

Royal Mail Group**Statement of Witness**

Surname:	GRANT	Forenames:	RAYMOND
Maiden Name:	N/A	Known As or Alias:	Title: MR
Address (Home):	GRO		Telephone: GRO
Address (Business/ care of):	AS ABOVE		Telephone:
Date and place of birth:	GRO		
Occupation:	INVESTIGATION MANAGER		

Witness states:

I have been employed by Royal Mail Group in various roles for around 26 years. My current position in which I have been employed is that as Investigation Manager. One of the main aspects of this role is to conduct enquiries on behalf of Post Office Ltd into fraud or suspected fraud against the business by either internal or external persons.

This statement relates to the discovery of a large shortage of cash at Paible Sub Post Office Branch (SPOB) Branch code 147869. Post Office Ltd Cash Management Team highlighted the Overnight Cash Holdings at Paible PO, were fluctuating between a few hundred to tens of thousands pounds. E-mails were sent to various functions within Post Office Ltd and a decision was made to conduct an Audit at Paible PO. Cash Management also provide a schedule of Overnight Cash Holdings from the period 01/04/08 to 08/07/08.

Production Copy of E-mail trail.

Production Schedule Paible Overnight Cash Holdings 01/04/08 – 08/07/08.

Paible SPOB is located within Bayhead Shop, Paible, Lochmaddy, North Uist, HS6 5DS. The Bayhead shop is a retail shop, selling groceries etc. The Subpostmaster for this office was 66 year

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Royal Mail Group

Statement of Witness

old William John QUARM who had been in post since 28th February 1994. Mr QUARM was assisted by Sheila ACFORD.

William QUARM was contracted by Post Office Ltd to provide services to customers on their behalf. In addition to stating the working standards the contract states that under no circumstances is the sub-postmaster allowed to use Post Office money for their own personal use. There is also a section of the contract which states that the sub-postmaster is responsible for the safekeeping of all cash and stock.

The Post Office uses a computer based accounting system named HORIZON that records transactions carried out by the staff at Post Office branches. For example when a clerk sells a book of stamps the stock is reduced by one book of stamps and the cash on hand is increased by the value of the stamps.

The Post Office accounting week runs from a Thursday to a Wednesday, these are known as a Balancing Period. The branch has to produce a Trading Statement at the end of each four or five week balancing period (dependant on the number of Wednesday's in a month). This Trading Statement is a record of all transactions made over the period. A transaction is any record of when cash, stock (stamps) or vouchers (giro cheques) for example have been handed over the Post Office counter.

When the sub postmaster is completing his Trading Statement, they will obtain a balance snapshot from the Horizon terminal. This snapshot indicates to the sub postmaster the amount of cash and stock held, total receipts and total payments made. The sub postmaster will then physically count the cash and stock to ensure that it is correct.

When the balance is completed any identified shortage in the account has to be made good by the sub postmaster at the time of the balance. Similarly if there is a surplus in the accounts the sub postmaster is allowed to remove this surplus. In either circumstance, the sub postmaster should declare the actual shortage or surplus in the accounts.

On Wednesday 23rd July 2008 Post Office Ltd Field Advisors Doug HEED and Alex MCKENZIE

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Royal Mail Group**Statement of Witness**

carried out an audit at Paible PO. Field Advisors are employed to examine Post Office assets.

The audit revealed a shortage in the branch of £40,277.76. A breakdown of the audit result and details of the audit findings are as follows:

£	40264.54	(-)	Identified as a difference in cash figures
£	0.12	(-)	Identified as a difference in stock figures
£	13.10	(-)	Shortage declared in previous balance period of present trading period
£	<u>40277.76</u>		Total shortage

Production Paible Audit Report 23rd July 2008 Witness HEED

Accordingly the Fraud Strand security team were advised of the audit result and the case was allocated to myself to conduct further enquiries.

On Thursday 7th August 2008 Raymond GRANT interviewed William John QUARM, Subpostmaster Paible PO. The interview took place in Paible Post Office, Bayhead Shop, Paible, Lochmaddy, HS6 5DS. There Mr QUARM was interviewed on tape and under caution in accordance with Scots Law. In accordance with Post Office rules Mr QUARM was offered the opportunity to have a friend present during interview, and opted for William MACDONALD, Brother in Law. Also present were Robert DAILY Fraud Investigator and Jonathan BISSET Post Office Ltd, Senior Security Analyst. The interview commenced at 10.50 hours and concluded at 13.14 hours. The tapes were sealed with master tape seals numbers 071081, 071078 and 071082.

