

File name: William Quarm - 071081.mp3

Moderator questions in Bold, Respondents in Regular text.

KEY: **Unable to decipher** = (inaudible + timecode), **Phonetic spelling** (ph) + timecode), **Missed word** = (mw + timecode), **Talking over each other** = (talking over each other + timecode).

(TC: 00:00:07)

Moderator 1: This interview is being tape recorded, my name is Raymond Grant and my colleague is Robert Daley and Jonathon Bisit (ph 00.10). We're officers of Post Office Limited Investigation team. So, it's our job to investigate possible criminal offences against the business. Also, present is yourself.

(TC: 00:00:23)

William Quarm: Bill Quarm.

(TC: 00:00:24)

Moderator 1: And?

(TC: 00:00:25)

William McDonald: William McDonald.

(TC: 00:00:27)

Moderator 1: The date is 7th August 2008, the time according to my watch is 10:50am hours. This interview is being conducted in the Paible Post Office and I want to ask you some questions about the accounting irregularities which were discovered during the audit, do you understand what I'm talking about now?

(TC: 00:00:49)

William Quarm: Yes, I do.

(TC: 00:00:49)

Moderator 1: Yes, okay. At the end of the interview I will give you a notice explaining what happens to the tapes, do you have any objection to the interview being tape recorded?

(TC: 00:00:57)

William Quarm: No.

(TC: 00:00:58)

Moderator 1: I mentioned my colleague Jonathon Bisit here's here on a training capacity, do you have any objection to him being here?

(TC: 00:01:04)

William Quarm: No, I don't.

(TC: 00:01:05)

Moderator 1: Okay, thank you. Would you please state your full name.

(TC: 00:01:08)

William Quarm: William John Quarm.

(TC: 00:01:10)

Moderator 1: My name is Raymond Grant and also present is?

(TC: 00:01:12)

Moderator 2: Robert Daley.

(TC: 00:01:13)

Moderator 3: Jonathon Bisit.

(TC: 00:01:14)

William McDonald: William McDonald.

(TC: 00:01:16)

Moderator 1: During this interview you can have a friend present if you wish, any friend who must be over the age of eighteen and not involved in the inquiry, they shouldn't be a Post Office Limited employee. I understand because of the nature of where we are on Hebridean island that might not be easy to get our hands on and I'm quite happy to have your friend William McDonald happy to be here as a friend, yes.

(TC: 00:01:42)

William Quarm: Right, okay.

(TC: 00:01:43)

Moderator 1: Okay. So, the next part is I've got a form here which needs to be completed with regards to your friend being here and if you could just read that first part, you don't have to read it out but if you could read that and then just complete the section below. Have you read and understood that?

(TC: 00:02:23)

William Quarm: Yes.

(TC: 00:02:24)

Moderator 1: Could you just complete this section below here please, we'll see if we can get something for you to lean on.

(TC: 00:02:31)

William Quarm: Thank you.

(TC: 00:02:59)

Moderator 1: I make the time 10:53am. Now, right, if you could read the bottom half of that form there and if you could just complete that section for me. 10:54am now. If you could just put William's name in there and sign that about there. That's excellent, thank you very much. William

Quarm has read and signed form CA003 and his friend William McDonald has completed the lower half of that form. William I've got to advise you that I consider you to be a suspect in a criminal offence, you're going to be asked questions about the account irregularities discovered during the audit which was held here at Paible Post Office some three weeks ago. You're not bound to answer any of these questions but if you do so your answers may be noted, will be tape recorded and may be used in evidence. Do you understand that?

(TC: 00:05:09)

William Quarm: Yes, I do.

(TC: 00:05:14)

Moderator 1: First of all a bit about your experience, how long have you been postmaster at Paible Post Office?

(TC: 00:05:18)

William Quarm: 40 years.

(TC: 00:05:19)

Moderator 1: 40 and when you commenced employment-, do you want to get that? When you commenced your contract for services at Paible Post Office did you receive any training?

(TC: 00:05:38)

William Quarm: No.

(TC: 00:05:38)

Moderator 1: No. How did you learn about how to perform the role of sub-postmaster at Paible?

(TC: 00:05:45)

William Quarm: We had a girl employed here at the time.

(TC: 00:05:49)

Moderator 1: Right. So, although you were postmaster you didn't have any hands on running?

(TC: 00:05:54)

William Quarm: Not to start with, no.

(TC: 00:05:55)

Moderator 1: You had somebody actually employed to do it, right, okay. From there then I take it that person has finished?

(TC: 00:06:02)

William Quarm: Yes.

(TC: 00:06:03)

Moderator 1: Did you then take over the role in the Post Office?

(TC: 00:06:06)

William Quarm: Yes.

(TC: 00:06:06)

Moderator 1: Yes. Did you learn from her then?

(TC: 00:06:08)

William Quarm: Yes. Well, I covered all her holidays and I covered every Saturday night and Thursday morning.

(TC: 00:06:16)

Moderator 1: Okay. So, but she was the person who prepared balances and did the daily reports and things like that, you'd be filling, Is that my understanding?

(TC: 00:06:23)

William Quarm: Yes.

(TC: 00:06:24)

Moderator 1: Okay. Following that then did you receive any formal training from the Post Office?

(TC: 00:06:32)

William Quarm: On the Horizon system?

(TC: 00:06:34)

Moderator 1: When the new, kind of, Horizon computer system came in, what form did that training take?

