

IN THE CROWN COURT AT STAFFORD

T. 2004/7026

R E G I N A

and -

CARL ADRIAN PAGE

GRO

CASE SUMMARY

This Case Summary is supplied for assistance of the Court and the defence. It is not to be regarded as a pleading or as limiting the way in which the Crown's case is put. All available evidence will be relied upon.

1. The two Defendants are charged jointly with conspiring to defraud Post Office Limited between March 2002 and January 2003 [Count 1].
PAGE alone is charged with theft within the same period of £282,000, that being the deficiency found on audit [Count 2].

OUTLINE SUMMARY

2. PAGE was the Sub-Postmaster at Rugeley Post Office in Staffordshire ["the office"]. At the office Bureau de Change facilities

were available on demand to customers. The Bureau de Change facility is available at selected Post Office branches, and is provided by Post Office Limited ["POL"] in a joint partnership with First Rate Travel Services ["First Rate"], a part of the Bank of Ireland.

3. First Rate provides POL with the foreign currency which it requires. POL's National Secure Stock Centre ["NSSC"] at Hemel Hempstead orders volume currency from First Rate, which provides it to POL at a wholesale rate at which it is booked into the NSSC's computer system. Each morning First Rate sends by fax a daily exchange rate sheet to all "on demand" offices and the NSSC: this stipulates the buying and selling exchange rates to be used by Post Offices that day for all Bureau de Change transactions.
4. The rates stipulated apply to transactions up to the value of £ 5,000 only. Transactions to a greater value than £ 5,000 attract a slightly more favourable rate. In the event of a transaction valued in excess of £ 5,000 being required by a customer, the office concerned is required to telephone First Rate directly on a number given on the sheet: First Rate will then provide the appropriate rate for the requested transaction. It is at the heart of the Crown's case that the only basis upon which a member of Post Office staff can effect foreign currency transactions in excess of £ 5,000 is by making such a call and applying the rate dictated by First Rate for that currency on that date.

5. **GRO** is a businessman living in Rugeley. He is a Director of RPX Recycled Plastics Ltd. In December 2002, H M Customs & Excise made inquiries with the Money Laundering section within POL because of concerns over the large volume of foreign currency exchanges from sterling into Euros being transacted at the Rugeley office. High-value cheques (usually over £ 50,000) drawn by **GRO** on his company account had been made payable to POL and accepted at the office as payment for foreign currency.
6. In brief summary, the evidence establishes that, during the period covered by the Indictment, **GRO** bought through the Bureau de Change at PAGE's office over 11 million Euros. Had they been transacted at the "over £ 5,000" rate, the sterling cost to him would have been approximately £ 7.3 million. He was allowed by PAGE to transact at rates of the order of 10% more favourable. The result was that the actual sterling cost to him was approximately £ 6.7 million. By the simple expedient of selling the same Euros, usually on the same day, to branches of Thomas Cook in the Midlands, he was able to amass approximately £ 8.2 million, a profit approaching £ 1 million in less than a year for minimal effort. The loss to POL has been calculated at £ 393,881.54 (based on wholesale rate comparison alone) or £ 592,802.74 (with profit margin taken into account)¹.

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PATEL @ S/M 211 and EXX 986-989

7. The Crown's case against PAGE is that he routinely permitted **GRO** to buy Euros at exchange rates which were highly favourable to the latter, which he knew were unauthorised by POL, and which he had no authority to agree. The inevitable result was to cause POL to make a fraction of the profit which it would otherwise have done on each transaction or indeed a loss. Accordingly, POL was defrauded by his unauthorised application of rates which he determined for himself.