Production Master Tape seal 071081 Interview William John QUARM 07th August 2008

Production Transcript of Taped Interview 1 William John QUARM 07th August 2008

Production Master Tape seal 071078 Interview William John QUARM 07th August 2008

Production Transcript of Taped Interview 2 William John QUARM 07th August 2008

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Royal Mail Group

Statement of Witness

Production Master Tape seal 071082 Interview William John QUARM 07th August 2008

Production Transcript of Taped Interview 3 William John QUARM 07th August 2008

It was explained to Mr QUARM that Jonathan BISSET was present on a training capacity. Mr QUARM stated he had no objection to Mr Bisset's attendance.

Initial discussions took place about office procedures and other staff member's responsibilities, during which Mr QUARM stated that he was the sole person who was responsible for producing daily reports, cash declarations and producing the Branch Trading statements.

Mr QUARM was shown a copy of a letter dated 28th July 2008 which he had sent to Brian Trotter Contracts Manager. After being allowed to read this letter Mr QUARM acknowledged that he was its author.

Production Letter 28/07/08

Mr QUARM was then asked to comment on its content. He restated that in autumn 2007 his private retail business was in financial difficulty, and he decided to sell some property assets that he had. Due to planning delays the sale was not going though as fast as he would like and in January 2008 he approached the bank with a view of borrowing money on anticipation of the sales going ahead. He was given agreement in principle from the bank. Further delays meant his financial position had worsened, Mr QUARM then said he used money from the Post Office to support his private retail side of the business. Mr QUARM said he needed to pay for the stock for his grocery business from his main supplier, who by this time was insisting on a weekly payment of around £4200.

During the course of this discussion Mr QUARM appeared to be in a bit of a daze, and appeared

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Royal Mail Group

Statement of Witness

not to be understanding the questions put to him. When asked if he was okay, he replied that because of the interview he had not taken his daily medication. Mr QUARM was allowed time to do this and confirmed that he was in a fit state to continue. Mr QUARM acknowledged that he was fine and wished to continue. It was explained to Mr QUARM that should he begin to feel unwell, then he should just say so and the interview would be suspended. He advised that he was fit to continue.

When asked how he removed the money from the Post Office Mr QUARM was at first very hesitant to give details of how the £40277.76 came to be missing. He then gave an explanation that he would credit his Alliance and Leicester account no 186 4947 with sums of money equivalent to around £4200 every week without putting the cash in the till. He would then use this money by means of drawing on this account by cheque payments to pay his suppliers.

Mr QUARM was shown various Branch Trading Statements and a schedule of the Branch Trading Statements. Mr QUARM confirmed the statements were signed by him. He was then asked if they were an accurate reflection of the cash and stock at the Branch at the time of their production. Mr QUARM said they were not as he had inflated the cash on hand figure, to match what the Horizon system said he had on hand. He said this was done to disguise the fact that he had taken the money. Mr QUARM said no one else knew of his actions.

Production Branch Trading Statement, Trading period 01, 21/03/07 – 25/04/07

Production Branch Trading Statement, Trading period 02, 25/04/07 – 23/05/07

Production Branch Trading Statement, Trading period 03, 23/05/07 – 20/06/07

Production Branch Trading Statement, Trading period 04, 20/06/07 – 25/07/07

Production Branch Trading Statement, Trading period 05, 25/07/07 – 22/08/07

Production Branch Trading Statement, Trading period 06, 22/08/07 – 20/09/07

Production Branch Trading Statement, Trading period 07, 20/09/07 – 24/10/07

Signature of witness: Signature witnessed by:

Royal Mail Group

Statement of Witness

Production Branch Trading Statement, Trading period 08, 24/10/07 – 22/11/07
Production Branch Trading Statement, Trading period 09, 22/11/07 – 19/12/07
Production Branch Trading Statement, Trading period 10, 19/12/07 – 23/01/08
Production Branch Trading Statement, Trading period 12, 20/02/08 – 26/03/08
Production Branch Trading Statement, Trading period 01, 26/03/08 – 30/04/08
Production Branch Trading Statement, Trading period 02, 30/04/08 – 29/05/08
Production Schedule Branch Trading Statements

Mr QUARM said he did not have permission to use Post Office money for his personal use. He stated that he always intended to replace the cash on completion of the sale of his property. Mr QUARM was asked if he was in a position to repay the missing cash. He stated that although the loan from the bank had now been received, he had decided to use this money to pay other creditors, as they had been pushing him for payments. One supplier who supplied Mr QUARM with fuel for his forecourt business had demanded payment prior to delivery. Once the creditors had been paid there was insufficient funds left to pay back the money stolen from the Post Office.