(TC: 00:06:40)

William Quarm: I was trained to be a trainer and I was taken down to the Dunfermline.

(TC: 00:06:45)

Moderator 1: Okay, the Crown Office in Dunfermline, they've got a training suite there?

(TC: 00:06:49)

William Quarm: Yes.

(TC: 00:06:49)

Moderator 1: Yes. How long did that training last?

(TC: 00:06:53)

William Quarm: Four days.

(TC: 00:06:54)

Moderator 1: Like, so you're taken down there, given some formal training of how the system operated, how confident when you came away from that that you were able to perform that role with training?

(TC: 00:07:09)

William Quarm: Not very because there was then a gap between the training and when-

(TC: 00:07:14)

Moderator 1: The equipment being installed.

(TC: 00:07:16)

William Quarm: Yes.

(TC: 00:07:16)

Moderator 1: Right, okay. Did you receive any follow up training, you know, on your development or was it something that you've just been able to pick up as you've gone along?

(TC: 00:07:25)

William Quarm: Only when there was training afterwards.

(TC: 00:07:28)

Moderator 1: Okay. Have you ever found the need to use a help desk at all, you know, if there's a transaction with which you're not familiar?

(TC: 00:07:37)

William Quarm: Yes.

(TC: 00:07:38)

Moderator 1: Yes, right. So, you know that facility is there?

(TC: 00:07:40)

William Quarm: Yes.

(TC: 00:07:41)

Moderator 1: Okay. Given Horizon's been in now four years/two years.

(TC: 00:07:49)

William Quarm: Four I think.

(TC: 00:07:50)

Moderator 1: For four years. How would you rate your hands-on experience of Horizon now?

(TC: 00:07:57)

William Quarm: Well, it's changing all the time.

(TC: 00:07:58)

Moderator 1: Yes, it's evolving, absolutely. We're getting a new one, yes. So, there's new products, new processes, new everything but do you feel confident about working with these processes, on a scale of one to ten how would you rate your knowledge of the Horizon system?

(TC: 00:08:20)

William Quarm: Well, the whole Horizon system probably quite a low figure because we only have certain products which sell here.

(TC: 00:08:29)

Moderator 1: Yes, okay. With those products that you sell then from this office how would you rate that then?

(TC: 00:08:40)

William Quarm: Well, we're happy enough.

(TC: 00:08:41)

Moderator 1: Working knowledge, yes?

(TC: 00:08:42)

William Quarm: Yes.

(TC: 00:08:43)

Moderator 1: Confident, yes, okay. The hours of the Paible Post Office are what, what hours of opening do you have here?

(TC: 00:08:52)

William Quarm: 9:00 till 5:30 Monday to Friday, sorry Monday, Tuesday, Thursday, Friday.

(TC: 00:09:00)

Moderator 1: Right.

(TC: 00:09:01)

William Quarm: With a lunch break at 1:00.

(TC: 00:09:03)

Moderator 1: You don't open Wednesday?

(TC: 00:09:05)

William Quarm: Wednesday morning at 9:00 to 12:00.

(TC: 00:09:08)

Moderator 1: Saturday?

(TC: 00:09:09)

William Quarm: 9:00 to 12:00.

(TC: 00:09:10)

Moderator 1: Okay, right. So, you're a six day week office and you're here every day?

(TC: 00:09:16)

William Quarm: Yes.

(TC: 00:09:16)

Moderator 1: Yes. So, does anybody else work in Paible Post Office?

(TC: 00:09:21)

William Quarm: Yes. I employed Sheila Ackford part time.

(TC: 00:09:25)

Moderator 1: Right. How many hours did Sheila work?

(TC: 00:09:28)

William Quarm: Well, we changed it around from time to time but she was on afternoons.

(TC: 00:09:35)

Moderator 1: Right. So, it was, kind of, she would be flexy in the cover, if you didn't need her you would say I'm not needing you today. Is that the way?

(TC: 00:09:42)

William Quarm: No. Well, she worked Monday, Tuesday, Thursday, Friday I think it was.

(TC: 00:09:46)

Moderator 1: On your busier days and when balances needed to be done perhaps would you be here?

(TC: 00:09:52)

William Quarm: No, not on a Wednesday.

(TC: 00:09:53)

Moderator 1: No, okay, right. So, Sheila's experience is as an counter assistant, does she (TC 00:10:00) take part in any of the weekly or daily reportings?

(TC: 00:10:05)

William Quarm: No.

(TC: 00:10:05)

Moderator 1: No. So, you would do them?

(TC: 00:10:07)

William Quarm: Yes.

(TC: 00:10:07)

Moderator 1: Okay. The Post Office has sited at the far end of your retail outlet, yes, is this area of the Post Office alarmed separate from the Post Office, separate from your shop?

(TC: 00:10:24)

William Quarm: Alarmed?

(TC: 00:10:25)

Moderator 1: Alarmed, yes.

(TC: 00:10:26)

William Quarm: Yes.

(TC: 00:10:27)

Moderator 1: So, nobody could get near it if they didn't know the alarm system is that the way it works?

(TC: 00:10:33)

William Quarm: Yes.

(TC: 00:10:34)

Moderator 1: So, do you have an alarm in your shop?

(TC: 00:10:36)

William Quarm: No.