8. The Crown's case against **GRO** is that it is inconceivable that he believed that PAGE had the authority to conduct foreign exchange transactions with him at such advantageous rates:

- So far as is known, no-one else was permitted the benefit of such preferential and unauthorised rates at the office
- Very large sums in sterling cheques were handed over by **GRO** to PAGE in exchange for Euros, usually before the office officially opened in the morning
- They were exchanged back into sterling at significantly more favourable rates, within hours and at other Bureaux de Change operating on a commercial basis
- The huge profits he made for minimal effort, coupled with other features later referred to, coupled with his acumen as a

businessman, can lead to no logical conclusion other than that the two were involved in a joint enterprise to defraud.

9. The history can be summarised as follows:

- (a) On about 110 occasions between March 2002 and January 2003 **GRO** bought round sums of Euros (up to 400,000 at a time);
- (b) The majority of the transactions were made with Page and, where they were not, they were transacted by staff acting on his instructions, or being supplied with the exchange figure by **GRO** (said by him to be that indicated by Page);
- (c) On every occasion when Euros were bought, the exchange rate applied bore no relation to the "over £ 5,000" rate set by First Rate, but was significantly more favourable (generally about 10% better);
- (d) Page had no authority to apply anything other than the exchange figure supplied daily by First Rate, however large the size of the transaction, and he knew it;
- (e) Page's account in interview that Retail Line Managers ["RLMs"] were aware that he allowed a preferential rate to **GRO** is false;

- (f) On numerous occasions, Batch Control Vouchers ["BCVs"] were sent days after the transactions, instead of daily as they should have been, thus allowing **GRO** to sell the Euros at a profit and have the funds transferred to his bank in time for the cheques to be met;
- (g) Page instructed one of his assistants, Miss BATEY, not to send the bureau cheques on a daily basis (although he denies that the intention was to delay the submission);
- (h) Page, at least since July 2002, must have inflated the Weekly Cash Account, so as to reflect a sterling equivalent figure of foreign exchange on hand much greater than was the case.

FINANCIAL BACKGROUND

- 10. (a) Staff at "on demand" Bureaux de Change order currency, normally by fax, on a Form P5056² from the Cash Handling Centre at Hemel Hempstead;
- (b) The currency is obtained from First Rate as described below;
- (c) Pouches containing not more than £ 2,500 worth of currency are dispatched by priority mail guaranteeing next-day delivery; if more than £ 2,500 is ordered, several pouches are sent;

² Example is LGH/02 = EXX 195

- (d) On receipt at the Cash Handling Centre, the currency is entered at the wholesale rate, but then revalued using the "buy" currency figure specified on a daily fax from First Rate;
 - (e) On receipt at an office outlet, the volume and exchange rate for the currency is booked in at the "buy" rate indicated on an accompanying advice note.³
- 11.
 - (a) POL has an agreement with the Federation of Subpostmasters to pay them £ 1.12 for each foreign exchange transaction irrespective of value;
 - (b) Currency is bought daily by POL from First Rate at a wholesale rate;
 - (c) On receipt by POL, currency is converted or re-valued from the wholesale buy rate to the retail buy rate at which it is thereafter "held";
 - (d) The difference between the "retail sell rate" applied to a customer and the rate at which currency is hewed is known as the "retail spread", which generates a revaluation figure at the outlet office;
 - (e) The true income generated by a customer sale is the differential between the wholesale buy rate and the retail sell

³

rate.⁴

ACCOUNTING PROCEDURES

12. (a) The operation of POL Bureaux de Change is governed by an Operations Manual;⁵
- (b) Each Bureau is equipped with a Forde Moneychanger which performs currency conversions and has an accounting function;
- (c) The daily exchange rates should be entered into the Forde Moneychanger before the office opens for business;
- (d) The amounts and values of currency received from the NSSC should be entered into the Forde Moneychanger, along with the buy note and sell note rates;
- (e) Currency transactions are also required to be entered onto the office's Horizon computer system for accounting purposes.
13. In early December 2002, HUTCHINS⁶ was establishing which POL outlets ordered large volumes of foreign currency, with a view to re-organising their deliveries. He noted that the Rugeley office showed very large volumes of currency transferred in. He was not aware that

⁴ STACEY @ 3-4 and EXX 1

⁵ KALSI @ 8-23 and EXX 5-186

⁶ Foreign Currency Manager at Hemel Hempstead, S/M 25-34

the office had any corporate customers, and when he spoke to PAGE he queried the amounts. PAGE said that there was no mistake; that the currency was for a corporate customer; but when asked which he said it was not an official corporate customer but "one he had set up locally."⁷ He was uneasy, and raised the matter with the money laundering section.

