken or how it

was taken. The case was that The HORIZON snap-shot identified foreign currency with a sterling equivalent of £282,000 but during an audit on 14 January 2003, the auditors did not find any currency held in the 'AM' stock unit. The assertion was that the theft occurred over a period of time by inputting false figures onto the Horizon computer system. They produced a schedule illustrating how the difference of £282,000 was built up on a weekly basis. The schedule covers the period 7 March 2002 to 14 January 2003. Mr. Liddell identified the potential for timing differences to build up between the amounts of cash recorded on the Horizon and FM systems that form the basis for this schedule (please see paragraphs 6.26 – 6.43 of his report).

23. Mr. Liddell also investigated whether the £282,000 actually existed by comparing the number of Euros delivered to the Rugeley Post Office with the Euros sold per the COMM 10 print outs. He sought to establish whether a surplus of Euros had built up in the 'AM' stock in the manner alleged. He concluded that a surplus of Euros of approximately €456,840 (£282,000 converted at €1.62) could not physically have been built up in the 'AM' stock or elsewhere. All the Euros delivered to Rugeley Post Office were entered into FM and his analysis of sales shows that they match, or exceed, the deliveries. It is our submissions that these explanations were logical and demonstrated that there were equally viable explanations for the alleged discrepancy.

24. In the second trial by the Post Office, there was only one single charge; theft of £282,000. They again asserted that Mr. Page had stolen £282,000 from the Post Office. Again, and of huge significance, particularly given the findings of the police investigations, the Post Office could not say when the money was stolen, nor by what means, nor from what account or fund within the sub post office. Mr. Page's defence teams were incredulous that a prosecution would proceed on that basis. Essentially, the Prosecution case was "the Computer" says there is money missing so it must be theft.

25. In the first trial, the Prosecution's case was that the money had come from the foreign exchange till. Having thought about it, and having accepted the verdict of the jury, the Post Office now suggest that a separate amount which is nothing to do with AM Stock, but had been stolen by Mr. Page from somewhere else in the office but hidden by some means in the foreign exchange account using the Post Office's Horizon computer system. They appeared to accept Mr. Liddell's evidence, or at least part of it. However, all they did during the first trial was to question Mr. Liddell's independence. This was entirely unfair and a simply a prosecution tactic rather than dealing what he was actually saying.
26. In order to overcome the suggestion of independence (which was ridiculous in the first place) Mr. Page's defence team second time around decided to instruct another forensic expert accountant, Mr. Timothy Taylor. He produced his expert's report of April 2006 [TAB5]. He concluded that it was extremely unlikely that any money was concealed by hiding it by some means in the foreign exchange account using the Post Office's Horizon computer system because of what the Post Office itself found when it examined the accounts after the 14 and 21 of August 2002. The case was that the entire accounting system of the Post Office relied on the accurate inputting of information by the on-site staff who send the weekly returns off by post to various centres. Thus once an input error is made because of the way the system works there is a serious danger of it being carried forward forever. Although the indictment period ran from the 1 March 2002 the Post Office did not know whether the opening balances are correct and has no way of knowing what the real as opposed to the imputed figures are or should have been. It is a significant feature of the case that in the middle of the indictment period a Post Office audit team went into Rugeley closed the office and audited the entire operation. They concluded that the office was not well run but did not find evidence of theft or fraud.

27. Expert analysis by Mr Taylor supports the above analysis of the Post Office's accounting system. Without knowing how much ought to have been in the system at the beginning of the period it is simply not possible to say how much ought to have been in it at the end. When Mr. Page was arrested in January 2003 the police conducted an exhaustive enquiry into his finances. They were assisted in their task by the grant of freezing and information orders by the High Court. The police were satisfied that there was no evidence at all of high living or concealed assets. The Post Office did not and could not show that Mr. Page had had a penny of the money he had allegedly stolen.
28. Mr. Page was not dishonest but as the Post Office's own records show he was neither an efficient nor a competent post master. They also knew that for no apparent reason and from a standing start Rugeley sub post office, between January 2002 and January 2003, was the Country's leading sub post office bureaux de change. During that period it sold, to one man, over 14 million euros: then worth nearly £9 million. The Post Office, over the whole of the same period, failed to notice that anything out of the ordinary was happening or that it had made no profit at all out of these huge transactions. Against this background of incompetence and ineptitude it is not surprising that it was not the Post Office which alerted the authorities to worries about money laundering but a wholly independent bank. Ironically even that turned out to be wrong because as the police and the customs and excise satisfied themselves very early on there was no money laundering involved at all. The Post Office assumed that Mr. Page behaved dishonestly in relation to the foreign exchange and prosecuted him for it but the jury would have nothing of it and he was acquitted by them. The also linked that dishonestly to the Theft.
29. During the course of each year Mr. Page was responsible for performing some 7,500 transactions for the Post Office as well as those connected with the retail sales within the sub post office. In addition to an enormous volume of rules and regulations there would be

monthly initiatives and weekly mailings from the Post Office. Given the time which has elapsed since the offences are alleged to have taken place, the enormous volume of transactions over the period, the quantity of paperwork and the complexity of the regulatory framework in place Mr. Page is now at some disadvantage in attempting to answer the allegations made against him.

30. In summary the Post Office failed to train Mr. Page adequately or at all; failed to supervise him; failed to pay any attention to the huge quantities of foreign exchange which he was quite openly ordering; failed to notice that it was apparently making little profit out of those dealings and failed to pay any attention to its own error notices which showed that Mr. Page was not running the sub post office in the way in which its own rules and regulations required. Its own systems were confused, bureaucratic and confusing. The internal audit appeared to show that the Post Office itself did not think that anything significant was amiss. Not only was Mr. Page not dishonest but the Post Office's systems are such that the Post Office could not show how much money ought to have been in the various accounts at the beginning of the indictment period, could not show what money ought to have been in the accounts at the end, could not show when money was taken, could not show from what accounts and could not say how it was actually taken. Having failed to establish any of these crucial matters the Post Office should have accepted that there was not a scintilla of evidence that Mr. Page ever had a penny of the £282,000 that he was alleged to have stolen.
31. The Post Office in considering whether and on what basis they could properly go on with a trial had a duty under the Code for Crown Prosecutors to consider the state of the evidence and review the decision to go on with the prosecution in the light of matters as they stand at a particular time. The question was not simply whether it is in the public interest to prosecute a post master who is in a position of public trust and responsibility but whether, objectively, the evidence supports such a decision. Given the serious criticisms of systems such

that the Post Office could not say when or how the theft occurred and could not say whether any accounts relied on at the start of the period were correct so that they could not be satisfied as to the accuracy or fact of deficiency, it was the defence's position that the case that the decision to continue with the prosecution was itself a breach of the Code.

32. In truth, Prosecuting counsel recognised this. Just before the second trial commenced, he made an offer to the defence. The offer was to change that amount that was allegedly stolen from £282,000 to £94,000. It was known that if the alleged amount was less than £100,000 the likely custodial sentence would be 2 years or under. This offer was put to Mr. Page.
33. Mr. Page had been arrested in January 2003 it was now January 2006. He himself admits he had been beaten by it all. He was suffering from and be treated for depression. He had spent nearly three years living with the nightmare of criminal proceedings. He was a man of good character. He was facing another lengthy trial. He was advised that a two year sentence would mean that he would only serve one. He was further advised that he would be a candidate for open prison and would serve about half of the year living at home on a tag. He thought that pleading guilty would be the easiest way out. He therefore decided to plead to the charge based on an alleged theft of £94,000. He did so saying "I didn't do this, but I just want it to go away". By making such an offer, the prosecution made a mockery out of the entire justice system.
34. After his plea, Mr. Page spent about 3 weeks in prison before being moved to an open prison. He was released on tag after about six months. His second wife left him. He consequently lost his family home. It would not be unfair to say, Mr. Page lost everything as a result.

In addition to all of the above and in relation to the specific key questions from the Initial Case Overview, Mr. Page asserts the following:

What is the main issue or issue you wish us to consider that relate to Horizon or to its associated processes

35. Mr. Page would like you to consider the contents of Messrs Liddell and Taylor's reports. Mr. Page asserts that's a figure on a spread sheet does not equate to theft. To this day, he does not understand how any errors occurred. They most certainly were not inputted intentional. If the only explanation is human error and or inputting the wrong figures, based on lack of knowledge. It is clear from the experts' reports that the system itself was defective, not least as it relied on the skills of human beings. In this instance the Post Office were on notice that repeated inputting errors had occurred.

What Prior contact have you had with the Post Office in regard to the incidents/issues that you are now reporting ?

36. Mr. Page was subject to a disciplinary hearing, warning letters and audits [**TAB1**]. They were clearly aware that all was not well in terms of the number of errors being found. In the end, it was those errors that led to the allegation of theft.

