In the Stafford Crown Court
Sitting at DUDLEY TRIAL UNIT

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Witness Statement

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

POST OFFICE ®

Statement of Hugh Richard STACEY

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

This statement (consisting of 7 (seven) 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 23rd day of September 2003

Signature GRO

I am the Head of Travel Services for Post Office Ltd and have been performing this role for approximately 5 years, though have been employed by the Post Office for approximately 23 years.

Post Office Ltd first commenced offering foreign currency at our outlets in 1993 and I have been involved with this enterprise since it's inception. The project was started in partnership between the Post Office and a subsidiary of the Bank of Ireland called First Rate Currency Services (FRCS). Foreign exchange was started at our outlets in a trial at 20 sites in November 1993, a further 180 sites were brought online in April 1994 and a full National nationwide role out was carried out in April 1995 where 647 outlets offered a full 'On demand' currency service.

The Post Office has been in a contractual relationship with First Rate Currency Service between November 1993 and March 2002 to provide wholesale currency to Post Office Ltd. In March 2002, the Post office in Partnership with the Bank of Ireland formed a joint venture company to run foreign exchange within the Post Office network. From March 2002 until the present time, the joint venture company called First Rate Travel Services (FRTS) has provided wholesale currency to the Post Office network.
Under the contractual obligations upon formation of the joint venture in March 2002, all

Witness Statement

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

Continuation of statement of Hugh Richard STACEY

income generated from foreign exchange transactions are paid to the joint venture company which then pays a rebate to the Post Office from transactions carried out on it's behalf. Post Office Ltd also receives 50% of all dividends that are generated by the joint venture company.

Post Office Ltd has an agreement with the Federation of Subpostmasters to pay all postmasters the sum of £1.12 for every foreign exchange transaction conducted on behalf of Post Office Ltd. This figure is a flat sum that is paid for every transaction irrespective of the value of the transaction.

The Post Office has a number of contractual relationships with corporate customers who receive foreign currency on account. All these corporate customers receive the standard discount for any transaction that is over £ 5,000 in value. Some of these contractual relations involve a yearly rebate depending on the number and value of the transactions conducted. All of these contracts are managed centrally by the Head of Travel Services and his team, there is no authority process for anybody apart from the Head of Travel Services or an appointed member of his team to enter into a contract for the provision of foreign exchange for a corporate customer or an individual conducting a high value of transactions.

Since November 1993 a daily fax is sent to all participating on demand outlets, which provides them with the daily retail rates of exchange they are authorised to buy and sell currency at.

On a daily basis Post Office Ltd buys the currencies it needs to support it's networks from just one supplier, this historically was FRCS and is now FRTS. This currency is bought at the wholesale buy rate for that particular day; this wholesale buy rate has been contractually agreed between Post Office Ltd/FRTS at the rate the currency can

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Hugh Richard STACEY

be sourced from the wholesale currency market.

Upon receipt into the Post Office network all currency bought from FRCS/FRTS is converted from the wholesale buy rate to the Retail buy rate and the currency is always held at this rate within the network. This conversion from the wholesale buy rate to the retail buy rate involves the currency being devalued, on average this devaluation amounts to 6% of the currency's value. The reason the currency is devalued in this manner is to enable all foreign currency within Post Office Network to be held at the same universal rate, which is the lowest rate of its value. The consequence of this is that any subsequent revaluation of the currency shows that the monies are generated at outlets and not at the central distribution centre

This accounting regime has been agreed within Post Office finance executive as the best way to hold and record monies made from Bureau de Change transactions. It also has the compliance of the Bank of Ireland through its subsidiary FRCS/FRTS.

When currency is sold to a member of the public this is sold at the retail sell rate, which is provided to participating outlets on a daily basis through the fax sent. The difference between the rate, which the currency is being held and the rate at which it is sold to the public is known as the retail spread, this is a common term within the Bureau de Change industry and generates the revaluation figure at the outlet.

However the retail spread does not constitute the true income generated from the transaction as the currency has already been devalued by approximately 6% on its purchase from the wholesaler. The true income generated is the differential between the rate at which it was bought from the wholesaler and the rate it was sold to the customer, this is also the difference between the full retail spread and the initial devaluation.

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Hugh Richard STACEY

In order to demonstrate how this process works I have produced an illustration of the purchase and sale of £100 of currency as a conceptual example, which I now produce as item number **HRS/1.**

This illustration shows how the wholesale and retail margins operate and the differential between the wholesale and the retail spread.

In terms of the illustration if we were to buy £100 from FRCS/FRTS, Post Office Ltd would buy this for £101. Upon receipt into the Post Office Network (Cash Centre) the £101 would be converted in value to £95 which represents the retail buy rate, this devaluation looses the Post Office £6 in value which is held on its books at the central cash centre. If the currency being held in the Post Office outlet was subsequently sold to a customer this would be done at the retail sell rate, which on the illustration would be £103. In terms of the outlet the revaluation within their accounts should show the full difference between the retail buy and the retail sell rates, which in the example is £8. The true income earned from this transaction is the difference between the revaluation on sale and the initial devaluation, which is £8 minus £6 giving £2 income generated.

I first became aware of an irregularity at Rugeley Post Office on 16th January 2003 through a call I received from the Post Office Legal department asking for my advice on the freezing of bank accounts. As a result of this conversation I was made aware of an incident having taken place at Rugeley Post office involving the Bureau de Change product and was asked for my input as the Head of Travel Services. Since that initial contact, I have been involved with various analyses of Bureau de Change transactions conducted at this office and also implementing stricter controls and monitoring procedures. I also checked our central database of corporate customers to understand if Rugeley was an outlet conducting corporate transactions, I found this not to be the

Signature GRO y Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Hugh Richard STACEY

case. I also checked to see if RPX Recycled Plastics Ltd had any contractual relationship with the Post Office to conduct corporate transactions, this was also not the case.

When I was more aware of the scale of the income loss at Rugeley and the potential impact for Post Office Ltd, I needed to obtain accurate figures for each of the transactions which had taken place at Rugeley so I could ascertain the loss to Post Office Ltd and how much money I could recover from FRTS who had been paid income that in reality had never been generated. I liaised with the investigating officer, Mr M Patel who I understood was compiling a database of all transactions which took place at Rugeley, I was subsequently supplied a copy of this database (MP/3). Upon receipt of this database I conducted further analysis to understand exactly how much income had been paid to FRTS that had not actually been generated at the time of the transaction, through the application of an unauthorised exchange rate. On completion of this analysis, I ascertained that £241,194.62 had been paid in income to FRTS but had never been generated at the time the transactions had taken place. This money has now been repaid to Post Office Ltd by FRTS after agreement between the Managing Director of FRTS and the Chief Executive of Post Office Ltd.

I now produce a further illustration to show exactly how much money Post Office Ltd lost as a result of the transaction that took place at Rugeley MSPO on the 23rd of December 2002, which is identified as item number **HRS/2**.

Rugeley Post Office carried out a transaction selling 150,000 euros to a customer on the above date. Post Office Ltd would have paid £96,649.00 for this number of euros to FRTS based on a whole sale buy rate of 1.5520, upon receipt of this currency Post Office Ltd would have devalued it to the retail buy rate of the day, which on the day in question was 1.6485, this produces a value of £90,991.00.

Signature **GRO** Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Hugh Richard STACEY

This example shows the currency has been devalued by £5,658.00, upon receipt and before being sent to Rugeley Post Office. If the currency had been sold at the official retail sell rate of 1.5117 (over 5K rate), the currency would have been sold to the customer for £99,226.00. The office account should therefore have shown a positive revaluation of £8,235.00. If the original devaluation is deducted from this the true income earned by Post Office Ltd and paid to the joint venture was £8,235.00 minus the downright of £5,658.00, which equates to £2,577.00. From a inspection of the Forde Moneychanger till role and recorded on the database forwarded to myself, the actual exchange rate applied on that date when selling the currency to the customer was 1.65, which meant the customer was charged £90,909.00.

Instead of showing a positive revaluation of £8,235.00, the transaction would actually have generated a loss of £82.00 as it was sold at a worse rate of exchange than it was actually being held at. The true loss to the Post Office as a result of this transaction was £8,317.00. Of this sum Post Office Ltd will have recovered £2,577.00 from FRTS as income it would have paid based on the correct exchange rate having been applied.

After I was aware of the initial scale of losses at Rugeley, I also asked a report to be produced showing how much revaluation was being generated for each transaction so that I could compare what should have been earnt against what was actually being earnt , this report was essential to produce to understand if there were any other irregularities amongst the other 646 outlets within the Post Office network offering a full on demand service. This report produces a broad indication of the revaluation that should be earnt The ratio between a value of a sale and the revaluation shown at an outlet for that sale should be consistent throughout the network, although there will be slight variations that are caused by movements in exchange rates and the amount of stock held.

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Hugh Richard STACEY

A report has been generated specifically for Rugeley from week 1 (w/e 03.04.02) through to week 43 (w/e 22.01.03), which I now produce as item number **HRS/3**.

As shown on the illustration HRS/1, for a sale of £100 the revaluation shown should be £8 irrespective of where the transaction had taken place. This is represented as a percentage of the value. To be within acceptable boundaries the revaluation should always be between 7% and 12%.

On inspection of the report (HRS/3), I noticed that rather than being in the accepted boundaries of between 7 and 12 percent, the percentage revaluation recorded was between –1% and +2%. This produces further evidence that incorrect exchange rates were consistently applied at Rugeley MSPO causing significant losses to Post Office Ltd.

I also noticed from this report that in week 43 (w/e 22.01.03) that a revaluation ratio has been recorded of 10% that falls within acceptable boundaries, I have subsequently been informed that week 43 corresponded to a new Subpostmasters being in place at Rugeley MSPO.

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Statement of	Mr Raj KALSI	
Age if under 18	Over 18	(If over 18 insert 'over 18')

This statement (consisting of thirteen (13) 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 4th day of September 2003

Signature GRO

I am currently employed as a Product Support Manager by Post Office Ltd and have been so employed for approximately 8 years though have been employed by the Post Office for approximately 15 years. My Role is involves for Bureau de Change providing the content for the counter operations manual, providing operational expertise to Post Office Ltd (POL) for counter procedures. Providing the Post Office help line with expertise on any operational questions, problems or clarification on the counter operational requirements related to the Bureau product. Also to provide feedback onto any proposed changes to ensure that any counter operational processes are not affected and signing of any written instructions.

During 1995Post Office Ltd began providing foreign currency services over the counter and in 1998 a counter Operations Manual for Bureau de Change on demand was produced, the content of which was provided by myself. This original manual was updated in September 2002. I formally produce the Operations Manual as item number **RK/01**

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Raj Kalsi

There are four ways in which the public can obtain foreign currency from Post Office Ltd, they can either place an order at an outlet which provides a Bureau de Change service and then collect their ordered currency in 2 to 4 day time or they can go to one of the 'On Demand' Bureau de change outlets which have a stock of currency on hand and are therefore able to conduct transactions on the spot. Alternatively currency can be obtained via the internet or telesales at all branches.

The following procedures, which I have been asked to describe, are in relation to 'On Demand' outlets only.

Bureau de Change on demand service is available in selected Post Office branches. It is provided by Post Office Ltd in a joint partnership with First Rate Travel Services. The branches keep a stock of foreign currency and travellers' cheques, which they can sell to customers on demand commission free excluding Sterling travellers cheques. We also offer a purchase service, which makes it possible for customers to exchange their foreign currency for the sterling equivalent commission free. With the buy back of Sterling travellers cheques unless the customer has a Post Office receipt to prove purchase, commission will be charged.

Bureau de Change on demand branches are supplied with an electronic rateboard, a Forde Moneychanger and a streamline terminal for accepting debit/credit card payments.

Each Bureau de Change on demand outlet will have an electronic rateboard, which

Witness Statement

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

Continuation of statement of Raj Kalsi

shows both the Buy and Sell rates for selected currency and travellers' Cheques. The rateboard is connected to the Forde Moneychanger by a data cable and the rates shown are automatically updated with daily exchange rates when they are entered into the Forde Moneychanger. The electronic rateboard should be displayed in a prominent position and should not be switched off at any time, unless advised by the First Rate Travel services.

The Forde Moneychanger is a foreign exchange calculator that performs a variety of functions:

It calculates the value of Foreign currency in Sterling

When rates of exchange are entered, the electronic rateboard is updated automatically

It prints a customer receipt

It keeps a running check on stock levels

It provides information for full daily and weekly accounting.

A two-part tally roll is used in the Forde Moneychanger and records transactions, the top copy forming the customers receipt, whilst the under copy remains attached to the roll and is kept at the outlet as their records.

The Streamline terminal is provided by Streamline. The terminal will seek authorisation for debit and credit card transactions and send the transaction details to the processing centre without the need to despatch paperwork, unless an manual fallback procedure is followed if the terminal does not work.

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Raj Kalsi

First Rate Travel Services supply the currency sold at the Post Office outlets, which is transported to and stored at the Post Office's National Secure Stock Centre (NSSC) in Hemel Hempstead. Orders from the Post Office outlets are placed to the NSSC who then despatch the order, which is sent by Royal Mail Priority Services. In a similar way currency which is surplus to requirements at an outlet can be returned to the NSSC.

Each on demand outlet will be advised by fax, originating from First Rate Travel Services, of the exchange rates applicable each day, Saturday rates are advised on Friday afternoon. The exchange rate is determined by First Rate Travel Services and as a Joint Partner, Post Office Ltd are contractually obliged to adhere to the published rates.

Upon receipt of the fax the rates should be entered into the Forde Moneychanger before the outlet opens for business, if the rates are not received by 9am each day or Saturdays rates by 4pm Friday the branches are required to contact NSSC, the rates should be entered as soon as the information is received. Rates for Saturday, which will be received on Friday afternoon, should not be entered into the Forde Moneychanger until Saturday morning.

It should be noted that the rate sheet (Fax) shows exchange rates for transactions up to the value of £5,000. A special rate is available to customers who wish to purchase or sell currency with a sterling equivalent value of £5,000 or more. This is obtained by contacting First Rate Travel Services on the telephone number provided on the fax. As the rates applicable to Saturday transactions is sent to the outlets on Friday afternoon, this special rate of transactions of £5,000 or more in with regards to Euros and US dollars is published but at all other times First Rate Travel Services must be contacted to

Witness Statement

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

Continuation of statement of Raj Kalsi

determine the rate to be used for such transactions.

The method of inputting the new exchange rates into the Forde moneychanger are fully described in the Operations Manual at pages 9 to 11 of subsection 5, item number RK/01.

For those Post Office which offer an on demand Bureau de change service, a separate till to the usual counter tills must be used for all Bureau de change transactions to ensure the daily and weekly balances are correct.

On demand outlets should generally limit the stock of foreign currency held in the branch to approximately two weeks worth of sales, though there may be occasions, however, when there is a need to keep a level of currency in excess of two weeks supply; for example, when it is known that a customer is going to place a large order, or a promotional event may create an artificial demand.

To place an order the outlet is required to complete a Foreign Currency Order form P5056, I produce a blank version of this form as item number **RK/02**. The form should then be sent via fax to the NSSC, although telephone orders are now accepted. If for some reason an urgent order is required then the form P5056 should be sent via fax to a special emergency order number or the outlet can ring the Helpline service where their order will be taken over the telephone. All orders should be placed to the NSSC before 2pm so that next day delivery can be ensured.

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Raj Kalsi

Upon receipt of the currency from the NSSC, Hemel Hempstead, the currency should be carefully checked against the enclosed advice note, the advice note details the 'buy note' rates of the day when the order was placed and the sterling value of the remittance (REM).

All Post office outlets use a computerised system known as HORIZON to conduct transactions and perform the office accounting. In simple terms the system is fed information on the amount of cash and stock held in the office at the beginning of the week and is used throughout the week to conduct numerous transactions which entail giving out stock or cash and the receipt of cash or 'vouchers' all of which are fed into Horizon which keeps a running tally of what is 'coming in' and what is 'given out' throughout the week. At the end of the week the Horizon system will be able to tell the user what has been sold that week and what should be on hand in the office in terms of cash and stock. This forms the basis of the weekly verification of cash and stock on hand carried out by all Post Office outlets commonly referred to as the weekly office 'Balance'.

Post Office outlets operate in cash account weeks, the week commences on Thursday morning and finishes at the close of Business on the following Wednesday at which time the office balance is performed by the staff.

Having received and checked the foreign currency received from the NSSC, the total sterling equivalent indicated on the advice note at the 'buy note' rate should be entered into the HORIZON computer system. This effectively informs the system that you have just taken receipt of X amount of foreign currency and you have 'booked' it in.

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Raj Kalsi

Once that has been done, the individual currency types must be transferred into the Forde Moneychanger. Again using the advice note, each currency type is transferred into the Forde Moneychanger by entering the type of currency, the foreign face value and the 'buy notes' rate as shown on the advice note and then pressing 'Enter' at which time the equivalent Sterling value will be displayed and the Moneychanger will ask if you are sure and wish to proceed. The Sterling equivalent displayed on the moneychanger should be the same as the Sterling equivalent shown on the advice note, if they are different then an error has occurred and the process should be started again from the beginning. If it is correct then the next currency type can be entered into the Moneychanger until all have been input when the Moneychanger will print out the grand total in Sterling of the currency received, this should again match the figure shown on the advice note and that which was entered into the HORIZON system. The Moneychanger printout should then be attached to the Remittances In Slip and the advice note and kept in the branch for one (1) year.

The full procedure of receiving and transferring currency onto HORIZON and the Forde Moneychanger is described on pages 17 to 20, subsection 6 of the Operations Manual.

Having 'booked' the currency into the office both on the Horizon System and the Forde Moneychanger, it is now ready to be sold to the customers.

The sale of foreign currency and Travellers' Cheques can be paid for at the counter in a number of ways which I have listed below:

- Cash

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Raj Kalsi

- Cheques within guarantee card limit
- Bankers' Drafts & selected Building Society cheques
- Debit & credit card

These are the only methods of payment accepted.

With regards to payment made by the customer for the purchase of foreign currency by cheque other than a Building Society cheque, the following checks should be carried out by the Post Office staff.