14. HUTCHINS later produced a schedule LGH/05⁸ which details the wholesale rates applicable during the period covered by the Indictment.

INITIAL INVESTIGATION

15. H M Customs & Excise took an interest because of they suspected money laundering. A surveillance operation was mounted on 13th January 2003. At 0718, [GRO]'s BMW was seen parked outside the office, and at 0747 he was seen by its open boot.⁹ The car (driven by a man named Horton) was followed, and at 0950 as he was about to enter a Bureau de Change near the Holiday Hypermarket, Birmingham, he was arrested.¹⁰ He had a holdall which contained 582,000 Euros in cash and a receipt from Rugeley PO timed at 0838 [the timer is one hour ahead].

⁷ Ibid. @ 35
⁸ EXX 200-206
⁹ STONE @ 38
¹⁰ JONES @ 42

16. The receipt¹¹ showed that **GRO** had paid £ 360,493.83 for 584,000 Euros at an exchange rate of 1.62. The published rate for that date (for values up to £ 5,000) was 1.4583, but for a volume transaction a preferential rate of 1.4752 could have been obtained, thus reducing the cost to £ 395,878.52.¹² **GRO** had, therefore, paid £ 35,384.52 less than should have been charged to him had the proper rate been applied.
17. On that day, the Bureau at which **GRO** was arrested was offering an exchange rate of 1.53.¹³ Therefore, had he not been arrested, he would have made an instant profit of £ 21,205.51 for the price of a car journey from Rugeley to Birmingham and about two hours of time.
18. As a matter of history, **GRO** was interviewed by Customs, and their investigation concluded with his being released but re-arrested by the Staffordshire Major Crime Unit.¹⁴
19. Manish PATEL, Investigation Team Manager for POL, had been aware of the Customs' inquiry. When told by them of **GRO**'s arrest, he decided that PAGE should be located and that a search of the office undertaken. The Bureau till was found to

¹¹ EXX 208

¹² PATEL @ 158-9

¹³ Confirmatory statement to follow

¹⁴ HANSFORD @ 52

contain five cheques each drawn on [GRO]'s company.¹⁵

These were examined.¹⁶ Four of the five cheques were dated the same day and matched the value on the receipt (i.e. £ 360,493.83).

20. Also during the search of the office, a number of documents, including Bureau daily exchange rate sheets were seized.¹⁷ In particular, the rate sheet for 13th January was recovered.¹⁸ The fax-header show that it was sent from First Rate at 0813. The sell rate for up to £ 5,000 in Euros that day was 1.4583. The preferential rate which could legitimately have been obtained was established as being 1.4752. The rate in fact allowed to [GRO] was 1.62. Interestingly, even the buy-back rate was only 1.6087, which illustrates the uncommercial rate at which he was allowed to buy Euros.

21. [GRO]'s home at [GRO] was searched on 13th January. A number of documents relating to his bank and Thomas Cook were seized.¹⁹

ARREST AND INITIAL INTERVIEW OF [GRO]

¹⁵ EXX 247-250

¹⁶ BUSHELL @ 61-63

¹⁷ WALKER @ 59 and EXX 251-260

¹⁸ EXX 251

¹⁹ MANSBRIDGE @ 49-50 and EXX 215-245

22. **GRO** was initially interviewed on 13th January 2003 by Customs officers.²⁰ In brief summary, he said as follows:

- He was in the re-cycled plastics business, with suppliers in France [p 5]
- He did not know how he got such a good rate for the Euros purchased; he realised that he was making more by selling Euros to Thomas Cook than using them to buy goods in France [p 6]; and had accumulated about £ 400,000 [p 8]
- He would buy as many Euros as the office could supply, even if he did not need them for his business in France [p 15]
- He always bought at Rugeley because he lived there, and never bought Euros at any other office [pp 20-21]
- He had never met PAGE socially at all [p 41]
- Just before Christmas 2002, he had started to change his Euros in New Street, because the branches he had been using could not accept more than 30,000 [p 43]
- He agreed that he had a "magic formula" and said he had spotted a niche [p 54]
- The fact that his cheques would be met was based on trust with PAGE

ARREST AND INITIAL INTERVIEW OF PAGE

²⁰

HUNT @ 39, HUDSON @ 41 and Interview File 1-67

23. **PAGE** was arrested at Stafford Police Station on 13th January at 2110. He was interviewed that night (by police officers) and the next day (by the Royal Mail investigator).²¹ In brief summary, he said as follows:

- Usually he opened the office early because of "a gentleman" who came to do foreign exchange transactions [p 121]
- He was paid £ 1.10 per foreign exchange transaction [pp 122-3]
- He would override the POL rate to compete with the Co-op and would offer a better mark-up for **GRO** because "he buys hundreds and thousands" [pp 124-5]
- He agreed that he was tied to POL's exchange rates, but offered better rates to **GRO**, POL still making a difference on revaluation. All he ever got was a couple of bottles of wine [pp 125-6]
- **GRO** always paid by cheque not cash, and he did not know him personally [p 129]
- **GRO** collected Euros early because Page was worried about how much money he was carrying [pp 132-3]
- For 5 years, he had put the rates up and nobody had said anything; he had told the Area manager who "just said get the business" [pp 135-6]
- Margaret (Pearce) or Jane (Batey) would not allow a better rate to be given unless told to by him [pp 138-9]

²¹

ANDREWS @ 53-54 and Interview File 114-151 and 152-219

- He had not got any other customers who were "anywhere near like" **GRO** [p 141]
- He made nothing financially from giving **GRO** preferential rates [pp 148-9]
- He had been told that as long as POL was not losing money, offering better rates was not a problem [p 156]
- He accepted that he had no right to make up a preferential rate to attract more business, but said that he was trying to encourage business [p 158]. Later he said that he had never been told that he could not offer such rates [p 161]
- Specifically, he maintained that RNMs GERATY and CONEY were aware that he gave preferential rates to **GRO** [p 165]
- He was aware of the Operational manual, specific to Bureau de Change transactions, and knew that it was available at his office [p 167]
- If currency had been received for **GRO**, he would tell him the rate before he collected it, and the staff would be given a rate to be applied to him alone [p 173]
- He denied that Margaret and Jane had queried the rates given to **GRO** [p 174]
- He accepted that cheques should be dispatched daily, but that in the past he had instructed Jane (Batey) not to process Bureau cheques until the end of the accounting week [p 180], but denied "deliberate withholding" [p 182]

24. GERATY and CONEY²² @ 115 dispute any knowledge of unauthorised rates being applied. IRVIN²³, during the few months he was RLM, did not discuss Bureau rates with PAGE.

AUDIT OF THE OFFICE

25. Royal Mail Group auditors led by BURROWS attended the office on 14th January.²⁴ A "snapshot" printout of the Manager's "AM" stock showed that PAGE's stock should have held £ 72,159.03 in cash, £ 282,000 in currency and a smaller amount in instant game cards.²⁵ The sum of £ 282,000 which should have been present in foreign currency was not anywhere in the office. That amount is the subject of Count 2 against PAGE. The overall shortage for the office amounted to £ 645,345.18, of which the bulk was the value of the missing cheques (£ 638,675.65).²⁶
26. The accumulated deficit found on the audit of the office is explained by the subsequent investigation by PATEL.²⁷ In summary, from Cash Accounting Period ["CAP"] 22 (w/e 28.08.02.) through to CAP 41 (w/e 08.01.03), the internal documentation showed a steady inflation each

²² S/M @ 114 and 115

²³ S/M @ 109

²⁴ ORGILL, EDWARDS, BURROWS @ 64-76

²⁵ EXX 280

²⁶ BURROWS @ 75 and EXX 316-317

²⁷ See S/M @ 191-195

week commencing with an inflated figure of £ 188,000 and by the date of the audit reaching £ 282,000, the precise amount shown as foreign currency in Page's "AM" stock.