(TC: 00:10:37)

Moderator 1: No. So, it's only the Post Office area that's alarmed?

(TC: 00:10:39)

William Quarm: Yes.

(TC: 00:10:40)

Moderator 1: Would Sheila know the code to get into the Post Office area?

(TC: 00:10:43)

William Quarm: No.

(TC: 00:10:44)

Moderator 1: No, right. Would she access to it, does she have a set of keys for instance?

(TC: 00:10:50)

William Quarm: A key for that door, yes.

(TC: 00:10:51)

Moderator 1: She has a key for the door, would she have a key for the safe?

(TC: 00:10:54)

William Quarm: No.

(TC: 00:10:55)

Moderator 1: No. How many sets of keys do you have?

(TC: 00:10:59)

William Quarm: Two.

(TC: 00:11:00)

Moderator 1: Two sets of keys. So, you have one working set and one elsewhere, I don't need to know where they are right now. So, we've got two sets of keys, you keep one lot for yourself, Sheila has got a key for the Post Office of the security door but not for the safes.

(TC: 00:11:18)

William Quarm: Well, when she was working yes, she would have the safe key.

(TC: 00:11:21)

Moderator 1: Right, okay. Does anybody else ever come behind the counter in the secure area of the Post Office?

(TC: 00:11:31)

William Quarm: No, apart from the maintenance people that visit us or contractors.

(TC: 00:11:35)

Moderator 1: Yes. Do you ever have visitors?

(TC: 00:11:37)

William Quarm: No, we don't. I mean, that door was open.

(TC: 00:11:40)

Moderator 1: This one?

(TC: 00:11:41)

William Quarm: Yes and the back office system for the shop it was in there.

(TC: 00:11:48)

Moderator 1: Right, into your retail outlet office?

(TC: 00:11:52)

William Quarm: Yes.

(TC: 00:11:52)

Moderator 1: Yes, okay.

(TC: 00:11:53)

William Quarm: That door was sealed off, the one we're using now. Okay, so I changed that over last Saturday.

(TC: 00:12:00)

Moderator 1: Right, okay. Was that because of the fact that the Post Office is currently closed?

(TC: 00:12:05)

William Quarm: Well, it's to do a lot with training.

(TC: 00:12:06)

Moderator 1: Yes, I believe so, I think there's a trainer coming up next week to trawl around, I'm to sure. I just know that the hotel we were staying in last night there was somebody booked in for next week. So, we have nature and duties of yourself then, you had sole responsibility for doing the daily reports, if you got a cheque in you would send the cheques away, if you got a giro bank deposit you would send the deposit slips away, is that correct?

(TC: 00:12:39)

William Quarm: Yes.

(TC: 00:12:39)

Moderator 1: Yes. You're required by the Post Office to produce a four weekly or a five weekly depending on which month branch training statement. In between times it's optional whether you do a weekly balance, do you actually do a weekly balance?

(TC: 00:12:57)

William Quarm: Yes.

(TC: 00:12:57)

Moderator 1: Yes, okay. Did you find that helpful if you were trying to find the mistakes or something like that?

(TC: 00:13:05)

William Quarm: Yes, it helped actually.

(TC: 00:13:06)

Moderator 1: Yes, okay. So, when it comes to a branch trading statement who physically counts the cash on hand?

(TC: 00:13:12)

William Quarm: I would.

(TC: 00:13:13)

Moderator 1: Yes, okay. Who's responsibility was it for counting the stock, would that be yourself as well?

(TC: 00:13:20)

William Quarm: Yes.

(TC: 00:13:22)

Moderator 1: On a daily basis you're required to do a cash declaration who's responsible for that, who would do that?

(TC: 00:13:32)

William Quarm: Mostly me.

(TC: 00:13:33)

Moderator 1: Mostly yourself, yes. At what time of day would you do that?

(TC: 00:13:40)

William Quarm: Between 5:00 and 5:30.

(TC: 00:13:41)

Moderator 1: Would you ever ask Sheila to do a cash declaration?

(TC: 00:13:49)

William Quarm: She did some, yes.

(TC: 00:13:51)

Moderator 1: Right. Would she actually input the figures into Horizon or would she just count that cash and leave it for you to do, what would be the process?

(TC: 00:14:06)

William Quarm: She would make others.

(TC: 00:14:09)

Moderator 1: She would make others but don't try to cover up for her and I'm aware that you're being a bit hesitant with your answers which makes me think that you're hiding something. I'm just thinking she's not going to be trouble if you have instructed her to do it, you know, to count the cash and input the figures. She wouldn't end up in trouble if it's an instruction from yourself, do you understand where I'm coming from?

(TC: 00:14:35)

William Quarm: I understand.

(TC: 00:14:36)

Moderator 1: Okay. So, we then go back and would Sheila count the cash and put the figures into Horizon?

(TC: 00:14:43)

William Quarm: She does it sometimes on some occasions.

(TC: 00:14:45)

Moderator 1: Right. So, when it comes to a branch trading statement did Sheila ever count the cash when you were doing a branch trading statement?

(TC: 00:14:51)

William Quarm: No.

(TC: 00:14:51)

Moderator 1: No, that was always yourself, okay. Horizon requires you to have a unique username and my understanding is yours would be WQU001, is that right?

(TC: 00:15:07)

William Quarm: Yes.

(TC: 00:15:08)

Moderator 1: Do you have any other usernames on the system?