- It has been completed in black ink (blue is acceptable but no other can be used)
- It is made payable to 'Post Office Ltd'
- It is crossed 'A/C Payee'
- It is in date (a cheque is valid for six months)
- It is not postdated (a cheque must not be accepted before the date shown on it)
- The amount is entered in words and figures, and that they agree
- That it is supported by a valid guarantee card
- That it is signed in your presence by the person whose signature appears on the card

It should also be remembered that the amount of the cheque must not exceed the guarantee limit on the card. There are no instructions issued to say that business

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Raj Kalsi

cheques can be accepted for Bureau de Change.

Upon receipt of the cheque the reverse of it should be datestamped using the Post Office datestamp and the words 'For Cur' (in the case of foreign currency) or 'For TC' (in the case of Travellers' Cheques) entered on the back of the cheque together with the cheque guarantee card number.

The methods of payment excluding Debit and credit card payments are detailed at pages 54 to 58, subsection 12 of the Operations Manual.

During the course of the week various sales and 'buy backs' are performed at the Post Office outlet, each being recorded by the Forde Moneychanger. Having initially 'fed' the moneychanger with the value of the currency we started with (including a breakdown of different currency types) and then entering details of transactions as they are performed, the Moneychanger keeps a running tally of what has been sold, what has been bought and therefore what you should have left in the Bureau till.

The Bureau de Change is subject to Daily and weekly accounting which requires interrogation of the Forde Moneychanger and the despatch of documentation and also the input of figures into the HORIZON system.

Daily accounting must be performed at the close of business each day in order to check that all of the transactions have been entered correctly on the Moneychanger and that you have the correct amounts of foreign currency left in stock. In order to do this you

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Raj Kalsi

would carry out a 'Command 3' procedure on the Moneychanger, which just entails pressing three (3), buttons on the Moneychanger.

- Press Command 3 (PRINT TOTALS)
- Press the '1' key (DAILY TOTALS)
- Press the 'all' key

The Moneychanger will print a report showing the transaction summaries for that day. It also indicates the 'Sterling till balance' this is the value of the Sterling cash and cheques on hand and should agree with what is physically in the Bureau till. Any surplus Sterling cash and any cheques should be transferred out of the Bureau de Change till, the Cash being Remitted out to the Cash Centre and the cheques forwarded daily together with other cheques taken at the counter to the cheque processing centre.

The Command 3 printout will also show the total amount of each foreign currency held and this should be checked with what is physically held in the Bureau till to make sure it agrees. If it agrees then the Daily totals can be cleared from the Moneychanger and the Command 3 printout stored in the Bureau till until the end of the cash account week when it should be filed with the weekly tally rolls.

The procedure required for performing the daily accounting on the Moneychanger is shown at pages 81 to 83, subsection 14 of the Operations manual. I produce an example of a Command 3 printout as item number **RK/03**

There are further daily accounting procedures which must be performed however these

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Raj Kalsi

relate to debit and credit card transactions and the sale and purchase of Travellers' cheques.

At the end of a cash account week, which for the Post Office is at the close of business on a Wednesday, a weekly account of the Bureau de Change till must be performed together with the despatch of various related documentation.

In order to carry out the weekly accounting, firstly the daily Command 3 printout should be obtained and the daily balance performed as mentioned earlier. When the daily balance has been completed, a Command 10 printout is required from the Moneychanger, which just entails pressing the buttons, Command and then 10, on the Moneychanger. The Moneychanger will print the Command 10 'weekly report'.
I produce an example of a Command 10 weekly summary as item number **RK/04**

This report shows a number of figures relating to different things.

Firstly at the top of the printout it will show the Cash Account week number and the date and time the printout was actually produced and the session number of this printout. It will also identify the Post Office outlet concerned with the unique 7 digit code shown underneath the date.

Underneath this there will be a figure shown against 'CASH HELD', this is given in Sterling and is the value of all of the currencies that are physically held in the office at the time of producing the command 10 print out. Underneath this figure is a figure

Witness Statement

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

Continuation of statement of Raj Kalsi

shown against 'REVALUE' relating to the revaluation total. My basic understanding of the revaluation figure is the profit or loss made by the buying and selling of currencies at different exchange rates and the fluctuations of the exchange rates during that week.

The report goes onto show a breakdown of actual currencies held which again should agree with what is physically in the Bureau till. Towards the bottom of the Command 10 print out are some Sub Totals, which show figures against '**BN**' (bought notes) and '**SN**' (sell notes). These figures show the total number of transactions and the total value in Sterling of currency bought and sold during that Cash Account week.

Certain information from this Command 10 printout must be transferred onto other accounting documentation and sent to the relevant section within the Post Office or figures input into the Horizon system or indeed both.

There is a Post Office accounting form called a Bureau de Change Commission and Revaluation Summary, form P4833, which must be completed weekly and despatched to the accounting section in Chesterfield. This form requires the completion of two totals as well as office details etc. The two totals are those shown for the Revaluation (REVALUE) figure and the Commission (COMM) figure on the Command 10 summary. Both figures should be entered onto form P4833 in their relevant boxes making sure that the Revaluation figure is entered into the correct box, either Negative or Positive, this again is indicated on the Command 10 printout. Once complete this form together with the Command 10 printout should be forwarded to Chesterfield.

I produce a sample of the Revaluation Summary form P4833 as item number **RK/05**

Signature **GRO** Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Raj Kalsi

As well as completing the above mentioned documentation with regards to the Revaluation and Commission figures, both of these values must also be input into the HORIZON computer system, also the Sterling value of foreign currency on hand as shown at the top of the Command 10 printout must also be input into the HORIZON system. These figures are input into HORIZON in order to take into account Bureau de Change transactions as the Forde Moneychanger is not linked to Horizon and transactions are performed as a 'stand alone' machine, however, when the required information is fed into HORIZON it allows the office to include those figures in the Office's weekly Balance.

The under copy of both the Command 10 printout and form P4833 should be retained safely at the Post Office, whilst the top copies having been completed correctly and datestamped sent away.

The process for obtaining a Command 10 printout and the completion and despatch of form P4833 is fully described at pages 100 to 104, Subsection 15 of the Operations Manual.

The process for inputting the required figures from the Command 10 printout into the HORIZON computer system are fully described at pages 107 to 110, Subsection 15 of the Operations Manual.

Signature GRO Signature witnessed by M Patel

Witness Statement

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

POST OFFICE ®

Statement of	Mr Raj KALSI	
Age if under 18	Over 18	(If over 18 insert 'over 18')

This statement (consisting of four (4) 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 23rd day of September 2003

Signature GRO

Further to my previous statement of 4th September 2003, I wish to add the following.

In the first paragraph, 3rd line down of my previous statement, the sentence reads as follows "My Role is involves for Bureau de Change providing the content for the counter operations manual", this should have read **My Role for Bureau de Change involves providing the content for the Counter Operations Manual.**

Furthermore in the earlier statement I made reference to and produced the Bureau de Change Operations Manual, September 2002 as item number **RK/01**, this manual replaced the original Bureau de Change Counter Operations Manual, which was produced in January 1998. I retained an old copy of this manual, which I have now handed to Mr Patel of the Investigation section and I now produce as item number **RK/01A**.

I would be responsible for compiling a list of all on demand offices which would be used to distribute the Bureau de Change Counter Operations Manual and therefore all outlets offering this service would have received a copy of the manual (RK/01A). Upon

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Raj Kalsi

issue of the updated Operations Manual RK/01, the outlets would have been informed to destroy the old manuals.

The basics of the two Operations Manuals are the same, the main similarities and differences are listed below:-

- The original version (RK/01A) was written before the Post Office installed it's computerised accounting system know as HORIZON, Horizon began to be installed in Post Office outlets during 1999. Prior to this system Post Office outlets used a computer system know as ECCO + or Capture and prior to these two systems a manual Cash Book and therefore version 2 (RK/01) was written with the Horizon system in mind.

- With the original version (RK/01A), the equipment used for the Bureau transactions was the same except that originally there was no streamline terminal, which is used to authorise debit and credit card transactions. Originally only credit cards payments were accepted and these were manually transacted using the old fashioned method of making an imprint of the credit card. With the newer version (RK/01), both credit and debit cards could be used with the streamline equipment.

- The method of receiving a fax from First Rate Travel Services (FRTS) every day and inputting of the rates into the Forde Moneychanger remains virtually the same.

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Raj Kalsi

- With version 1, the value of a transaction which qualified for a preferential rate was set at £2,000 or more (Sterling value) whereas in version 2, this value increased to £5,000 or more (Sterling value), however, both required contact to be made to FRTS who would provide the preferential rate for such transactions.

- Method of payment via cash and cheques remained identical in both versions.

- In version 1, commission used to be charged on currency transactions, however by version number 2 the Bureau de Change service was commission free.

- The transfer in and out of currencies on the Forde Moneychanger remain identical as does the process involved in ordering currency from Hemel Hempstead.

- The daily balancing involving the printout of the Command 3 summary remain identical, though the command summary produced at that time contained additional data that was not used.

- The weekly balance is slightly different in that in version 1 you initially begin with printing out a Command 3 summary for all transactions by country, this will provide a list of all currencies held and the value held and is used to physically check against what is in the Bureau till. When this has been checked a Command 7 entry is made to clear all the totals, you are then required to press

Signature R Kalsi Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Raj Kalsi

Command 8, which will provide a printout listing all of the Revaluation figures for each different currency with a summary at the bottom.

- With Version 2 the initial action of obtaining a Command 3 printout remains the same however only a Command 10 summary thereafter was required which displayed the same information as the Command 8 mentioned above.

- The reporting of the Commission and Revaluation figures using form P4833 remains the same, though in version 1 the forms were sent to Hemel Hempstead and in version 2 they were sent to Chesterfield.

- There was still a requirement to enter figures in relation to the Sterling equivalent of currency held at the end of the cash account week, the revaluation figure, commission figure etc onto the office cash account, in version 2 by entering those figures into the Horizon system, in version one by using the ECCO+ system or Capture system or the manual cash account book.

- Finally version 2 takes into account advances in technology and devotes sections in the Manual with regards to Foreign currency orders placed via the internet or through telesales, these services were not available when version 1 of the manual was produced.

Signature GRO Signature witnessed by M Patel

Witness Statement

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

Statement of	Mr Laurence George Hutchins	
Age if under 18	Over 18	(If over 18 insert 'over 18')

This statement (consisting of seven (7) 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 March 2003

Signature GRO

I am employed by Cash Handling and Distribution (CHaD), a part of the Royal Mail Group, as the Foreign Currency Manager and have been so employed for approximately 3 years, though I have been employed with the Post Office for 23 years. I am based at the Cash Handling & Distribution centre located in Hemel Hempstead, HP2 4SF, this particular centre deals with the storage and distribution of 'stock' and foreign currency to Post Office Ltd. outlets nationally. The word 'stock' encompasses a wide variety of items such as postage stamps, phone cards, postal orders etc which are sold throughout the Post Office outlets.

Post Office Ltd. have a partnership with a company called First Rate which is a part of the Bank of Ireland to supply Foreign currency to be sold through Post Office outlets. My role at the centre is the inventory manager for foreign currency which entails the requisition of foreign currency from First Rate to ensure it meets the demands of the Post Office outlets. The foreign currency is collected by secure means via the Cash in transit (CIT) Network of CHaD from Shepperton, London and brought to the centre here in Hemel Hempstead for storage and distribution. I try and maintain no more than two (2) working days worth of funds on site though this may fluctuate with

Signature L Hutchins Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Laurence George Hutchins

seasonal variations. During the busy holiday season I may well be ordering between 6 to 6.5 million pounds worth of foreign currency on a daily basis, this will drop to about 2 to 2.5 million during the winter period.

Part of the Foreign currency which we deal in, is the Euro and in fact accounts for about 80 % of all the currency traffic.

To place an order with First Rate, I assess the foreign currency requirements taking into account orders placed by Post Offices throughout the country and fax an order through directly to First Rate who have it ready for collection by CIT the following evening. The foreign currency is then transported to this centre where it is secured in a vault overnight and 'booked' in the following morning.

First Rate determine the exchange rates for both buying and selling of foreign currency. When I place an order from the cash centre to replenish my stock, I am sold currency by First Rate at a wholesale exchange rate. This is the exchange rate I will use to book in the various types of Foreign currency, this therefore will provide me with a sterling value for that currency. The amount in volume, the wholesale exchange rate and the sterling value of each currency is listed on the advice notice I receive with the delivery from First Rate and this is then verified and the figures entered onto a computerised database.

For a Post Office outlet to order foreign currency from this centre, there are three methods they can use, however, all three require the completion of a form P5056 known as a requisition form, I now produce a blank version of this form for reference as item number LGH/01 . The first method requires the completion of the P5056 form by the

Witness Statement

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

Continuation of statement of Laurence George Hutchins

Post Office outlet requesting the order, which is then forwarded to the centre by post. The second method is for the form to be faxed to the centre using the fax number provided on the form and the final method is for the Post Office outlet to contact this centre via telephone (help line) and place a telephone order, the staff member taking such a call would complete the P5056 form whilst speaking to the outlet. In general, the most common practice, which is used for placing these orders, is via fax.

Upon receipt of the completed P5056 form a staff member enters the details into a computer which is then used by the warehouse section to make up the specific order and then placed in to plastic pouches and sealed. At the same time the computer generates a foreign currency advice note which lists the various types of currency which has been ordered, it will show the amount in volume of each currency, the exchange rate which they have ordered the currency from us, the sterling equivalent and a break down of the various denominations for each currency type and this advice note is placed within the pouch, I now produce a sample of this form showing an order which is being prepared for an office today as item number **LGH/02**.

The plastic pouches are sent to the offices using Royal Mail's priority services facility which guarantees a next day delivery and each pouch is insured up to the value of £ 2,500 sterling, hence no more than £ 2,500 worth of foreign currency is placed into each pouch. If an office orders thousands of pounds worth or currency, then they will receive several pouches for that one order.

The exchange rate used for the preparation of the order is again one that has been supplied to us by First Rate. On a daily basis at around about 0800 hours each morning, this centre as well as all Post Office outlets nationally who perform Bureau de Change

Signature L Hutchins Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Laurence George Hutchins

transactions receive a fax from First Rate which provides the buy and sell rates of the various foreign currencies for that day.

Although initially the currency received from First Rate is entered onto the computer at the wholesale exchange rate, this currency is then re-valued using the 'buy' currency rate figure as specified on the daily fax from First Rate, this figure would always be higher than the wholesale rate. When the currency is despatched (transferred) to the Post Office outlet, which may not be for a day or two after having received the currency from First Rate, the advice note will indicate the 'buy' currency rate for that particular day as indicated on the daily fax. Upon receipt by the Post Office outlet, the currency should be 'booked' in and held at the buy rate as indicated on the accompanying advice note.

In order to 'book in' the currency at the Post Office outlet, the amount in volume and exchange rate given on the advice note is required to be physically input into the Forde Money Changer equipment that each outlet uses for Bureau de Change transactions, this has to be done for each currency type received in the delivery and the figures including the sterling equivalent should match the advice note. The advice note is then just retained by the outlet for their records.

The Post Office would then sell (to the customer) the currency at the exchange rate given on the fax that day, if the transaction took place on the same day as delivery, or use the exchange rate supplied by First Rate according to the day the transaction took place.

To demonstrate what I have said above, I have shown an example below: -

Signature L Hutchins Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Laurence George Hutchins

I buy 1600 Euros from First Rate on Monday at a wholesale rate given to me by First Rate as 1.6.

I book this into our computerised system as 1600 Euros at 1.6 giving a sterling equivalent of £ 1000.

The daily Fax from First Rate for Monday indicates a 'buy' rate for Euros of 1.7, therefore I now re-value those Euros using the exchange rate of 1.7 which in this case means my 1600 Euros are now worth approximately £940.00.

The 1600 Euros are then despatched to a Post Office outlet with an advice note indicating that the 1600 Euros should be booked in at a rate of 1.7 giving a sterling equivalent of £940.00.

The sell Euro rate for that day as indicated on the First Rate fax shows 1.5, therefore if the Post Office outlet sold the 1600 Euros that day they would sell to the customer at a rate of 1.5 which would mean that the Post Office would receive from the customer approximately £ 1,060.00.

Therefore overall the Post Office (Cash centre) paid First Rate £1000 for those Euros and the Post Office outlet sold them and received £ 1,060 for them, leaving the Post Office with a profit of £ 60 on that one transaction.

There is no requirement from the Post Office outlets to feedback any figures or paperwork to this centre in relation to Foreign currency transactions. There is also no

Signature L Hutchins Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Laurence George Hutchins

real limit to the amount of currency an outlet can request from this centre, however, an exceptionally large order which had been placed via the telephone (help line) would normally be referred to me and I would raise it with Mr R Kalsi who would make contact with the money laundering section of Post Office Ltd. and seek advice.

If the order is received via fax, the onus for reporting exceptionally large orders is left to the input clerk and therefore it is not always upwardly reported.

During the early part of December 2002, I cannot now recall specifically the day concerned, I was performing an exercise to establish the Post Office outlets which ordered large volumes of foreign currency with a view to setting up deliveries via the CIT network as opposed to being sent via Royal Mail priority services. These offices normally order for corporate customers and are therefore generally known or have high sales, however, when I looked at some of the figures, a Post Office in Rugeley bearing the FAD code 264242 (a unique six digit number allocated to each Post Office) showed very large volumes of Bureau de Change currency transferred to it, I was not aware that this office had any corporate customers, so I decided to contact the Manager at the office.

Initially when I got through to the office, I spoke to a female person whose name I cannot recollect and asked to speak to the Manager but was informed that he was out at lunch and therefore I left my details with her with the instruction for him to call me back. Later that same day, a gentleman who introduced himself as Mr Carl Page, Manager of Rugeley Post Office did call me back. I then asked Mr Page that I had noticed a large amount of currency being sent to the office and asked him if it was a mistake on his part or on our part, to which Mr Page stated that it was not a mistake as

Signature L Hutchins Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Laurence George Hutchins

he was ordering it for a corporate customer. I asked who the corporate customer was to which Mr Page stated it's not an official corporate customer set up by the Post Office but one he had set up locally. Mr Page, without any prompt from me, then went onto say, not to worry as he was following money laundering regulations. Mr Page then stated that he would contact me again soon as he wanted to discuss getting one standard weekly delivery via the CIT network rather than the 30 – 40 pouches he currently received daily. We then ended the conversation, however, I still felt somewhat uneasy about this situation and after a day or two I raised this with the National Secure Stock Centre (NSSC) manager and then ultimately with the money laundering section of Post Office Ltd. When I was speaking to Mr Page in December 2002, I did scribble some notes on a piece of paper which I have retained, I now produce this as item number **LGH/03**. There is some additional writing on this piece of paper, towards the bottom left hand side which were notes I made on a subsequent date whilst speaking to one of the investigators.