27. The office staff were interviewed. Margaret PEARCE, the Manager²⁸, was able to say:

- Although when on duty she would normally open the office, if PAGE did so he would be alone
- Normally it was PAGE who input the exchange rates into the Forde Moneychanger, or Jayn BATEY in his absence
- **GRO** came to the office a couple of times a week to buy Euros by cheque, having spoken to PAGE by phone, and visiting before the office opened at 8 am
- Once she had queried the volume of Euros sold to **GRO** with PAGE, but had been told that "there was no problem and nothing to worry about"
- Although the office cash accounts should be finalised on Wednesday evenings, PAGE would balance his stock on Thursday morning, but if he was not present there were times when the account would not be finalised until Friday or Saturday
- If the office was short of currency, it would be bought at the normal rate from the Co-op Travel outlet in Rugeley
- When she served **GRO** he would never ask how much he would have to pay for the amount of Euros he required

- Cheques received for Bureau transactions were not dispatched as they should have been daily, but were held back

28. Shirley Jayn BATEY²⁹, a counter clerk, was able to say:

- PAGE normally entered the exchange rates into the Forde Moneychanger: she had never been required to do so;
- PAGE set the rates for \$ US and Euros at slightly higher than the rate stipulated on the fax, but she had not queried this
- Only once had she transacted more than £ 5,000 equivalent other than for [GRO]; no-one obtained such good rates as he
- Initially, [GRO] was always served by PAGE
- She had noted that the exchange rate for [GRO] was "a lot higher" than the rate on the fax and initially set on the Forde Moneychanger
- On several occasions, she asked PAGE why he gave [GRO] such a high rate, never had a full explanation, but was told that he put a lot of business through the office
- When PAGE was to be away from the office, he would tell her or PEARCE what rate to use on [GRO] transactions
- Once when serving [GRO] he had told her what rate to apply, saying that he had agreed it with PAGE
- She was instructed by PAGE to hold back Bureau cheques to the end of the accounting week rather than dispatching them daily as

was the practice (and indeed the rule³⁰)

- On two occasions (June and October 2002) when she prepared Bureau cheques for a daily dispatch, PAGE found out and removed only those cheques from [GRO] which he replaced in the Bureau till
- PAGE had not asked her to break down larger amounts into a number of transactions (which would have had the effect of increasing PAGE's marginal fee for exchange transactions)
- In the few months prior to the audit, [GRO] transactions had increased dramatically, and he had taken to collecting the Euros outside business hours

29. Some other staff had little to do with Bureau transactions.³¹ However, Helen ROGERSON remembered that on there had been several Mondays (her "early start" days) when she had unlocked the office to find PAGE and [GRO] already there.³²

PREVIOUS CONCERNS AT THE OFFICE

30. There had been concerns about PAGE's management of the office before this inquiry. On 27th June 2002, an audit had taken place at the office, at a time when it was discovered that PAGE had gone on

³⁰ See BROCKELEHURST @ 116, PATEL @ 178-181 and Counters Manual

³¹ CARY @ 213-4, GRAHAM @ 215-6

³² S/M @ 217-8

holiday.³³ There were problems with the Bureau stock figures; there were cheques on hand valued over £ 200,000 which should not still have been in the office. PAGE had been spoken to by telephone, and said that some of the cheques on hand had been declared as cash.