Mr QUARM pointed out that he had had several mini strokes last summer and wished this to be taken into consideration. Mr QUARM also stated that it was his intention to sell another piece of property in order to provide funds to repay Post Office Ltd.

Mr QUARM has admitted that since at least January 2008 he has taken advantage of his position as Subpostmaster to use Post Office money for his own personal use and continued doing so until the audit on 23 July 2008.

Mr QUARM declared he has assets of around £300k. He said it was intention to commission the sale of these in order to repay Post Office Ltd. To date no monies have been repaid. The loss to Post Office Ltd currently stands at £40,277.76.

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Royal Mail Group

Statement of Witness

There are Post Office documents available for productions which support the charges of theft and embezzlement. In addition there is the letter from Mr QUARM dated 28th July 2008, where he states, "I had no right to use Post Office money to prop up my business, I have lived for the past six months in day to day expectation of a Bank Loan to make good any Post Office shortage". The Branch Trading statements for this six month period do not show any shortages. In effect Mr QUARM admitted to the production of False Accounts.

Since the interview Mr QUARM has disclosed financial details.

- Alliance & Leicester Bank statements, Account No. **GRO**
- Bank of Scotland statements Preference Account No. **GRO**
Preference Account No. **GRO**
- Bank of Scotland Credit Card statements Account No. **GRO**
- Royal Bank of Scotland statements Account No. **GRO**
- Royal Bank of Scotland Business Term Loan
- Royal Bank of Scotland Short Term Loan
- Royal Bank of Scotland Mortgage
- Mortgage Endowment
- Capital Bank
- P60 End of Year Certificate 2007-08 Anne QUARM

The balances were noted on the following accounts.

- Alliance & Leicester Account: **GRO** 24/07/08
- Bank of Scotland Preference Account **GRO** 16/05/08
- Bank of Scotland Preference Account **GRO** 04/06/08
- Bank of Scotland Credit Card Account - **GRO** 07/03/08
- Royal Bank of Scotland Account: **GRO** 30/07/08

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Statement of Witness

It can seen from the above Mr QUARM has a substantial debt.

Production Alliance & Leicester Bank statements, Account No:

Production Bank of Scotland statements Preference Account No.

Production Bank of Scotland statements Preference Account No:

Production Bank of Scotland Credit Card statements Account No.

Production Royal Bank of Scotland statements Account No:

Production Royal Bank of Scotland Business Term Loan

Production Royal Bank of Scotland Short Term Loan

Production Royal Bank of Scotland Mortgage

Production Mortgage Endowment

Production Capital Bank Details

Production P60 End of Year Certificate 2007-08 Anne QUARM

Mr QUARM sent a covering letter dated 12/08/08 with the financial documents, declaring his house and properties are on the market. Expected value

Production Letter 12/08/08

To summarise Mr QUARM has admitted to using Post Office money to maintain his business. He has done so by crediting his personal bank account without putting the money due in the till. He then used the money to purchase goods and pay bills to allow his retail business to survive. To disguise his actions, he has by his own admissions inflated the cash in Paible Post Office at the period ends to show a balance, thus producing false accounts. Mr QUARM has in effect admitted to the theft and embezzlement of Forty Thousand, Two Hundred and Seventy Seven pounds and Seventy Six pence (£40,277.76), of monies belonging to the Post Office. He has stated he has

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Royal Mail Group

Statement of Witness

done since at least January 2008. Mr QUARM has made no attempt to blame anyone other than himself for his actions. The Post Office® is a fully Government owned business and is seeking full compensation in this matter. I can identify the accused.

Statement noted by:	Job title:
Business/Department:	
On (day, date & time):	
At (Location):	
Also present:	
Statement read and signed by witness (Yes/No):	

Signature of witness: Signature witnessed by: