

IN THE CROWN COURT AT
STAFFORD T 2004/7026

REGINA

and

CARL ADRIAN PAGE

DEFENCE STATEMENT

settled 28/4/06.

GRO

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1. Mr. Page began working as a subpostmaster in February 1997 with his then wife Deborah following 9 years service as a Royal Marine and a short spell working for his then father-in-law. He had no relevant financial services or banking experience. Mr. and Mrs. Page were given 2 weeks on the job training at Wolverhampton Post Office and, having bought the right to run Rudgeley sub post office for £102,496, were thereafter expected to manage what was in effect a combination of a small bank, government office and shop in strict accordance with the Post Office's internal rule and regulations.
2. The Crown asserts that Mr. Page has stolen £282,000 from the Post Office. Curiously the Post Office cannot say when the money was stolen, nor by what means, nor from what account or fund within the sub post office. From January 1993 until July 2005, when Mr. Page and a Midland's businessman GRO were acquitted of conspiracy to defraud the Post Office of £600,000, the Crown's case generally was that the money had come from the foreign exchange till. Having thought about it, and having accepted the verdict of the jury, the Post Office now suggest that a separate amount which is nothing to do with the £600,000 has been stolen by Mr. Page from somewhere else in the office but hidden by some means in the foreign exchange account using the Post Office's Horizon computer system. However for reasons identified by Mr. Timothy Taylor FCA in his expert's report of April 2006 this is

extremely unlikely because of what the Post Office itself found when it examined the accounts for the 14th and 21st of August 2002.

3. It appears to be the case that the entire accounting system of the post office relies on the accurate inputting of information by the on-site staff who send the weekly returns off by post to various centres. Thus once an input error is made because of the way the system works there is a serious danger of it being carried forward forever. Although the indictment period runs from the 1st March 2002 the Post Office does not know whether the opening balances are correct and has no way of knowing what the real as opposed to the imputed figures are or should have been. It is a significant feature of the case that in the middle of the indictment period a Post Office audit team went into Rudgeley, closed the office and audited the entire operation. They concluded that the office was not well run but did not find evidence of theft or fraud.
4. Expert analysis of the accounts by independent consulting accountants, Messrs. KPMG, support the criticisms made of the system. Without knowing how much ought to have been in the system at the beginning of the period it is simply not possible to say how much ought to have been in it at the end.
5. When Mr. Page was arrested in January 2003 the police conducted an exhaustive enquiry into his finances. They were assisted in their task by the grant of freezing and information orders by the High Court. The police were satisfied that there was no evidence at all of high living or concealed assets. The Post Office do not and cannot show that Mr. Page has had a penny of the money he has allegedly stolen.
6. Mr. Page was not dishonest but as the Post Office's own records show he was neither an efficient nor a competent post master. It also knew that for no apparent reason and from a standing start Rudgeley sub post office, between January 2002 and January 2003, was the country's leading sub post office bureaux de change. During that period it sold, to one man, over 14 million euros: then worth nearly £9 million. The Post Office, over the whole of the same period, failed to notice that anything out of

the ordinary was happening or that it had made no profit at all out of these huge transactions. Against this background of incompetence and ineptitude it is not surprising that it was not the Post Office which alerted the authorities to worries about money laundering but a wholly independent bank. Ironically even that turned out to be wrong because as the police and the customs and excise satisfied themselves very early on there was no money laundering involved at all. The Post Office assumed that Mr. Page behaved dishonestly in relation to the foreign exchange and prosecuted him for it but the jury would have nothing of it and he was acquitted by them.

7. During the course of each year Mr. Page was responsible for performing some 7,500 transactions for the Post Office as well as those connected with the retail sales within the sub post office. In addition to an enormous volume of rules and regulations there would be monthly initiatives and weekly mailings from the Post Office. Given the time which has elapsed since the offences are alleged to have taken place, the enormous volume of transactions over the period, the quantity of paperwork and the complexity of the regulatory framework in place Mr. Page is now at some disadvantage in attempting to answer the allegations made against him.
8. In summary the Post Office failed to train Mr. Page adequately or at all; failed to supervise him; failed to pay any attention to the huge quantities of foreign exchange which he was quite openly ordering; failed to notice that it was apparently making no profit out of those dealings and failed to pay any attention to its own error notices which showed that Mr. Page was not running the sub post office in the way in which its own rules and regulations required. Its own systems were confused, bureaucratic and confusing. The internal audit appeared to show that the Post Office itself did not think that anything significant was amiss. Not only was Mr. Page not dishonest but the Post Office's systems are such that the Crown cannot show how much money ought to have been in the various accounts at the beginning of the indictment period, cannot show what money ought to have been in the accounts at the end, cannot show when money was taken, cannot show from what account and cannot say how it was actually taken. Finally, having failed to establish any of these crucial matters the

Crown is bound to accept that there is not a scintilla of evidence that Mr. Page ever had a penny of the £282,000 that he is now alleged to have stolen.

3 Paper Buildings

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26th April 2006

N.T.LEVISEUR