(TC: 00:15:13)

William Quarm: Sheila's got one.

(TC: 00:15:14)

Moderator 1: Sheila would have her own, yes?

(TC: 00:15:15)

William Quarm: Yes.

(TC: 00:15:16)

Moderator 1: You have a password, would Sheila know your password?

(TC: 00:15:21)

William Quarm: Not normally but sometimes if one's up the shop and the other one's-

(TC: 00:15:27)

Moderator 1: Okay. Like, so what you're saying to me I think is that if you were logged onto the system Sheila would just come in and serve behind using yours, would that be correct?

(TC: 00:15:38)

William Quarm: It happened on occasion.

(TC: 00:15:39)

Moderator 1: Yes, but not regular?

(TC: 00:15:40)

William Quarm: Not regular.

(TC: 00:15:41)

Moderator 1: No. It for convenience sake rather than anything other?

(TC: 00:15:46)

William Quarm: Yes, that's right.

(TC: 00:15:47)

Moderator 1: Would you know Sheila's password?

(TC: 00:15:52)

William Quarm: Sometimes I would go and ask her if I needed it.

(TC: 00:15:54)

Moderator 1: Similar circumstances, yes, as and when.

(TC: 00:15:57)

William Quarm: If she was serving somebody up in the shop and there's a customer waiting to be served here.

(TC: 00:16:02)

Moderator 1: The important thing and I'm just going to bring this to your attention is that because we know have online banking and finance products the Financial Services Authority require us to have unique passwords and unique usernames so that we can provide a robust audit trail. What you're demonstrating to me is that it wasn't as robust here, would that be a correct understanding?

(TC: 00:16:28)

William Quarm: Well, as I say just on occasion.

(TC: 00:16:31)

Moderator 1: On occasion, yes, okay. Anything up to now?

(TC: 00:16:40)

Moderator 2: The only thing when Sheila did the cash declarations did you give her any specific instructions when doing cash declarations?

(TC: 00:16:49)

William Quarm: No.

(TC: 00:16:54)

Moderator 1: Going on then to what happened at the audit, the audit team discovered a shortage which has been declared to me as, excuse me a second, £40,277.76. Do you agree with the audit findings, were you even there when it took place?

(TC: 00:17:20)

William Quarm: Well, I was around, yes.

(TC: 00:17:21)

Moderator 1: Yes. Did the auditors ask you to agree with their findings, did you disagree with what they discovered?

(TC: 00:17:31)

William Quarm: Well, I told them that I wasn't happy because I was sure there was an error way back in January/February at the ATM.

(TC: 00:17:40)

Moderator 1: Right, okay. When did you get your ATM?

(TC: 00:17:46)

William Quarm: It was several years ago.

(TC: 00:17:47)

Moderator 1: Was it, so you've had it a couple of years because some officers are just getting them now you see, that's why I was asking. What did you suspect the error with the ATM was then?

(TC: 00:18:00)

William Quarm: I can't remember the details now but I worked that there should've been a difference and I showed it on the-

(TC: 00:18:14)

Moderator 1: The branch trading statements?

(TC: 00:18:16)

William Quarm: For a while and then somebody phoned me out and said why are you carrying that?

(TC: 00:18:19)

Moderator 1: How much was the difference?

(TC: 00:18:22)

William Quarm: I can't remember now.

(TC: 00:18:26)

Moderator 1: Did you say January this year?

(TC: 00:18:28)

William Quarm: January/February, yes.

(TC: 00:18:29)

Moderator 1: Right okay. Where were you showing it on the branch trading statement?

(TC: 00:18:36)

William Quarm: It was in the suspense account.

(TC: 00:18:49)

Moderator 1: It must be February because that's the one we don't have, I've got January and I've got March and there's nothing on those in the suspense account.

(TC: 00:19:12)

Moderator 2: What did I do with that paperwork Raymond?

(TC: 00:19:14)

Moderator 1: You put it back.

(TC: 00:19:15)

Moderator 2: No, it's here.

(TC: 00:19:21)

Moderator 1: There was nothing I saw.

(TC: 00:19:23)

Moderator 2: I don't see the suspense account but the suspense account should still show in here but I was thinking for Paible there will be for the 20th of the statement.

(TC: 00:19:34)

Moderator 1: For the purpose of the tape we're just going to go through a box of documents. It will be February you said, (inaudible 19.47) so it'll be 44 and (TC 00:20:00) that's 49. Okay, I don't have 48. It'll still be around, it's okay.

(TC: 00:20:36)

Moderator 2: Just leave it there?

(TC: 00:20:36)

Moderator 1: Yes.

(TC: 00:20:37)

Moderator 2: 48 is missing.

(TC: 00:20:38)

Moderator 1: So, the ATM then approximately what value, can you remember what the value was that was the problem with the ATM?

(TC: 00:20:52)

William Quarm: It was around £600/£700.

(TC: 00:20:56)

Moderator 1: Right, because I noticed just from looking at your branch trading statements you keep about £2,000 in the ATM, right, up or down, yes. So, it wasn't the whole amount of money from the ATM, the problem was it was a certain amount of money. So, you reckon that figure of £40,277 should be slightly lower because of this problem?

(TC: 00:21:23)

William Quarm: Yes.

(TC: 00:21:24)

Moderator 1: But we haven't been able to identify what the problem was.

(TC: 00:21:26)

William Quarm: No.