31. In July 2002, a manager in Bristol, Douglas BROWN, was reviewing the offices which appeared to be holding excessive amounts of cash overnight [known as Overnight Cash Holdings or "ONCH"]³⁴. On 25th July 2002, it transpired that the figures were much higher than the "target" figure for ONCH. PAGE was asked to return £ 250,000 to the cash centre the following day, and the Retail Line Manager ["RLM"] CARTWRIGHT was informed. A cash in transit ["CIT"] secure vehicle attended the next morning, but PAGE was not present and the staff knew nothing about the collection. CARTWRIGHT³⁵ attended the office, found a considerable amount of cash and arranged to have £ 160,000 collected that afternoon. This was being collected by CIT when PAGE arrived at the office.

SUBSEQUENT INVESTIGATION

³³ DAVIES @ 219-222

³⁴ BROWN @ 120-124, CARTWRIGHT @ 125-130

³⁵ S/M @ 125-130

32. The POL Investigation Team Manager Manish PATEL³⁶ has prepared a range of Schedules which illustrate the scale of the profit made by the unauthorised transactions. A selection only are required at this stage to show that the pattern of the transactions can show only a collusive agreement between the Defendants to defraud POL.
33. A main Schedule MP/3³⁷ lists all the **GRO** transactions from 9th March 2002 until 13th January 2003. The contents are fully explained by PATEL.³⁸ Excluding the abortive transaction on 13th January 2003, **GRO** :
- effected 110 transactions
 - buying 11,172,450 Euros
 - for which he paid £ 6,725,339.50
 - whereas paying the proper rates would have cost £ 7,318,412.20
 - the result being an underpayment to POL of £ 592,802.74
34. A further Schedule MP/80³⁹ details the sale transactions from 16th January 2002 to 7th January 2003 conducted by **GRO** or those acting on his behalf.⁴⁰ The contents are fully explained by PATEL.⁴¹

³⁶ S/M @ 157-211

³⁷ EXX 986-989

³⁸ S/M @ 168-172

³⁹ EXX 1420-1425

⁴⁰ He accepted in interview that others had sometimes carried out his transactions

⁴¹ S/M @ 176-177

This shows that over that period he sold 14,042,405 Euros (mainly to Thomas Cook outlets in and around Birmingham), realising a sterling amount of £ 8,598,889.69.

35. Use of Schedules MP/3 and MP/80, together with information from microfilm copies of **GRO** purchase cheques enabled the production of Schedule MP/4, the "Euros Purchase and Deposit Schedule."⁴² Th purpose of this Schedule is again fully explained by PATEL.⁴³ Among the matters which it illustrates is:

- (a) that in most cases the same number of Euros purchased (sometimes fewer) are sold the same day to other outlets;
- (b) sometimes this occurred within hours;
- (c) the sterling value of the Euros exchanged was credited electronically to his company bank account the same day;
- (d) the dispatch for processing of the cheques given in payment was delayed by days (up to eight);
- (e) the cheques in payment for the Euros would not have been met had they been dispatched for processing on the day of purchase, but were met because they were presented after the proceeds of the sale transactions had been credited.⁴⁴

36. By way of illustration:

⁴² EXX 1089-1096

⁴³ S/M @ 177-183

⁴⁴ A specific illustration is given in MP/79 = EXX 1414-1419: see PATEL @ 206-208

- (a) In the five purchase transactions from 9th to 14th March 2002, **GRO** obtained Euros worth £ 94,651.27 at the rates allowed by Page;
- (b) None of the cheques is payment had been cleared, presented or even left the office until 14th March 2002;
- (c) Within the same time-frame, **GRO** had sold those Euros for £ 95,769.54 which had been credited to his company account, while nothing had been debited for their purchase;
- (d) Had Page applied the authorised rate of 1.5781 to the first sale (9th March), **GRO** would have paid £ 25,346.94 against which Thomas Cook would have allowed him 1.65, resulting in a payment of £ 24,222.42, i.e. instead of a profit of £ 898.80 a loss of £ 1,124.52.⁴⁵