How was the issue or issues resolved at the time they occurred ?

37. The Post Office sent Mr. Page letters outlining the problems, but in reality nothing further was done. There was at one time a suggestion that Mr. Page need further training, something which he accepted was necessary. Regardless, nothing materialised.

What is the monetary value of the issues of issues you are now reporting ?

38. It is not entirely clear what is meant by this question. The allegation was that Mr. Page stole £282,000. The Post Office changed this to £94,000 just before the second trial. They also changed how they said it was stolen between the first and second trial. The facts have been outlined above. However, Mr. Page's losses were also substantial. He lost his liberty and lost out personally, not to mention the financial loss. If this question is seeking to determine the loss to him personally and financially, the position at the moment is that there would have to be that an analysis to determine quantum and that this would take a significant period of time, well outside the scope of these submissions.

Were you the subject to either civil recovery action or criminal prosecution regarding the main issue or issues you are now reporting?

39. Yes, the full details are set out above. The civil proceedings did not appear to progress. In his termination letter, Mr. Page was granted three months to sell the Post Office. Potential purchasers were identified. The Post Office needed to agree that the purchaser would be a suitable person to fulfil the role of Postmaster. The then Area Manager, Mark Irwin, undermined any interest shown in the sale of the Post Office. Hand Morgan & Owen (Solicitors), who acted for Mr. Page in the civil matter, wrote to the Post Office about Mark Irwin's antics challenging his motives. The Post Office gave Mr. Page until 17 November 2003 to sell Rugeley Post Office. Hand Morgan & Owen were unhappy with this, as although they were giving this time, it was subject to the restriction that the Post Office must be satisfied and approve whoever was to become the new Postmaster. Hand Morgan & Owen considered this too restrictive and wrote to the Post Office in these terms. Mr. Page was advised to apply to the Court to prevent the lease being forfeited. But this was at a cost of £5,000. On 17 November Mr. Page agreed to sell the Post Office to Mr. & Mrs. Dhillon for £60,000. All parties were informed, including the Post Office. The sale was blocked by the Post Office on the basis that he had ceased to be the Postmaster. All the proceeds went to the Post Office. During the negotiations for the sale of the post office for

around £60,000, Mr. Dhillon confirmed that Mr. Mark Irvin had contacted him suggesting that he should delay the purchase of the post office, as he would be able to get it at a cheaper price at a later date. It later transpired that the Post Office was sold to Mrs. Dhillon for £25,000. The result of all of this was that Mr. Page lost his entire investment which was over £100,000. Furthermore, in order to finance the purchase in the first place he had to obtain loan, which he still paying off. It is clear that the conduct of the Post Office in this respect was not in line with what one might expect.

How were these actions against you (if any) resolved ?

40. Mr. Page pleaded guilty. His reasons for doing so are set out above. He regrets very much having done so, but felt that his barrister at the time was indicating that it was a good deal and a quick way of resolving matters. The civil case appears to have halted when the criminal case progressed. Mr. Page belief is that this has now ended from the perspective of the Post Office.

What is your explanation for the events forming the main issue or issues you are now reporting?

41. Mr. Page does not know what occurred. The experts have given their views. In the first trial the allegation was that the £282,000 was a shortage in AM stock which had been built up over a period of time. Mr. Liddell addressed this point. In the second trial, the Post Office said the theft had nothing to do with AM Stock, but had been stolen by Mr. Page from somewhere else in the office but hidden by some means in the foreign exchange account using the Post Office's Horizon computer system. If there were any errors in the figures, it is Mr. Page's position that these must have been due to erroneous inputting of figures by either him or members of the staff. Mr. Taylor has identified why these figures should not be relied upon in any event. Both Mr. Liddell and Mr. Taylor question the Post Office on whether the "audits" actually constituted an audit in the sense that data was not

verified back to source documentation nor critically examined before conclusions were drawn. Both concluded that it was more akin to a stock take at a particular time and that it was dangerous to draw the conclusions the Post Office had drawn from them.

Did you request assistance from the Post Office regarding the issues you are now reporting?

42. Following the disciplinary hearing, Mr. Page agreed that he would benefit from shadowing another Postmaster. The Post Office was to sort this out. For whatever reason, this did not happen. The Post Office clearly recognised that there were problems, given the number of errors they detected.

What assistance if any was provided?

43. No assistance was provided.

**Frisby & Co Solicitors
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