

R. v. Carl Adrian PAGE
Opening Note: Re-Trial

2nd October 2005

IN THE CROWN COURT AT STAFFORD

T. 2004/7026

R E G I N A

- V -

CARL ADRIAN PAGE

REVISED
OPENING NOTE

This Opening Note 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.

OUTLINE SUMMARY

1. Carl Adrian PAGE was the Sub Postmaster at Rugeley Post Office in Staffordshire. PAGE is charged with theft from Post Office Limited between March 2002 and January 2003 of the sum of £ 282,000, that being the deficiency found when the office was the subject of an audit on 14th January 2003. On that day the computer records suggested that there should have been £282,000 worth of foreign currency in PAGE's safe. There was none and that money was nowhere to be found. This hole in the accounts was the result of inflated figures put into the system by Page. Page deliberately put false, inflated figures into the computer records in

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order to pretend that money which he stole over a long period of time was still there. The precise length of time PAGE was stealing can never be known. For all we know the stealing could have begun at any stage after PAGE took over the Rugeley office in February 1997.

2. The Crown's case is based on inference. No sack of money containing £282,000 has been found, nor can the sum be found in a bank account. No extravagant living can be identified. But you wouldn't expect to find features like this if Page was stealing over a protracted period and if he had the sense to cover his tracks. The allegation simply depends on the figures put into the system by Page. You will have to consider whether there might be an innocent explanation for these figures that week after week were so wrong. The Crown suggests that there is a clear pattern to the figures which shows that they cannot be the product of a series of mistakes or some glitch in the system. The pattern is such that they can only have been entered deliberately.
3. I don't think there will be any dispute that it was PAGE himself who manually entered the incorrect figures into the computer system. If he did this deliberately there can only be one explanation – to hide the money he was pilfering.

BACKGROUND

4. This case is a retrial. In the Summer of 2005, just before the Ashes began, Page stood trial in relation to this allegation and also an allegation of conspiracy to defraud. On the conspiracy count he had a co-defendant,

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GRO

The conspiracy allegation related to a large amount of foreign currency transactions between **GRO** and Page. It is very important to note that both Defendants were found not guilty in relation to the conspiracy allegation. No verdict was returned on the theft allegation. That is why you are here - to try the theft matter and that matter alone. You will hear a lot about the evidence relating to the foreign currency transactions but only by way of important background information. The defendants were found not guilty and those verdicts must be respected.

5. You will hear evidence about the **GRO** transactions not because I want to suggest that the previous jury got it wrong, but simply so that you can put the theft allegation in its proper context. The transactions are relevant for two reasons. Firstly the audit in which the missing £282,000 came to light took place as part of the investigation into the currency transactions. Secondly, the explanation PAGE gave in interview when he was asked to explain the "hole" of £282,000 was inextricably linked to his dealings with **GRO**. That explanation was a lie but you will only be able to see why it was a lie if you hear evidence about the **GRO** transactions. Although you will hear a lot about **GRO** in this case there is no suggestion that he was in any way involved in the offence you are to try.

6. Explain Horizon, cash accounting weeks, stocks, AM.

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7. Bureau de Change facilities are available on demand at a large number of Post Offices. Rugeley was one of them. Many of you may have seen a Bureau de Change at your local Post Office.
8. Staff at "on demand" Bureaux de Change order currency from the Cash Handling Centre at Hemel Hempstead, which then dispatches the funds by priority mail. On receipt at an office outlet, the volume and exchange rate for the currency is booked in.
9. The operation of POL Bureaux de Change is governed by an Operations Manual.¹ The Manual in force during most of the Indictment period was that dated January 1998, at JB 123-186. [Procedures remained much the same in a later edition @ JB 5-121].
10. The Manual indicates how the receipt of currency at each office, and its sale is dealt with:
11. Each Bureau is equipped with a Forde Moneychanger which performs currency conversions and has an accounting function: see para 4.3 @ JB 127.
12. The amounts and values of currency received from Hemel Hempstead should be entered into the Forde Moneychanger, along with the buy note rates [JB 145].

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13. Sales of currency are also entered on the Forde Moneychanger, which prints a receipt for the customer and records the same information on a continuous till roll.
14. At the time with which we are concerned currency transactions had to be entered manually onto the office's Horizon computer system for accounting purposes. The Forde Moneychanger was a stand alone machine and was not connected to Horizon.
15. In dealing with foreign exchange transactions, the rate of exchange for any particular currency of course varies with the money markets. Therefore, a rate which is to be applied uniformly across the country in Post Offices which have Bureaux de Change facilities has to be set for each currency each day. That rate is set by First Rate Travel ["First Rate"], which operated the Bureau de Change facilities in partnership with POL, and is sent in the form of a faxed table to the offices on a daily basis.
16. The rates set out in that table were those which staff were obliged to use when selling foreign currency over the counter for all amounts up to £ 5,000. However, sometimes a customer might want to buy more than £ 5,000 worth of foreign currency. Understandably, he would expect a preferential rate, and the system catered for this. A telephone call could be made to First Rate to request the preferential rate for the particular day.
17. GRO was a businessman living in Rugeley. He ran a company called RPX Recycled Plastics. Over a substantial period, and certainly during the period March 2002 until January 2003, GRO routinely

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sold very large sums of sterling through PAGE, paying always by cheque, and was allowed to exchange them for Euros at rates which were very favourable to him.