(TC: 00:21:27)

Moderator 1: Right, okay. Someone phoned you, did you say that you were holding it in the suspense account and they said you shouldn't be holding it there and did they ask you to remove it from there then?

(TC: 00:21:36)

William Quarm: Yes.

(TC: 00:21:36)

Moderator 1: Did they talk you through the process of how to do that or did you know that?

(TC: 00:21:40)

William Quarm: No.

(TC: 00:21:41)

Moderator 1: Okay. What did you actually do to resolve the problem with that then?

(TC: 00:21:52)

William Quarm: I'm not so sure that I was paying that money in.

(TC: 00:21:56)

Moderator 1: Right, okay. So, the way that you're describing to me is you're telling the Horizon system that you put that £700 in and then removed it from the suspense account, would that be correct?

(TC: 00:22:10)

William Quarm: Yes.

(TC: 00:22:12)

Moderator 1: Right. So, the audit team were in, they've come out with a figure of £40,277.76, this is your opportunity to tell me how that came about. I'm not trying to trick you here but you did write a letter into the contracts manager which I'm sure we are aware of, is that a copy of the letter?

(TC: 00:22:48)

William Quarm: Yes.

(TC: 00:22:48)

Moderator 1: Do you want to have a quick read of that?

(TC: 00:23:01)

William Quarm: Yes, to keep going and on the expectation that I was going to get this back though, which the bank already approved. I was moving money about.

(TC: 00:23:16)

Moderator 1: Okay, right.

(TC: 00:23:17)

Moderator 2: Sorry Raymond for the benefit of the tape could you just confirm what statement you're reading.

(TC: 00:23:20)

Moderator 1: Yes, sure. Well, basically it's a letter from Mr WD Quarm Bayhead Shop, Paible Post Office, stated the 28th July 2008, it's addressed to Brian Trotter a contracts manager and it's a reference how the shortage at Paible Post Office came about. It's a fairly lengthy letter, I won't read it all out but it shows that Mr Quarm has used Post Office money to supplement his regular business. On the premise that he had an agreed loan with the bank and the agreed loan with the bank was also in conjunction with the sale of some property is that correct?

(TC: 00:24:05)

William Quarm: Yes.

(TC: 00:24:06)

Moderator 1: Yes. Would that be an accurate summary of what's in this letter?

(TC: 00:24:09)

William Quarm: Yes.

(TC: 00:24:09)

Moderator 1: Okay. From that when did you start taking or using Post Office money for your own use on the retail side, when would that have kicked in, in your letter you mentioned autumn last year?

(TC: 00:24:39)

William Quarm: Autumn but I recognised that of course we'd have a problem but it was after I approached the bank.

(TC: 00:24:50)

Moderator 1: Okay. So, you approached the bank and the bank said yes, in principle.

(TC: 00:24:58)

William Quarm: Slipped into black.

(TC: 00:24:59)

Moderator 1: What size of loan were you looking to get from the bank?

(TC: 00:25:04)

William Quarm: About £20,000.

(TC: 00:25:05)

Moderator 1: Okay. That was to tide you over?

(TC: 00:25:08)

William Quarm: Well, yes. Well, it was for February onwards.

(TC: 00:25:13)

Moderator 1: Okay. What was it that you promised the bank that would allow them to give you that money or was it for the pretext of the sale of some property that you had?

(TC: 00:25:23)

William Quarm: Yes.

(TC: 00:25:24)

Moderator 1: What was the value of that property?

(TC: 00:25:26)

William Quarm: £50,000.

(TC: 00:25:27)

Moderator 1: £50,000. So, you were selling a property at £50,000 and the bank was lending you £20,000 on the pretext that they would get their money back once your property was sold, is that the way it works, yes, okay. So, the loan never come through, you never came through and it never came through. So, what was it you actually did to use Post Office money, I mean, did you physically take it from the Post Office or did you start paying bills with the Post Office or just generally how did you go about using the Post Office money? I mean, we're now at a stage with the audit teams result we're £40,000 short, was that a case that you needed to take £10,000 or was that on a weekly basis where you've used Post Office money to pay back to pay bills?

(TC: 00:26:37)

William Quarm: It's part of the statement. I was transferring money on a weekly basis to the Alliance & Leicester account.

(TC: 00:27:02)

Moderator 1: Right. You have an Alliance & Leicester account, is that a business account?

(TC: 00:27:07)

William Quarm: Yes.

(TC: 00:27:08)

Moderator 1: Right. So, you have an Alliance & Leicester business account and is that a case that you would put the money into the account but not actually put the money in the till?

(TC: 00:27:19)

William Quarm: I was putting the money in on a daily basis, because the cash flow-, I was putting the stuff through, but that doesn't explain it.

(TC: 00:27:36)

Moderator 1: Alright, well, it would, if you were putting a transaction into an Alliance & Leicester account but then not physically putting money into the till.

(TC: 00:27:48)

William Quarm: I was put-,

(TC: 00:27:49)

Moderator 1: You were putting money into the till?

(TC: 00:27:50)

William Quarm: Yes.

(TC: 00:27:50)

Moderator 2: Right, okay. Is this your daily shop takings you were putting into your (mw 27.56) business account?

(TC: 00:27:58)

William Quarm: Some of it.

(TC: 00:27:58)

Moderator 2: Some of it, yes.