37. Further investigation was made into the issue raised of Page offering more favourable rates than those authorised by POL/First Rate in order to compete with those on offer at the Co-op in Rugeley. Gwen TALBOT⁴⁶ at West Midlands Co-op Travel confirmed that her office was sometimes telephoned by Page's office when they were short of currency, and the amount required was then physically collected against the sterling equivalent, no preferential rate being given however large the amount. She supplied PATEL with the exchange rates applied to transactions with the Rugeley office, from which

⁴⁵ See S/M @ 186

⁴⁶ S/M 131-133 and printouts GT/1 = EXX 487-513

PATEL prepared a further schedule MP/100 illustrating the dates and amounts involved.⁴⁷ Comparison with the dates highlighted with the Buy Notes transaction schedule MP/5⁴⁸ showed a larger number in volume and value of buy-backs which did not correspond with the Co-op Euro purchases.

38. A further schedule MP/101 was prepared [Co-op Travel Rugeley - Euro Exchange Rate⁴⁹] to show the Co-op sell rate for Euros on the dates listed on MP/3 when [GRO] had bought Euros from the office. A further series of comparison exercises was undertaken.⁵⁰ Making every allowance in favour of the Defendants, the consistent pattern which emerged was that in every case throughout the period, POL paid a greater amount in sterling (lower exchange rate) to First Rate than [GRO] paid to Rugeley PO for the same amount of Euros (higher exchange rate).
39. One final example illustrates the position, and shows that rather than a lesser profit being made than would have been the case had the proper rates been applied (as suggested by Page), POL was actually making a loss even based on the wholesale rates it paid to First Rate⁵¹:

- On 9th March 2002, First Rate supplied Euros to POL at 1.6137

⁴⁷ EXX 1507-8
⁴⁸ EXX 1097-1098
⁴⁹ EXX 1509-1510
⁵⁰ PATEL @ 209-211
⁵¹ See Schedule MP/104 = EXX 1513-5

- 40,000 Euros at that rate cost POL £ 24,87.75
- **GRO** paid a rate of 1.715, amounting to £ 23,323.62
- POL therefore lost £ 1,464.13 on wholesale rate alone, and
- POL in fact lost £ 2,023.32 taking profit margin into account

40. Pippa BARKER, Anti Money Laundering Compliance Officer for Thomas Cook⁵², produces most of the foreign exchange documents.⁵³ Between January and August 2002, **GRO** used the Lichfield and Cannock branches.

41. From August until October 2002, he used the Tamworth branch. On 10th October 2002, Thomas Cook advised him that he could only deposit up to £ 30,000 of Euros per day at those branches, and would otherwise have to use New Street, Birmingham,⁵⁴ which he did from November 2002 until January 2003. Three of four cheques which he drew during this period (19th, 20th and 23rd December) were stopped.

42. The inference is that for this period he was unable to deposit the large sums he was still buying from the office in one tranche, and thus would be unable to have his account credited soon enough to allow the delayed clearance of the cheques to take place. On 13th

⁵² S/M 134-151

⁵³ Exhibits PB/01-116 = EXX 514-902

⁵⁴ BARKER @ 151 and EXX 901

January 2003, Thomas Cook terminated the arrangement which it had with [GRO] for exchanging Euros.⁵⁵

FURTHER INTERVIEW OF [GRO]

43. [GRO] returned on bail on 1st April 2003. He tendered a prepared statement.⁵⁶ Having had this read over, he gave no comment replies to all further questions put to him.⁵⁷
44. In his prepared statement, which is carefully crafted, he accepts that he dealt with Page over about a year in the way described, but denies any dishonesty and, specifically, having any knowledge that Page did not have authority to sell to him at the rates which he did. He maintained the account that he believed that Page operated on a margin basis because of the volume of business. Payment for and collection of Euros prior to opening time on occasions he explains as being for security reasons because of the sums involved. The implication from [GRO] account is that Page was getting nothing other than a volume turnover of currency transactions for his employers from dealing at preferential rates.

⁵⁵ BARKER @ 151 and EXX 902

⁵⁶ Interview File @ 112-113

⁵⁷ Interview File @ 68-111

FURTHER INTERVIEW OF PAGE

45. **PAGE** also returned on bail on 1st April 2003, but for technical reasons he was released from bail having agreed to attend voluntarily with his Solicitor at a later date.⁵⁸ He returned on 23rd April 2003, and was further interviewed.⁵⁹ He substantially repeated the account he had previously given. He was asked detailed questions concerning specific transactions with **GRO**. Amongst other matters, he was asked about the following:

- He was shown the four cheques given to him on 13th January 2003 for the 584,000 Euros purchase, and the fifth for £ 278,181.82. He agreed that he had been given that by **GRO** on 2nd January to cover three other cheques which **GRO** told him would bounce over Christmas
- His explanation for accepting further cheques when he had known that others would not be met was that he did not expect that the error notice from the Financial Division at Chesterfield would arrive for weeks or months. He had made the decision to allow **GRO** to buy further Euros
- When it was pointed out that the profit made on 13th January for selling 584,000 Euros was only £ 974.97 (and that he could have made £ 800 by selling only 11,800 at the proper rate), he maintained that he was trying to make a profit for POL. Without such preferential rates, **GRO** would have gone elsewhere, he maintained

⁵⁸ See PATEL @ 199-200
⁵⁹ Interview File @ 220-359

- He denied that **GRO** had asked for such preferential rates: he, Page, had decided upon them himself

46. The Crown say that he is a plausible individual. In essence, his account is very simple: he admits having carried out the transactions concerned (or having authorised them) at a rate which he knew he was not permitted to apply. His motivation, so he says, was to attract foreign exchange business to POL which would otherwise have gone elsewhere: POL would make a profit; he would make only a trifling £ 1.12 per transaction because of the scale of payment applicable to bureau business.

47. Leaving aside entirely the evidence that:

- (a) the preferential rates were directly against POL's instructions;
- (b) his assistants queried the preferential rates;
- (c) his assistants were instructed not to send the bureau cheques off on a daily basis; and
- (d) the RLMS deny that they were aware of what he was doing,

the Crown suggest that this account is highly implausible. Although POL made some profit, this was inevitably a small fraction of the amount it would have made on the authorised levels of exchange, or

even that which would have been obtained had authority (exceptionally) have been both sought and obtained for a special rate for **GRO**. It is inconceivable that this can have been Page's motivation. **GRO** made a staggering amount for a trifling effort, whereas the reality (which must have been apparent to Page) was that POL was losing hundreds of thousands of pounds through his "special relationship" with this one customer.

48. Although there is limited direct evidence of Page having profited personally, the idea of his running the risk of being personally liable if any of **GRO**'s cheques failed to be met is inherently improbable unless there was an established profit-sharing relationship between them.
49. There is, however, evidence from Schedule MP/4⁶⁰ that on a number of occasions **GRO** deposited at another Bureau de Change a lesser sum in Euros than he had bought shortly before at the office: the inference is that some was left with Page as his cut of the proceeds.
50. What is markedly absent from the accounts of both men is a clear explanation as to how this arrangement first came into being. The Crown suggests that, as a matter of common sense, there is likely to

⁶⁰ See para 35 above, PATEL @ 181 and EXX 1089-1096

have been a link between them prior to the commencement of the
currency transactions.

9-12 Bell Yard
LONDON
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STEPHEN JOHN

3rd June 2004

IN THE STAFFORD CROWN
COURT

R E G I N A

- v -

CARL ADRIAN PAGE

GRO

CASE SUMMARY

Solicitor to Royal Mail Group plc
Legal Services

GRO

REF: PD/28135-6/DH

DOC: **GRO**.SUMMARY