18. **GRO** made a profit by changing the Euros back into sterling at other Bureaux de Change: this was part of the way he made money as a businessman. In brief summary, the evidence establishes that, during the period covered by the Indictment, he bought through PAGE's office over 11 million Euros.

19. INITIAL INVESTIGATION

20. 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 Rugeley.

21. A surveillance operation was mounted on 13th January 2003. He was kept under observation while he was at the office, and then followed when he was driven away. As he was about to enter a Bureau de Change near the Holiday Hypermarket, Birmingham, he was arrested. He had a holdall which contained 582,000 Euros in cash and a receipt from Rugeley PO dated that day.

22. As a matter of history, **GRO** was interviewed by Customs, and their investigation concluded with his being released when they were satisfied that he was not involved in money laundering. He was simply a

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businessman using the facilities of his local Sub Office to change large amounts of sterling into Euros.

23. Manish PATEL, Investigation Team Manager for POL, had been aware of the Customs' inquiry. When told by them of **GRO** arrest, he decided that PAGE should be located and that a search of the office undertaken. The search took place that evening, conducted by police officers under the supervision of Patel and his colleague Mandy Bushell. The Bureau till was found to contain five cheques each drawn on **GRO** company (JB 247-250). Four of the five cheques (JB 247-8) were dated the same day and matched the value on the receipt (i.e. £ 360,493.83). During the course of the search Patel was informed that PAGE had contacted the Police and was going to attend the Police Station that evening.

AUDIT OF THE OFFICE

24. Royal Mail Group auditors led by BURROWS attended the office on 14th January. A "snapshot" printout (JB 280) of the stock held by PAGE, the "AM" stock showed that his stock should have held £ 72,159.03 in cash, £ 282,000 worth of foreign currency and a smaller amount in instant game cards. There was no foreign currency in the AM stock. That amount is the subject of the charge. Page was pretending that there was £282,000 worth of foreign currency in his safe because that figure was the total he had stolen over a long period of time. At the time of the audit this was not clear because of the confusing presence of the cheque at JB 249. The

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auditors assumed that this represented a foreign currency transaction and included the cheque in the audit with the result that the £282,000 shortfall almost disappeared.

FIRST INTERVIEWS OF PAGE

25. PAGE had been interviewed briefly by the Police, without the assistance of Patel, when he attended the Police Station on the night of 13/1/03. That interview was a fairly general one about PAGE's dealings with **GRO** and did not touch on the issues with which you are concerned. PAGE was interviewed by Patel in greater detail on 14/1, following the audit. That interview again largely focussed on PAGE's dealings with **GRO**. However he was asked questions about the cheque for £278,181.82 (JB 249). He explained that **GRO** had given him this cheque because three cheques he had given him just before Xmas were likely to bounce. About this PAGE appears to have been telling the truth. See the 3 cheques at JB 982-3. Rather surprisingly and, as we will see, untruthfully, PAGE went on to say that he had given **GRO** more euros to the value of the new cheque, effectively as a loan.

SUBSEQUENT INVESTIGATION

26. The POL Investigation Team Manager Manish PATEL received a large amount of documentation from which he prepared a range of Schedules in the course of his investigation. A selection only is relevant for this trial.

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27. A main Schedule MP/3 (JB 986-9) lists the vast majority of the

GRO transactions from 9th March 2002 until 13th January 2003.

The contents are mainly taken from the Forde Moneychanger till rolls. A handful of transactions are missing because the till rolls no longer exist. The timings for transactions after the clocks went back in Autumn 2002 are 1 hour ahead of when they actually took place because the internal clock within the Moneychanger was not altered. 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. This was an underpayment of £592,802.74.

28. A further Schedule MP/80 [JB 1420-1425] details the sale transactions from 16th January 2002 to 7th January 2003 conducted by **GRO** or those acting on his behalf. 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.

29. Patel now also had the opportunity to consider what PAGE had said about the £278,181.82 and what ramifications this had for the missing £282,000 shown on the snapshot for the AM stock. Until Page had said that the cheque was a replacement for 3 cheques that **GRO** had said were going to bounce it had naturally been assumed that the cheque represented a completed foreign currency transaction. After all why else would a cheque be in the Bureau till? The auditors took it into account on 14/1 and so the office did not appear to be running at an enormous loss.

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The £278,181.82 cheque had almost entirely covered the missing £282,000. After Patel had heard Page's account he realised that the £278,181.82 should not have been considered at all by the auditors. There really was an unidentified loss £282,000.

30. Patel decided to examine the weeks before the audit to see if this was a blip or part of a pattern. It is important to remember that what the Forde Moneychanger says on its till rolls about the amount of foreign currency in the Office should match the figures on Horizon. But at the time we are talking about the figures on Horizon had to be manually inserted. The figures would not match if the person keying in the information put in false information. Patel's findings are set out in the schedule at JB 1128ff. This schedule is the essence of the case. 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 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.

FURTHER INTERVIEW OF PAGE

31. After Patel had performed these investigations PAGE was further interviewed on 23 April. The interviews were long and again largely dealt with the **GRO** transactions. Patel did however also ask some questions about the £282,000 shortfall. PAGE again explained that **GRO** had given him the £278,181.82 cheque to cover the 3 cheques which were likely to bounce. Page had given him extra euros to

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the value of that cheque. He then suggested that these extra euros matched the £282,000 figure in the snapshot. They were no longer there because he had given them to **GRO**. This was a neat but completely untrue explanation for the shortfall.

32. Why was it untrue? Firstly it is an affront to common sense.

GRO has just said that 2 very high value cheques are going to bounce. Why on earth would PAGE want to give him an enormous unsecured loan? Even if one gives due allowance to the fact that PAGE had an established business relationship with **GRO** it is inconceivable that he would allow this cheque to have such a dual purpose. Second if **GRO** received the euros he failed for the first time to change them into sterling. There is no record of him exchanging that amount. There is further no record of the transaction being put through the Forde Moneychanger. The Moneychanger not only acts as the record of the transactions, but it carries out the calculation according to the rate at which it is set, and is therefore the obvious means by which PAGE would calculate how many Euros to give to

GRO Finally there is no record either of this extra amount of euros being ordered from Hemel Hempstead or of its being booked into the Forde Moneychanger on its arrival. Compare Schedule MP/82 [JB 1470-1471] with LGH/04 [JB 199] which shows the amounts going out to Rugeley. The respective figures for January all match, which suggests that all the money sent out to Rugeley was properly entered into the Forde Moneychanger on arrival.

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33. In a nutshell this extra sum of euros never left a trace. This was because it was a figment of PAGE's imagination.

34. Page gave this explanation in two separate interviews, months apart. In the first interview this false extra sum of euros must have been fresh in his mind. This was no slip of memory. It was a deliberate lie.

ANALYSIS OF THE THEFT

35. The Crown's case is that the theft was of cash in sterling which had been stolen over a period of time by PAGE. He covered it up by routinely inflating the Horizon computer records in relation to foreign currency held in his own safe, the "AM" stock." It is the round figure of the inflations that particularly suggest PAGE was stealing sterling. You would expect round figures for the foreign currency itself, not its sterling equivalent. He no doubt kept a tally of the cash he stole and then to fill the gaping hole in the accounts he simply pretended that was an extra amount of foreign currency equal in value to the round figure of sterling he had stolen. He was able to do this because the Forde Moneychanger stood alone. The figures had to be entered into Horizon manually.

36. It so happens that the inflated figures were being keyed in as if they represented foreign currency but the Crown's case is that this was simply a convenient location within the accounting system in which to conceal what was going on.

37. How did he discover this trick? Two important events in June and July 2002 provide a clue.

38. 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 holiday. The auditors found a confusing mess. Eventually after speaking to Page on the phone it was possible to balance the office with an overall shortage of £8,335.63. Subsequent enquiries have shown that the real shortage on that day was £138,149.29. The auditors made a similar mistake as they did on 14/1/03. They included in the accounting process cheques they found at the office which had not yet been put through the system. The vast majority of the true shortage consisted of money that PAGE had previously stolen.

39. 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"]. 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. CARTWRIGHT attended the office, found a considerable

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amount of cash and arranged to have £ 160,000 collected that afternoon.

This was being collected by CIT when PAGE arrived at the office.

40. The initial contact that Cash Management had with the Rugeley office was a telephone call between Brown and PAGE. PAGE was asked to provide his actual cash holdings for three cash account weeks. ONCH do not include foreign currency. If PAGE did not realise this before, he would have realised it when he provided the figures. It is a reasonable inference that he learned from his experience in July 2002 what might lead to him being investigated, and what he might be able to hide.

41. Look again at MP/6 at JB 1129. It was during week 18 that £ 160,000 was remitted out of the office. There remained at the end of that accounting period a very large amount of foreign currency declared as being "on hand": £ 191,095.97 and the Crown say inflation in the accounts of £ 177,500. From the end of August 2002 [EXX 1129] until the date of the audit in January 2003 [EXX 1130], virtually every week shows a continuing increase in the inflation, with the figures increasing generally by exact numbers of thousands of pounds each week until the £ 282,000 figure is reached. This is a pattern that cannot possibly have been created by accident. Nor can it be the result of a mystery technical glitch. The inflations come from figures manually inserted by PAGE. Week after week he has to fill the hole he has created by his dishonesty.

WARWICK TATFORD