(TC: 00:28:05)

Moderator 1: So, let me see if I can get this then. If you were putting the transaction through your Alliance & Leicester account and then putting the money in the till there wouldn't be a shortage.

(TC: 00:28:19)

William Quarm: That's what I'm saying, but it doesn't answer the question.

(TC: 00:28:26)

Moderator 2: Your retail business, when did it start, was it last autumn? What date, what month?

(TC: 00:28:32)

Moderator 1: No, we don't know yet, it was (inaudible 28.34) last autumn.

(TC: 00:28:30)

Moderator 2: Right, but last autumn you started having problems with your retail business, what was the problems with the retail business?

(TC: 00:28:48)

William Quarm: Well, first of all, I put it down to suddenly the cost price of goods were shooting up and I wasn't catching it, but it was down to demand. But then it addressed that one and I sat down on a daily basis as invoices came in and marked everything up through the computer system.

(TC: 00:29:13)

Moderator 2: Were you then struggling to pay invoices?

(TC: 00:29:15)

William Quarm: Yes.

(TC: 00:29:16)

Moderator 2: So, how did you then pay those invoices?

(TC: 00:29:20)

William Quarm: Quite often late, (inaudible 29.21).

(TC: 00:29:24)

Moderator 2: And where did you get the money from to pay those invoices?

(TC: 00:29:28)

William Quarm: Well, there was money coming in on a daily basis.

(TC: 00:29:32)

Moderator 2: And post office money, was that ever used to pay invoices?

(TC: 00:29:36)

William Quarm: Well, it must have been (inaudible 29.37) situation.

(TC: 00:29:39)

Moderator 2: Do you ever remember taking money out of the post office to pay invoices?

(TC: 00:29:43)

William Quarm: Not consciously, no.

(TC: 00:29:44)

Moderator 2: Not consciously.

(TC: 00:29:48)

Moderator 1: I'll do it. Sorry if it's (inaudible 29.49). In your letter, you said that you had a series of

[GRO] and [GRO] as it perhaps should have been around that time, is that around that same time?

(TC: 00:30:00)

Moderator 2: (TC 00:30:00) Yes.

(TC: 00:30:01)

Moderator 1: I should have asked you this really from the very start, are you okay to be interviewed today?

(TC: 00:30:06)

William Quarm: Well, I haven't [GRO]

(TC: 00:30:08)

Moderator 1: Right, okay. If you feel unwell at all at any time during the interview or if you need to [GRO] then, you know, don't let this interview hold you back.

(TC: 00:30:17)

William Quarm: I'll just show you [GRO]

(TC: 00:30:18)

Moderator 1: Right, okay, do you [GRO]

(TC: 00:30:20)

William Quarm: No, I'm not [GRO] at the moment.

(TC: 00:30:23)

Moderator 1: Okay, is that the [GRO] ?

(TC: 00:30:24)

William Quarm: Yes.

(TC: 00:30:25)

Moderator 1: Okay, right. There's GRO there.

(TC: 00:30:28)

Moderator 2: I can't see you but GRO.

(TC: 00:30:33)

Moderator 1: And that's all the, sort of, GRO?

(TC: 00:30:38)

William Quarm: Yes.

(TC: 00:30:39)

Moderator 2: Are you required to GRO just now?

(TC: 00:30:43)

William Quarm: I'll-,

(TC: 00:30:44)

Moderator 2: Because if you need to GRO just now we'd rather you GRO it. Don't put it off just because of an interview.

(TC: 00:30:49)

William Quarm: Yes, yes.

(TC: 00:30:56)

Moderator 1: For the purpose of the statement, Mr. McDonald is leaving the room to go and get a glass of water. As I say, if you need to [GRO] don't put them off just now for us.

(TC: 00:31:07)

William Quarm: Yes, I normally [GRO]

(TC: 00:31:12)

Moderator 1: Well, we're not asking you any questions until (inaudible 31.14) comes back.

(TC: 00:32:00)

Moderator 2: (inaudible 32.00).

(TC: 00:32:01)

Moderator 1: (inaudible 32.01).

(TC: 00:32:07)

William Quarm: Is that (inaudible 32.07)?

(TC: 00:32:07)

William Quarm: (Inaudible 32.07).

(TC: 00:32:19)

Moderator 1: For the purpose of the tape, William McDonald's just re-entered the room, it is 11:22. (Silence 32.25-32.43).

(TC: 00:32:44)

William Quarm: (Inaudible 32.44). (Silence 32.45-33.47).

(TC: 00:33:48)

Moderator 1: Okay, that is fine, right. It's important that you understand that if you don't feel well or you feel the need to [GRO] or anything, that you indicate to us as early as possible and we'll stop the interview at that point, because you're more important than what we're dealing with here today, right?

(TC: 00:34:09)

William Quarm: Okay then.

(TC: 00:34:10)

Moderator 1: That's just so you understand that, we're not here to oppress you in any way. So, right, let's go back. Where were we? What you said was that you were putting transactions through your Alliance & Leicester account but you were putting the money into the till. What did you use your Alliance & Leicester account for?

(TC: 00:34:40)

William Quarm: To pay one main supplier.

(TC: 00:34:41)

Moderator 1: Right, and was that a company, a specific company?

(TC: 00:34:47)

William Quarm: Yes.

(TC: 00:34:48)

Moderator 1: Who are they?

(TC: 00:34:49)

William Quarm: Lovett's Ltd.