Subsequently in early January 2003, my section received a request from Mr M Patel of the Investigation section to supply him with details of all the Euros despatched to Rugeley MSPO over the last year. This information was subsequently obtained from our computerised records and a schedule was printed off and forwarded to Mr Patel. I now produce this schedule as item number **LGH/04**, the schedule commences on Wednesday 16th January 2002 and concludes on Monday 13th January 2003, during this time Rugeley Post office had delivered to it **15,752,005** Euros which equate to a sterling value of **£ 9,557,993.49**.

Signature L Hutchins Signature witnessed by M Patel

Witness Statement

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

POST OFFICE ®

Statement of Mr Laurence George Hutchins

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

This statement (consisting of One (1) 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 30th day of September 2003

Signature L Hutchins

Further to my statement of 11th March 2003, I wish to make the following amendment.

I produced a schedule identified as item number **LGH/04** that I stated showed the amount in volume and value of Euros despatched to Rugeley Post Office. The last column which indicates the volume of Euros is correct, however, the column headed Sterling which shows the sterling value, relates to the sterling value of the entire order despatched that day, which may on occasions have included other currencies, though the majority of this value would be attributable to the Euros.

Therefore when I have stated that from 16th January 2002 to 13th January 2003, **15,752,005** Euros equating to a sterling value of **£ 9,557,993.49** was delivered to Rugeley MSPO, the volume of Euros is correct, however this does not equate to £9,557.993.49 in Sterling as this figure includes all the other currency, which would have also been despatched to the office.

Also the date shown on the schedule is the expected date of delivery and may not match exactly with when the delivery was actually affected.

Signature L Hutchins Signature witnessed by T Bedwell

Witness Statement

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

POST OFFICE ®

Statement of Mr Laurence George Hutchins

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

This statement (consisting of two (2) 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 23rd day of February 2004

Signature L Hutchins

Further to my statement of 30th September 2003, I received a request from Mr M Patel of the Post Office Investigation section to extract from our archived records, all of the wholesale exchange rates in relation to Euros purchased from First Rate Travel Services throughout the period from 1st March 2002 to 31st January 2003.

The wholesale rates were extracted from our weekly cash accounts through copy and paste.

Having extracted the relevant wholesale exchange rates, I input them onto a computer spreadsheet in Post Office week number order, starting at week 50 (week ending 06.03.02) through to week 44 (w/e 29.01.03) of the next financial year. I now produce this schedule as item number **LGH/05**.

The missing values are due to the following bank holiday's:

1. Easter w/e 03.04.02
2. May Day w/e 08.05.02
3. Queens Golden Jubilee w/e 05.06.02

Signature L Hutchins Signature witnessed by G Bernard

CS011 (Side A) 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 Laurence George Hutchins

4. August Bank Holiday w/e 28.08.02
5. Christmas Eve and Christmas Day w/e 25.12.02
6. Boxing Day, New Years Eve and New Years Day w/e 01.01.03

We did not receive a supply of euro on the 10.01.03 hence the invoice from First Rate Travel Services would not have contained the euro rate.

Signature L Hutchins Signature witnessed by G Bernard

STATEMENT OF WITNESS

Statement of ***(full name of witness)*** STEPHEN WILLIAM COTTIER

Age of witness ***(if over 18 enter "over 18")*** over 18

Occupation of witness Officer of Customs and Excise

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.

[*(Full name of witness)*..
being unable to read the above statement, I, *(name of officer reading the statement)*
...
of *(address)*..
read it to him/her before he/she signed it.]*

I am the case officer in charge of an investigation by H.M.Customs and Excise into the currency exchange activities of GRO on suspicion of money laundering. This investigation took place as a result of financial disclosures made to the National Criminal Intelligence Service by Messrs. Thomas Cook with whom GRO had exchanged large quantities of Euro notes into pounds sterling. These disclosures were initially forwarded by the National Criminal Intelligence Service to the Financial Investigation Team of H.M.Customs and Excise, Law Enforcement Investigation, based at Custom House in London. The investigation into the suspected money laundering activities of GRO was then undertaken by the Financial Investigation Team based

Dated the 1st day of October 2004

Signed (*signature of witness*)......*S W Cottier*..

[Signed (*signature of officer reading the statement*)...................................]*

***DELETE WHERE NOT APPLICABLE**

C&E 681A

STATEMENT OF WITNESS: ENGLAND AND WALES ONLY

PT (April 2001)

STATEMENT OF WITNESS

STATEMENT OF ***(full name of witness)*** STEPHEN WILLIAM COTTIER

Continuation Page No: one

at H.M.Customs and Excise Law Enforcement Investigation, in Birmingham. This investigation culminated in the arrest of GRO on 13th January 2003 at the Fort Shopping Centre in Birmingham where he was found to be in possession of €582,000.

Signed ***(signature of witness)***...

STATEMENT OF WITNESS

STATEMENT OF *(full name of witness)*: **Jonathan Michael Bird**

Age of witness (if *over 18 enter 'over 18'*): *DOB;25/2/67*

Occupation of witness: Officer of Customs and Excise

This statement, (consisting of 1 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.

[(Full name of witness) ....

being unable to read the above statement, I, *(name of officer reading the statement)*

....

of (address) ....

read ~~it to~~ him/her before he/she signed it.]*

On 13th January 2003 I was on duty in the vicinity of Rugley town centre. At 0718 I observed vehicle registration GRO parked outside a One Stop Store in the centre of Rugley. GRO GRO

Dated the 15th day of July 2003

Signed *(signature of witness)*: GRO

Signed (*signature of officer reading the statement*):

*DELETE WHERE NOT APPLICABLE

STATEMENT OF WITNESS: ENGLAND AND WALES ONLY

PT (April 2001)

C&E 681

STATEMENT OF WITNESS

Statement of *(full name of witness)* *David Norman Stone*

Age of witness *(if over 18 enter "over 18")* *Over 18 (DOB: 28/03/53)*

Occupation of witness *Officer of HM Customs and Excise*

This statement, [consisting of 1 page 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.

~~[*(Full name of witness)*..~~

~~being unable to read the above statement, I, *(name of officer reading the statement)*~~

~~..~~

~~of *(address)*..~~

~~read it to him/her before he/she signed it.]*~~

At 07.18 hrs on 13th January 2003 I saw a silver 7 series BMW motor vehicle registration number GRO *parked outside Rugeley Post Office , Anson Street , Rugeley , Staffordshire .*

At 07.47 hrs on 13th January 2003 I saw the person I know as GRO *standing at the open boot of vehicle registration number* GRO

GRO

Dated the 25th day of July 2003 GRO

Signed (*signature of witness*)..

~~[Signed (*signature of officer reading the statement*)......................................]*~~

*DELETE WHERE NOT APPLICABLE

STATEMENT OF WITNESS: ENGLAND AND WALES ONLY

E 681A

PT (April 2001)

STATEMENT OF WITNESS

STATEMENT OF *(full name of witness)*: **Philip George Hunt**

Age of witness (if *over 18 enter 'over 18'*): *Over 18*

Occupation of witness: Customs Officer

This statement, (consisting of 2 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.

[*(Full name of witness)* ....

being unable to read the above statement, I, *(name of officer reading the statement)*

....

of (address) ....

read it to him/her before he/she signed it.]*

On the 13th January 2003 I was on duty with other officers of Customs & Excise in the vicinity of the Holiday Hypermaket, Birmingham. At 0950 hours I arrested Brendan Horton on suspicion of GRO GRO I then cautioned him. He made no reply. Mr K.Gilligan, Ms A.Hudson, Officers, and I then transported Mr Horton to STECHFORD Police Station where he was placed into Police Custody. PGH.

I then, together with Ms Hudson, interviewed GRO on two occasions. These interviews were tape recorded. The first commenced at 1702 hours and concluded at 1736 hours. I now produce the tape recording of this interview labelled exhibit HUNT T1. I now produce the transcript of this interview labelled exhibit HUNT TT1. The second commenced at 1751 hours and concluded at 1834 hours. I now produce the tape recording of this interview labelled exhibit HUNT T2. I now produce the transcript of this interview labelled exhibit HUNT TT2.

Dated the ~~22nd~~ 1st PGH day of ~~April~~ September PGH 2003

Signed *(signature of witness)*: GRO

Signed (*signature of officer reading the statement*):

*DELETE WHERE NOT APPLICABLE

STATEMENT OF WITNESS: ENGLAND AND WALES ONLY

PT (April 2001)

C&E 681

WITNESS STATEMENT

Statement of (full names) Philip George Hunt

Age of Witness (date of birth) Over 21

Occupation of Witness Officer of Customs and Excise

This statement, consisting of one page 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 16th day of February 2004

GRO

(Signature)..

Further to my statement of the 1st September 2003.

Whilst at the custody suite at Stechford on 13/01/03 I took an HSBC paying-in book from GRO This book contained 18 Post Office receipts. Each receipt detailed a sale of Euros by the Post Office. I now produce this HSBC paying-in book and 18 receipts labelled exhibit HUNT A.

In due course I passed exhibit HUNT A to DC4372 Pine.

GRO

(Signature of witness)..

Statement taken by (in BLOCK LETTERS)

40

C & E 681A

1

STATEMENT OF WITNESS

STATEMENT OF *(full name of witness)*: **Anna Louise Hudson**

Age of witness (if *over 18 enter 'over 18'*): *Over 18*

Occupation of witness: Customs Officer

This statement, (consisting of 1 page 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.

[(Full name of witness) ....

being unable to read the above statement, I, *(name of officer reading the statement)*

....

of (address) ....

read it to him/her before he/she signed it.]*

On the 13th January 2003 I was on duty with other officers of Customs & Excise in the vicinity of the Holiday Hypermaket, Birmingham. At 0950 hours Mr P.Hunt arrested Brendan Horton on suspicion of GRO GRO He then cautioned him. He made no reply. Mr K.Gilligan, Mr P.Hunt, Officers, and I then transported Mr Horton to Police Station where he was placed into Police Custody.

Mr Hunt, together with myself, interviewed GRO on two occasions. These interviews were tape recorded. The first commenced at 1702 hours and concluded at 1736 hours. The second commenced at 1751 hours and concluded at 1834 hours.

Dated the 19th day of June 2003

Signed *(signature of witness)*:. GRO

Signed (*signature of officer reading the statement*):

*DELETE WHERE NOT APPLICABLE

STATEMENT OF WITNESS: ENGLAND AND WALES ONLY

PT (April 2001)

STATEMENT OF WITNESS

STATEMENT OF *(full name of witness)*: PETER MICHAEL JONES

Age of witness (if *over 18 enter 'over 18'*): OVER 18

Occupation of witness: OFFICER OF CUSTOMS AND EXCISE

This statement, (consisting of 1 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.

[(Full name of witness) ....

being unable to read the above statement, I, *(name of officer reading the statement)*

....

of (address) ....

read it to him/her before he/she signed it.]*

On the 13th January 2003, I was on duty with other officers of Customs and Excise in the vicinity of Fort Dunlop Shopping Centre near Birmingham. At 0950 hours, I arrested GRO on suspicion of laundering the proceeds of criminal conduct and cautioned him. I then escorted him to Stechford Police Station where at 1100 hours I seized one large black holdall with brown piping that GRO said contained 582,000 Euros.

Dated the 21st day of July 2003

Signed *(signature of witness)*: GRO

Signed (*signature of officer reading the statement*):

*DELETE WHERE NOT APPLICABLE

STATEMENT OF WITNESS: ENGLAND AND WALES ONLY

PT (April 2001)

C&E 681

STATEMENT OF WITNESS

STATEMENT OF *(full name of witness)*: **PETER MICHAEL JONES**

Age of witness (if *over 18 enter 'over 18'*): *Over 18*

Occupation of witness: Officer of Customs and Excise

This statement, (consisting of 1 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.

[(Full name of witness) ....

being unable to read the above statement, I, *(name of officer reading the statement)*

....

of (address) ....

read it to him/her before he/she signed it.]*

Further to my witness statement of the 21st July 2003, I can say that the black holdall with brown piping and its contents that I seized from GRO on the 13th January 2003 is now referred to as Exhibit PJ/1.

Dated the 31st day of July 2003

Signed *(signature of witness)*: GRO

Signed (*signature of officer reading the statement*):

*DELETE WHERE NOT APPLICABLE

STATEMENT OF WITNESS

STATEMENT OF *(full name of witness)*: **PETER MICHAEL JONES**

Age of witness (if *over 18 enter 'over 18')*: *Over 18*

Occupation of witness: Officer of Customs and Excise

This statement, (consisting of 1 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.

[(Full name of witness) ....

being unable to read the above statement, I, *(name of officer reading the statement)*

....

of (address) ....

read it to him/her before he/she signed it.]*

Further to my witness statement of the 21st July 2003, I would wish to say that the man who I arrested was named GRO

GRO GRO

Dated the 10th day of February 2004

Signed *(signature of witness)*: GRO

Signed *(signature of officer reading the statement)*:

*DELETE WHERE NOT APPLICABLE

STATEMENT OF WITNESS: ENGLAND AND WALES ONLY

PT (April 2001)

C&E 681

44

STATEMENT OF WITNESS

STATEMENT OF (*full name of witness*) TIMOTHY MARK PACKMAN

Age of witness (*if over 18 enter "over 18"*) OVER 18

Occupation of witness OFFICER OF CUSTOMS AND EXCISE

This statement, consisting of 1 page signed by me*, is true to the best of my knowledge and belie 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.

[(*Full name of witness*)
~~being unable to read the above statement, I,~~ (*name of officer reading the statement*)

of (*address*)
~~read it to him/her before he/she signed it.]*~~

On Monday 13th January 2003 I was on duty in the vicinity of Rugeley, Staffordshire. Commencing at approximately 0718 hours, along with other Officers of Customs and Excise, I took part in the mobile surveillance of a silver BMW, registration GRO GRO The surveillance ceased at 0940 hours at the Fort Retail Park in Birmingham.

At 1135 hours along with other officers of Customs and Excise I entered GRO GRO Etching Hill, Rugeley. I explained to the occupier GRO that myself and the other Officers were going to search of the property under S18(1) of the Police and Criminal Evidence Act 1984, the search commenced at 1140 hours. At 1325 hours the search was completed and at 1335 hours all remaining Officers left the property.

Dated the 22nd day of July 2003

Signed (*signature of witness*)........ GRO ....

[~~Signed (signature of officer reading the statement)~~..]*

*DELETE WHERE NOT APPLICABLE

C & E 681A

STATEMENT OF WITNESS: ENGLAND AND WALES ONLY

STATEMENT OF WITNESS

STATEMENT OF Elizabeth Jayne Rees

Age of witness Over 18

Occupation of witness: Officer of Customs and Excise

This statement, (consisting of 1 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.

[(Full name of witness

Elizabeth Jayne Rees..

being unable to read the above statement, I, *(name of officer reading the statement)*

....

of (address) ....

read it to him/her before he/she signed it.]*

On Monday 13th January 2003 I together with other officers of Customs and Excise was on duty as part of a surveillance team in the vicinity of GRO GRO Stafford. At approximately 10:07 hours I together with Richard Shardlow, an officer of Customs and Excise escorted GRO from the Fort Shopping Centre to her home address at GRO Stafford in a silver BMW vehicle index number GRO that belonged to GRO At approximately 10:55 hours I together with Richard Shardlow and GRO GRO entered the premises at GRO Stafford. A search of the premises at GRO, Stafford was conducted at approximately 11:40 hours by officers of Customs and Excise. Present were myself, GRO Andy Baker, Andy Fern, Terry Mansbridge, John Norton, Tim Packman and Richard Shardlow. Additionally, a search of a silver BMW vehicle index number GRO and a silver BMW vehicle index number GRO GRO was conducted by officers of Customs and Excise. This search of the premises at GRO Stafford was concluded at approximately 13:35 hours and all officers left the premises at approximately 13:36 hours. GRO

Dated the 9th day of June 20 03

Signed *(signature of witness)*: GRO

Signed *(signature of officer reading the*

*DELETE WHERE NOT APPLICABLE

STATEMENT OF WITNESS: ENGLAND AND WALES ONLY

PT (April 2001)

C&E 681

WITNESS STATEMENT

Statement of (full names) ANDREW FEARN
Age of Witness (date of birth) OVER 21

This statement, consisting of page, 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 prosecuti[illegible] if I have wilfully stated in it anything which I know to be false or do not believe to be true.

Dated the 21st day of JULY 2003

(*Signature*)...GRO...

I am an Officer of HM Customs and Excise, currently based in Law Enforcement Investigation, Nottingham. On the 13th January 2003 I was on duty with other officers in and around the Rugeley area, where I conducted surveillance from 06.30 hours until 09.40 hours when the surveillance ended in the Fort Retail Park area of Birmingham.

Also 0n the 31st January 2003, I was on duty with other officers at the residential premises of GRO, Rugely, West Midlands.

At 11.40 hours I conducted a search of the downstairs office area, the loft area and the kitchen area. Nothing was uplifted or noted by me during this search of the house, which ended at 12.35 hours.

At 12.35 hours I conducted a search of a Silver BMW Z3 motor car reg no. GRO, during which nothing was uplifted or noted.

(*Signature of witness*)...

Statement taken by (in BLOCK LETTERS)

C & E 681A

47

At 12.40 hours I began a search of the front centre well of a BMW 7 series, GRO from which I uplifted a silver / blue Nokia mobile telephone, uplifted as Fearn 0001.

At 13.15 hours, from the glovebox of the same vehicle I uplifted an HSBC chequebook GRO, account number GRO uplifted as exhibit Fearn 0002.

The search ended at 13.30 hours. GRO

GRO

GRO

(Signature of witness)..GRO........

Statement taken by (in BLOCK LETTERS)
Andrew Fearn

STATEMENT OF WITNESS

STATEMENT OF *(full name of witness)*: **Terence Robert MANSBRIDGE**

Age of witness (if *over 18 enter 'over 18'*): *Over 18*

Occupation of witness: Officer of H M Customs & Excise

This statement, consisting of 2 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.

~~[(Full name of witness)~~ ....

being unable to read the above statement, I, *(name of officer reading the statement)*

....

of (address) ....

~~read it to him/her before he/she signed it.]*~~

On 13/01/2003, with other officers of Customs & Excise, I participated in the search

of a domestic premises at GRO

From a room/office at the front of the house I uplifted the following items of property :

1 x brown envelope containing 1 x pink Thomas Cook receipt, 1 x Tomorrow Today note pad sheet

and 1 x signed cheque number GRO all now exhibitted as **TRM1**

3 x HSBC credit advices, 1 x HSBC letter dated November 2002 and 2 x bank statements re

account number GRO, all now exhibitted as **TRM 2**

1 x HSBC cheque book for account number GRO (cheques GRO used), 3 x blue

Thomas Cook payment receipts and a Rugeley MSPO till receipt dated 25/11/2002, all now

exhibitted as **TRM 3**

6 x HSBC credit advices re account numbe GRO, now exhibitted as **TRM 4**

Dated the 15th day of May 2003

Signed *(signature of witness)*: GRO

~~Signed (signature of officer reading the statement):~~

*DELETE WHERE NOT APPLICABLE

STATEMENT OF WITNESS

STATEMENT OF (full name of witness): Terence Robert MANSBRIDGE

Continuation Page No: 1

1 x letter faxed from Thomas Cook dated 10/10/2002 re Euros, now exhibitted as **TRM 6**

1 x Samsung SF 3000T fax/answerphone (serial number GRO), now exhibitted as **TRM 7**.

From the boot of the BMW car registration number GRO parked on the drive, I uplifted

15x HSBC foreign currency receipts, now exhibitted as **TRM 5**.

GRO

Signed *(signature of witness)* GRO ....

STATEMENT OF WITNESS

STATEMENT OF *(full name of witness)*: David Pike

Age of witness (if *over 18 enter 'over 18'*): *Over 18*

Occupation of witness: Officer of HM customs & Excise

This statement, (consisting of 1 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.

[(Full name of witness) .... GRO ....

being unable to read the above statement, I, *(name of officer reading the statement)*

....

of (address) ....

read it to him/her before he/she signed it.]*

On 14th January 2003 I removed from secure storage at HM Customs & Excise premises in Birmingham a sealed package. This package bore the exhibit reference PJ1 and consisted of a black holdall sealed under reference 0178187. I broke the seal and opened the bag which contained a large number of Euro bank notes which I proceeded to count. In total the bag contained notes in 10, 20 and 50 Euro denominations to a value of 582,000 Euro. I then sealed the holdall in a bag with seal reference GRO and the bank notes in a bag with seal reference GRO Both items were then returned to secure storage.

GRO

Dated the 21st day of July 20 03

Signed *(signature of witness)* GRO

Signed (*signature of officer reading the statement*):

*DELETE WHERE NOT APPLICABLE

STATEMENT OF WITNESS: ENGLAND AND WALES ONLY

PT (April 2001)

C&E 681

Form MG 11
(01.01) (Word 97)

Witness Statement

(CJ Act 1967, s.9 MC Act 1980, ss.5A (3)(A) and 5B, MC Rules 1981, r.70)

Statement of NICHOLA JAYNE HANSFORD

Age if under 18 O 18 (if over 18 insert 'over 18'). Occupation POLICE OFFICER

This statement (consisting of one 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 13TH Day of JANUARY 2003

Signature GRO

I am PC 2119 Hansford currently posted on CID at Stechford police station in the West Midlands police.

On Monday 13th January 2003, I was contacted by DC 4003 Davison of Staffordshire Police, who informed me that there were two people currently in custody who were wanted for questioning by Staffordshire police in relation to a Theft. Information received was that a substantial amount of Euros had been taken from a Post office in Anson Street, Rugeley resulting in the Theft of £40,202.76.

At 1852 hours on Monday 13th January 2003, I attended the cell block at Stechford police station, where I spoke to a man who I now know to be GRO, acting on information passed to me by DC 4003 Davison of Staffordshire Police, I said to GRO You are under arrest for Theft" CAUTION. GRO made no reply, at the time GRO was incompany of his solicitor Mr Sohail.

At 1856 hours on the same day and date, I attended cell 3 where I spoke to a man who I now know to be Brendan Douglas HORTON (b27/4/61) I explained to HORTON the information I had received and then said to him " You are under arrest for GRO CAUTION. HORTON replied "Wha GRO when was this?"

I informed the custody officer of the circumstances, who authorised further detention, I had no further dealings.

Signature GRO Signature Witnessed by

WITNESS STATEMENT

(CJ Act 1967, s.9; MC Act 1980, ss.5A(3) (a) and 5B; MC Rules 1981, r.70)

Statement of: CHRISTOPHER JOHN ANDREWS ....

Age if under 18: OVER 18................ (if over 18 insert 'over 18') Occupation: POLICE OFFICER ....

This statement (consisting of ....1.......... page(s) 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 anything which I know to be false or do not bel[redacted]

Signature:............................ GRO .... Date: 9^{TH} MAY 2003 ....

I am a Detective Constable with the Staffordshire Police Major Crime Unit.

At 2110 hours on Monday 13^{th} January 2003, I was on duty at Stafford Police Station. At that time and location I met Carl Adrian PAGE. I said to PAGE, "I AM ARRESTING YOU ON SUSPICION OF THEFT FROM THE POST OFFICE."

PAGE made no reply after caution. He was then taken to the custody suite and presented to the custody sergeant. ....

Signature:........... GRO .... Signature witnessed by: ....

<u>REAR OF FORM MUST BE COMPLETED IN ALL CASES</u>

WITNESS STATEMENT

(CJ Act 1967, s.9; MC Act 1980, ss.5A(3) (a) and 5B; MC Rules 1981, r.70)

Statement of: CHRISTOPHER JOHN ANDREWS

Age if under 18: OVER 18 (if over 18 insert 'over 18') Occupation: POLICE OFFICER

This statement (consisting of ....1.......... page(s) 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 anything which I know to be false or do not believe to be true.

Signature: GRO Date: 9TH MAY 2003

I am a Detective Constable with the Staffordshire Police Major Crime Unit.

At 2134 hours on Monday 13th January 2003, I was on duty at Stafford Police Station. At that time and location I commenced a tape-recorded interview with Carl Adrian PAGE. Also present was DC 0650 DEANS. The interview was concluded at 2218 hours that night. Tape number 21/CG/109/03/1 refers.

I now produce the master copy of this interview as CJA/2 (exhibit) and the transcript of the interview as CJA/3 (exhibit)

Signature: GRO Signature witnessed by:

REAR OF FORM MUST BE COMPLETED IN ALL CASES

WITNESS STATEMENT

(CJ Act 1967, s.9; MC Act 1980, ss.5A(3) (a) and 5B; MC Rules 1981, r.70)

Statement of: CHRISTOPHER JOHN ANDREWS ....

Age if under 18: OVER 18................ (if over 18 insert 'over 18') Occupation: POLICE OFFICER ....

This statement (consisting of ....1.......... page(s) 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 anything which I know to be false or do not believe to be true.

Signature:......................... GRO .... Date: 9TH MAY 2003 ....

I am a Detective Constable with the Staffordshire Police Major Crime Unit.

At 1717 hours on Tuesday 14th January 2003, I was on duty at Stafford Police Station. At that time and location I commenced a tape-recorded interview with Carl Adrian PAGE. Also present were Mannish PATEL (Post Office Investigations) and Nigel PEPPER, PAGE'S legal representative. The interview was ended at 1800 hours that night.

Tape number 21/CG/109/03/2 refers.

I now produce the master copy tape of this interview as CJA/4 (exhibit).

At 1806 hours that evening I continued the interview with PAGE. Also present were Mannish PATEL (Post Office Investigations) and Nigel PEPPER, PAGE'S legal representative. The interview was concluded at 1846 hours that evening.

Tape number 21/CG/109/03/3 refers..

I now produce the master copy tape of this interview as CJA/5 (exhibit)...

Signature:.......... GRO .... Signature witnessed by: ....

REAR OF FORM MUST BE COMPLETED IN ALL CASES

2000(1)

WITNESS STATEMENT

(CJ Act 1967, s.9; MC Act 1980, ss.5A(3) (a) and 5B; MC Rules 1981, r.70)

Statement of: LISA DEANS

Age if under 18: OVER 18 (if over 18 insert 'over 18') Occupation: POLICE OFFICER

This statement (consisting of ....1.......... page(s) 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 anything which I know to be false or do not believe to be true.

Signature: GRO Date: 9TH MAY 2003

I am a Detective Constable with the Staffordshire Police Major Crime Unit.

At 2134 hours on Monday 13th January 2003, I was on duty at Stafford Police Station. At that time and location I commenced a tape-recorded interview with Carl Adrian PAGE. Also present was DC 3779 ANDREWS. The interview was concluded at 2218 hours that night. Tape number 21/CG/109/03/1 refers.

Signature: GRO Signature witnessed by:

REAR OF FORM MUST BE COMPLETED IN ALL CASES

2000(1)

Form MG11T
(Rev. 4/97)

Witness Statement

(CJ Act 1967, s9: MC Act 1980, ss5A(3)(a) and 5B, MC Rules 1981, r70)

Statement of Lisa Ann Deans Title Detective Constable

Age if under 18 O'18 (if over 18 insert 'over 18'). Occupation Police Officer

This statement (consisting of 1 page~~s~~ each signed by me) is true to the best of my knowledge and belief and I made 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 2nd day of October 2003

Signature GRO

I am a Detective Constable currently based at the Major Crime Unit in Staffordshire.

With reference to an enquiry contacted with Customs and Excise and the Post Office I can confirm that the property seized during the investigation is no longer in the Police's possession.

The property seized from searches has now been returned to GRO Mr Carl Page or to Midas Accountants.

In relation to any documentary evidence that would assist in the enquiry photocopies were obtained and remained in a secure store at Major Crime Unit in Staffordshire. The original documents would therefore have been returned to the owner.

On Thursday 2nd October 2003 at 11.15hrs I was on duty when I handed the following photocopies to Manish Patel from Post Office Investigations;
A quantity of HSBC advice of credit notices in relation to GRO
Customs and Excise exhibits ref. TRM1, TRM2, TRM3, TRM4, TRM5, TRM6 (seized from GRO home address).
Customs and Excise exhibit ref. HUNTA (seized from GRO in custody)
Customs and Excise exhibit ref. FEARN 2 (seized from silver BMW belonging to GRO

Signature GRO Signature witnessed by

57

WITNESS STATEMENT

(CJ Act 1967, s.9; MC Act 1980, ss.5A(3) (a) and 5B; MC Rules 1981, r.70)

Statement of: DAVID PAUL HUGHES ....

Age if under 18: OVER 18................ (if over 18 insert 'over 18') Occupation: POLICE OFFICER ....

This statement (consisting of ....1.......... page(s) 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 anything which I know to be false or do not believe to be true.

Signature:.............. GRO .... Date: 9TH MAY 2003 ....

I am a Detective Sergeant with the Staffordshire Police Major Crime Unit.

At 2050 hours on Monday 13th January 2003, together with other police officers, I attended the Post Office located at 18 Anson Street, Rugeley, in order to execute a search warrant pursuant to Section 8, PACE Act 1984.

The search of the premises was concluded at 2130 hours that evening.

During the search I did not seize any items.

Signature:......... GRO .... Signature witnessed by: ....

REAR OF FORM MUST BE COMPLETED IN ALL CASES

2000(1)

58

WITNESS STATEMENT

(CJ Act 1967, s.9; MC Act 1980, ss.5A(3) (a) and 5B; MC Rules 1981, r.70)

Statement of: NICHOLAS WALKER ....

Age if under 18: OVER 18................ (if over 18 insert 'over 18') Occupation: POLICE OFFICER ....

This statement (consisting of ....1.......... page(s) 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 anything which I know to be false or do not believe to be true.

Signature:.........GRO.................................... Date: 9TH MAY 2003 ....

I am a Detective Constable with the Staffordshire Police Commercial Fraud Unit.

At 2050 hours on Monday 13th January 2003, together with other police officers, I attended the Post Office located at 18 Anson Street, Rugeley, in order to execute a search warrant pursuant to Section 8, PACE Act 1984.

The search of the premises was concluded at 2130 hours that evening.

During the search, I seized the following items from the Bureau de Change office, and handed them to the Exhibits Officer DC 3920 DOWSETT –

NJW/1 (exhibit) – 2 bags of till receipts (from under desk)

NJW/2 (exhibit) – till receipts (from cupboard under counter)

NJW/3 (exhibit) – till receipts (from waste bin under counter)

NJW/4 (exhibit) – till receipts (from top of counter)

NJW/5 (exhibit) – HSBC cheques x 5 (from safe)

NJW/6 (exhibit) – currency transaction sheets (from 2nd draw under counter)

NJW/7 (exhibit) – bureau de change daily exchange rate sheets (top of counter)

NJW/8 (exhibit) – bureau de change currency advice rates (from top of counter)

Signature GRO .... Signature witnessed by: ....

REAR OF FORM MUST BE COMPLETED IN ALL CASES

2000(1)

59

WITNESS STATEMENT

(CJ Act 1967, s.9; MC Act 1980, ss.5A(3) (a) and 5B; MC Rules 1981, r.70)

Statement of: ASHLEY RHYS DOWSETT ....

Age if under 18: OVER 18................ (if over 18 insert 'over 18') Occupation: POLICE OFFICER ....

This statement (consisting of ....1.......... page(s) 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 anything which I know to be false or do not believe to be true.

Signature:........... GRO .... Date: 9TH MAY 2003 ....

I am a Detective Constable with the Staffordshire Police Major Crime Unit.

At 2050 hours on Monday 13th January 2003, together with other police officers, I attended the Post Office located at 18 Anson Street, Rugeley, in order to execute a search warrant pursuant to Section 8, PACE Act 1984.

The search of the premises was concluded at 2130 hours that evening.

During the search I undertook the role of Exhibits Officer. I received the following items from DC 3586 WALKER –

NJW/1 (exhibit) – 2 bags of till receipts (from under desk)

NJW/2 (exhibit) – till receipts (from cupboard under counter)

NJW/3 (exhibit) – till receipts (from waste bin under counter)

NJW/4 (exhibit) – till receipts (from top of counter)

NJW/5 (exhibit) – HSBC cheques x 5 (from safe)

NJW/6 (exhibit) – currency transaction sheets (from 2nd draw under counter)

NJW/7 (exhibit) – bureau de change daily exchange rate sheets (top of counter)

NJW/8 (exhibit) – bureau de change currency advice rates (from top of counter)

At the conclusion of the search all items were removed and transferred to a secure store at the Major Crime Unit.

Signature:.... GRO .... Signature witnessed by: ....

REAR OF FORM MUST BE COMPLETED IN ALL CASES

Witness Statement

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

POST OFFICE ®

Statement of Mandy BUSHELL

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

This statement (consisting of Three (3) 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 24th day of September 2003

Signature M Bushell

I am employed as an Investigation Manager for Post Office Ltd (POL) and have been so employed for approximately 6 years, though I have been employed by the Post Office for approximately 17 years. I am responsible for the detection and investigation of criminal activity committed by employees against the Post Office.

As a result of information I received from my colleague, Mr M Patel, I attended the Headquarters of Staffordshire Police during the late afternoon of Monday 13th January 2003 at which time I liaised with Police officers from the Major Crime Unit (MCU). Subsequently, later that evening together with Mr Patel and several officers from the MCU I attended Rugeley Post Office.

The visit to Rugeley Post Office that evening was for the Police to carry out a search of the premises as a result of two persons who had been arrested earlier that morning suspected of having stolen money from the Post Office. As the office was closed upon our arrival, arrangements had been made by the Police to meet with one of the staff members and shortly after our arrival outside the Post office we were met by a lady who I now know to be Mrs Margaret Pearce who unlocked the Post Office and allowed all concerned in. At this time the location of the Sub Postmaster, Mr Carl Page was unknown and the Police were making attempts to try and locate him.

Signature M Bushell Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Mandy BUSHELL

Subsequently the Police officers conducted a search of the office and were guided by Mr Patel and myself as to what documentation should be seized. As this investigation centred on the Bureau de Change product, our attention was focused on documentation relating to these transactions.

Margaret Pearce was asked to open the main office safe and the two sub safes, one of the sub safes held the separate Bureau Till and this was taken out of the safe insert by Margaret. I can confirm that within this Bureau till, there were five (5) HSBC cheques and a brief examination of these cheques at the time indicated that they were all drawn under the account of a company called RPX Recycled Plastics Ltd and were for very large sums of money, all five cheques were seized by the Police and are identified as item number **NJW/5**. Further documentation including a large number of Forde Moneychanger till roles were also seized by the Police. The search of the premises concluded at 2130 hours and the safes were secured and time locked until 08:00 hours the following morning. All concerned then left the Post Office, which was secured by Margaret Pearce.

During the course of the search, I was made aware by the Police that they had made contact with Mr Page.

On the morning of Tuesday 14th January 2003, I again attended Rugeley Post Office shortly after 08:00 hours together with Mr M Patel and four (4) members of the Post Office Audit team. Upon our arrival at the Office it was closed and shortly afterwards, Margaret Pearce arrived and opened up the office and allowed us access to the secure area. The office remained shut to the public that day whilst the audit team conducted a full audit of the office and I was present throughout. I also took statements from Mr Mark Irvin (Retail Line Manager) and Margaret Pearce at the time. At the conclusion of

Signature M Bushell Signature witnessed by M Patel

Witness Statement

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

Continuation of statement of Mandy BUSHELL

the audit I was made aware that there was an overall shortage of £ 645,345.18 mainly due to the five cheques taken away by the Police the previous evening which had not been included as part of the audit. The total value of the five cheques was £638,675.65.

Later that day I attended Stafford Police station with Mr Patel at which time we met up with Dc Andrews and Dc Deans of the MCU. I remained at the Police station whilst Mr Patel and Dc Andrews interviewed Mr Page, after which I left.

On Wednesday 15th January 2003, after having spoken with Mr Patel, I contacted Mr Mark Irvin and asked him to attend Staffordshire Police Headquarters and collect the documentation that had been seized by the Police from Rugeley Post Office on the evening of Monday 13th January 2003, including the five HSBC cheques. I informed Mr Irvin that I wanted him to secure the documentation and take one of the cheques, the one with the value of £ 278,181.82 to the bank that day and pay it into the Post Office's account and to get it express cleared.

Signature M Bushell Signature witnessed by M Patel