(TC: 00:34:50)

Moderator 1: Are they are a local-,

(TC: 00:34:52)

William Quarm: A local cash and carry.

(TC: 00:34:53)

Moderator 1: A local cash and carry, right. So, you have an account with them and anything that you bought for the shop would more than likely be bought through them and they hit you with a monthly bill?

(TC: 00:35:05)

William Quarm: Yes.

(TC: 00:35:05)

Moderator 1: Right, okay.

(TC: 00:35:06)

William Quarm: No, weekly.

(TC: 00:35:07)

Moderator 1: Weekly bill, so if you go to the cash and carry, get your goods, they would send you a bill. You would pay it from this Alliance & Leicester account?

(TC: 00:35:16)

William Quarm: Yes.

(TC: 00:35:17)

Moderator 1: Right, now, if you were putting the money in the till, that wouldn't explain the shortage. So, we then come back to the auditors found a £40,000 shortage and we haven't really explained how that came about yet. I was understanding that what you were saying about the Alliance & Leicester account, if you'd been putting it in and then not putting money in the till, then your Post Office money would be short but if you were actually putting it in the till, the Post Office till that is, then there is no shortage but we've still got this shortage, unexplained.

(TC: 00:36:02)

William Quarm: Yes. (Silence 36.03-36.14).

(TC: 00:36:15)

Moderator 1: If we get back to your letter, it says 'I recognise, last autumn, that my shop business required a cash injection to keep going, and to the end, I initiated the sale of some property' There were delays in that coming through', and then you go into the next paragraph, 'I had no right to use Post Office money to prop up my own business'. Could you explain what you mean by using Post Office money to prop up your business?

(TC: 00:36:53)

William Quarm: Well, I think it was just moving money around.

(TC: 00:37:01)

Moderator 1: I understand what you mean by 'moving money around' but we need to be more specific than that. What money are we talking about? Are we talking about money from the post office? If it was money from the post office, where did we move it to? (Silence 37.16-37.28).

(TC: 00:37:29)

William Quarm: Well, it must have been to my account, shop account.

(TC: 00:37:33)

Moderator 1: Okay, so we're talking about the same Alliance & Leicester account, business account?

(TC: 00:37:37)

William Quarm: Well, I've got two accounts with Alliance & Leicester.

(TC: 00:37:38)

Moderator 1: You've got two accounts.

(TC: 00:37:39)

William Quarm: I've got the Royal Bank Account.

(TC: 00:37:41)

Moderator 1: So, how would we go about moving it into the second account that we're talking about now? How would you physically do that? Is it also an Alliance & Leicester account?

(TC: 00:37:55)

William Quarm: No, the Royal Bank.

(TC: 00:37:56)

Moderator 1: The Royal Bank but we don't have online banking here for Royal Bank, yes?

(TC: 00:38:04)

William Quarm: Yes.

(TC: 00:38:05)

Moderator 1: Do we?

(TC: 00:38:06)

William Quarm: Online?

(TC: 00:38:07)

Moderator 1: Online banking here.

(TC: 00:38:09)

William Quarm: In the post office?

(TC: 00:38:09)

Moderator 1: In the post office.

(TC: 00:38:10)

William Quarm: No.

(TC: 00:38:11)

Moderator 1: No, so how would it go from the post office to the Royal Bank? Would you physically take a lump sum of cash and deposit it in the Royal Bank account?

(TC: 00:38:26)

William Quarm: I must have done.

(TC: 00:38:30)

Moderator 1: If you did that, how often would you do that and how much at a time?

(TC: 00:38:37)

William Quarm: I couldn't be specific about that at all.

(TC: 00:38:40)

Moderator 1: The Royal Bank of Scotland account, is that a personal account?

(TC: 00:38:44)

William Quarm: No, it's a business account.

(TC: 00:38:45)

Moderator 1: A business account as well, what's the name of the business account for the Royal Bank of Scotland?

(TC: 00:38:51)

William Quarm: Well, it's in the name of my wife and myself.

(TC: 00:38:54)

Moderator 1: Right, so it's just under you names?

(TC: 00:38:57)

William Quarm: W J and A Quarm.

(TC: 00:38:59)

Moderator 1: W?

(TC: 00:38:59)

William Quarm: J and A Quarm.

(TC: 00:39:04)

Moderator 1: What do you pay out of that business account?

(TC: 00:39:09)

William Quarm: All the, sort of, Direct Debits for all sorts of charges and (talking over each other 39.14).

(TC: 00:39:14)

Moderator 1: What kind of Direct Debits, sorry?

(TC: 00:39:15)

William Quarm: What?

(TC: 00:39:16)

Moderator 1: What kind of Direct Debits?

(TC: 00:39:18)

William Quarm: Suppliers and (talking over each other 39.25).

(TC: 00:39:25)

Moderator 1: To pay heating, lighting, telephone?

(TC: 00:39:28)

William Quarm: (inaudible 39.28), yes.

(TC: 00:39:31)

Moderator 1: Council charge, all those sort of things?

(TC: 00:39:33)

William Quarm: All (inaudible 39.34), yes.

(TC: 00:39:39)

Moderator 1: You said that you must have taken the money to the Royal Bank. You can't be more specific than that?

(TC: 00:39:49)

William Quarm: No.

(TC: 00:39:51)

Moderator 1: Would anybody else have taken it, other than yourself, and deposited it into the Royal Bank?

(TC: 00:39:56)

William Quarm: No.

(TC: 00:39:57)

Moderator 1: No, so if anybody had deposited into the (TC 00:40:00) Royal Bank, it would have been yourself?

(TC: 00:40:01)

William Quarm: Yes.

(TC: 00:40:02)

Moderator 1: Okay, you wouldn't have asked, sorry, what's her name again?

(TC: 00:40:08)

William Quarm: Sheila.

(TC: 00:40:08)

Moderator 1: Sheila, you wouldn't have asked Sheila to go to the bank and deposit some money for you?

(TC: 00:40:13)

William Quarm: No.

(TC: 00:40:14)

Moderator 1: What about your wife, would you ever ask your wife to go and deposit money into the bank? We're talking about the money that belongs to the Post Office.

(TC: 00:40:28)

William Quarm: Well, she would bank for me (mw 40.29) but I suppose she would only accept what I gave her.

(TC: 00:40:34)

Moderator 1: Right, so if you gave her, I'm just picking a figure, £3,000, she would just accept it, that that's the profits of the business and she would go bank it.

(TC: 00:40:44)

William Quarm: Not profits but tickets.

(TC: 00:40:46)

Moderator 1: Tickets, yes, well yes, sorry, absolutely, right. So, have you ever physically taken money out of the post office till or taken to the Royal Bank of Scotland?

(TC: 00:41:05)

William Quarm: Well, we don't have such a thing as a till, you know.

(TC: 00:41:07)

Moderator 1: Well, okay, Post Office money, I mean, if it's in a box.

(TC: 00:41:13)

William Quarm: (inaudible 41.13), at the end of the day, Post Office money was checked here and then my tills come up here and were checked here, my till drawers were brought.

(TC: 00:41:27)

Moderator 1: Okay, so do you know how much it actually took, on a weekly basis, to run your shop or your business, how much money you should be taking in to keep it solvent?

(TC: 00:41:44)

William Quarm: Roughly, yes.

(TC: 00:41:45)

Moderator 1: How much was that, about?

(TC: 00:41:47)

William Quarm: I could give you a figure (inaudible 41.48).

(TC: 00:41:49)

Moderator 1: Just approximate figure. (Silence 41.50-42.04).

(TC: 00:42:05)

William Quarm: No, couldn't give you an exact-,

(TC: 00:42:08)

Moderator 1: We're not looking for exact figures, just an approximate figure, in the region of what?

(TC: 00:42:14)

William Quarm: Well, £10,000.

(TC: 00:42:17)

Moderator 1: £10,000 a week?

(TC: 00:42:18)

William Quarm: Yes.

(TC: 00:42:19)

Moderator 1: Right, and at the end of the week, if the takings were short, were you using Post Office money to top that up?

(TC: 00:42:29)

William Quarm: Well, no, it wasn't done like that, no.

(TC: 00:42:31)

Moderator 1: It wasn't done like that?

(TC: 00:42:32)

William Quarm: No.

(TC: 00:42:34)

Moderator 1: See, what we're just trying to figure out or get to the bottom of, what actually was the Post Office money used for? We know it's to keep the business afloat but we're trying to find out how you did that. We're not trying to trip you up. We're just trying to find out the facts of how you physically used the Post Office money. Did you put it into your bank account or did you actually physically use that money to pay suppliers in cash?

(TC: 00:43:03)

William Quarm: No, there was never any paying in cash.

(TC: 00:43:07)

Moderator 1: What about your cash and carry? Is it Roberts Ltd?

(TC: 00:43:10)

William Quarm: Lovett's.

(TC: 00:43:12)

Moderator 1: Lovett's Ltd, how did you pay them?

(TC: 00:43:16)

William Quarm: By cheque.

(TC: 00:43:17)

Moderator 1: By cheque, right, so you had to make sure there was enough in the account to pay them by cheque. Did you put Post Office money into the account to ensure that cheque wouldn't bounce, to cover the value of the cheque?

(TC: 00:43:35)

William Quarm: No, what I tried to do is put £700 of cash per day into the Alliance & Leicester account.

(TC: 00:43:44)

Moderator 1: Right, and were your shop takings falling below that level for you?

(TC: 00:43:51)

William Quarm: Not normally, no.

(TC: 00:43:52)

Moderator 1: Not normally, so if you were getting £700 per day takings to pay Lovett's, how have come in to get into this situation?

(TC: 00:44:07)

Moderator 1: Did you move the money from-, once your money was in the Alliance & Leicester account, did you then move it into the Royal Bank account from there?

(TC: 00:44:16)

William Quarm: No.

(TC: 00:44:16)

Moderator 1: David, could we maybe change the tapes over just now and we'll then continue that question?

(TC: 00:44:22)

Moderator 2: Okay.

(TC: 00:44:23)

Moderator 1: Yes, because we've only got a minute left. The tapes are about to finish. I need to continue the interview but prior to doing that, could I ask you to read out the master tapes here for me, the number at the top?

(TC: 00:44:38)

Moderator 2: 071081.

(TC: 00:44:41)

Moderator 1: If you could just sign above your name, just in here, and if you could sign below your name, yes. Okay, what's the time, David?

(TC: 00:45:09)

Moderator 2: Time is 11:34am.

(TC: 00:45:15)

Moderator 1: Switch off tapes.