

P.F.O. LOCHMADDY

Reference: PO09000047

ROYAL MAIL CORPORATE SECURITY (NORTHERN)

Sheriff Police Report

CASE DETAILS

Report Received on: 21/04/2009
Lead Incident Number: NNE8900820309
Date of First Offence: 22/07/2008
ACCUSED DETAILS

WILLIAM JOHN QUARM

GRO

SCRO No.: S51825/90T
Sex:
Date of Birth: **GRO**
Age:
In Custody: NO

P.F.O. LOCHMADDY

Reference: PO09000047

CHARGE DETAILS

Incident: NNE8900820309

- 1) on between 01 October 2007 and 23/07/2008 at Paible Post Office, Bayhead Shop, Paible, Lochmaddy, HS6 5DS you WILLIAM JOHN QUARM did steal Forty Thousand Two Hundred and Seventy Seven Pounds Seventy Six Pence (?40,277.76) of Post Office money

KNOWNDATE: 23/07/2008

CAUTIONDATE: 07/08/2008

CHGNOTE:

- 2) on between 01 October 2007 and 23/07/2008 at Paible Post Office, Bayhead Shop, Paible, Lochmaddy, HS6 5DS you WILLIAM JOHN QUARM did while Subpostmaster of Paible Post Office, Bayhead Shop, Paible, Lochmaddy, HS6 5DS embezzle Forty Thousand Two Hundred and Seventy Seven Pounds Seventy Six Pence (?40,277.76) of Post Office money

KNOWNDATE: 23/07/2008

CAUTIONDATE: 07/08/2008

CHGNOTE:

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SUMMARY

The following summary refers to an enquiry into an audit shortage discovered at Paible Post Office (PO) Branch, Bayhead Shop, Paible, Lochmaddy, North Uist, HS6 5DS, (Branch code 147 869) on 23rd July 2008. The Subpostmaster for this office was [GRO] year old William John QUARM who had been in post since 28th February 1994. The Post Office is located within a retail shop. Mr QUARM was assisted by Sheila ACFORD.

Subpostmasters are contracted to provide services relating to Post Office business to customers. As such they receive a monthly remuneration commensurate with the level of business conducted at the branch. They are provided with a balance of cash and stock to allow them to provide these services. It is their responsibility to ensure that this cash and stock is accounted for and is held securely at all times. Previously the Subpostmaster had to prepare a Cash Account balance on a weekly basis. This should be an accurate count of all cash and stock held. Latterly the process has been changed to this Cash Account balance to be produced on a 4/5 week cycle. This is now described as a Branch Trading Statement. Both sets of documents are described as accounting documents and as such should be certified by the postmaster as being accurate. Copies of these documents are held at the Post Office along with other vouchers and documents to support the business conducted during the accounting period. Subpostmasters are expressly forbidden by a clause in their contract to use Post Office money for their own use.

Within each Post Office there are counter position(s) which link into a computer system called Horizon. Each Post Office is recognised by a unique code under which all their individual transactions are recorded. The code for Paible Post Office is 147 869. This system records all transactions input by a counter clerk working at a counter position against their individual office code. Each clerk logs on to the system using his or her own User ID and unique password. The transactions performed by each clerk, and the associated cash and stock level information are recorded by the Horizon system in a stock unit. Once logged on, any transactions performed by the clerk must be recorded and entered onto Horizon and are accounted for within the user's allocated stock unit. The Horizon system provides a number of daily and weekly records of all transactions input into it. It enables Post Office users to obtain computer summaries for individual clients of Post Office Ltd e.g. National Savings Bank, Girobank (Alliance & Leicester), DVLA and the Department of Work & Pensions (DWP). The Horizon system also enables the clerk to produce a weekly balance of cash and stock on hand combined with the other transactions performed in that accounting period.

All branches are required to balance and complete a Branch Trading Statement at the end of each Branch Trading Period. It is a signed declaration of the cash and stock held at the branch at the end of the Branch Trading Period. It is a summary of the volume and value of the receipt and payment transactions, which have been carried out in the branch during the period on behalf of Post Office Ltd and its clients. There are twelve Branch Trading Periods in a year, running from April through to March, and each Period is identified by a number (TP 01, TP 02 etc). It starts on a Thursday and ends on a Wednesday in each instance, unless either the Wednesday or Thursday clashes with a public holiday, in which case, the Branch Trading Period is adjusted to take account of this.

Cash and stock are held in a Stock Unit and allocated an identification letter/number i.e. AA or 1 etc. Each Post Office Branch is unique in its make up of stock units. Whereas one office may have staff sharing one Stock Unit, another may have each member of staff assigned to an individual Stock Unit. Regardless of whether a member of staff serves from a shared or individual stock unit, each one will have an individual User ID and password for the Horizon computer system.

A Horizon User Id is compiled using the first letter of the first name and the first two letters of the surname. Then a number is added, which will always be 001, unless there is, or has been, an identical user ID. For example: The first Elvis Presley to be a user in your office would take the user name EPR001. If there is a second Elvis Presley or an Ella Presley, the last number must be incremented by 1, making them EPR002 on the Horizon system. If a user conducts management tasks such as balancing the office and printing reports they would normally require at least 2 User Id's. Therefore they would use the same letter format and then accumulate the numbers e.g. 001, 002, 003, etc.

Paible PO operates two stock units AA and ATM.

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.

P.F.O. LOCHMADDY

Reference: PO09000047

sums of money equivalent to around £163,4200 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.

P.F.O. LOCHMADDY

Reference: PO09000047

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
- 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 [GRO] 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.

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 is admitting 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]
- * Bank of Scotland Credit Card statements Account No. [GRO]
- * Royal Bank of Scotland statements Account No. [GRO]
- * Royal Bank of Scotland Business Term Loan

P.F.O. LOCHMADDY

Reference: PO09000047

- * 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.

P.F.O. LOCHMADDY

Reference: P009000047

- * Alliance & Leicester Account [GRO] ? £10.42 credit, 24/07/08
- * Bank of Scotland Preference Account [GRO] ? £3869.56 debit, 16/05/08
- * Bank of Scotland Preference Account [GRO] ? £6545.39 debit, 04/06/08
- * Bank of Scotland Credit Card Account - £12,969.09 debit, 07/03/08
- * Royal Bank of Scotland Account [GRO] - £35,133.25 debit, 30/07/08

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

Production Alliance & Leicester Bank statements, Account No. [GRO]

Production Bank of Scotland statements Preference Account No. [GRO]

Production Bank of Scotland statements Preference Account No. [GRO]

Production Bank of Scotland Credit Card statements Account No.

[GRO]

Production Royal Bank of Scotland statements Account No. [GRO]

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 £305k.

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 done since at least January 2008. Mr QUARM has made no attempt to blame anyone other than himself for his actions.

I have retained the Master Tapes and all original documentation. These can be provided for examination should they be required.

Robert DAILY
Fraud Investigator

24th March 2009

P.F.O. LOCHMADDY

Reference: PO09000047

PRODUCTIONS

A List of Productions is contained at CASE RELATED DOCUMENTS
REPORTING OFFICER DETAILS

RAYMOND GRANT

Unique No: NSE0890082 Rank: NON POLICE REPORTING OFFICER

Div No: Location: ROYAL MAIL CORPORATE SECURITY
SUPERVISORY OFFICER DETAILS

SUPERVISORY OFFICER:
Diane Matthews

P.F.O. LOCHMADDY

Reference: P009000047

WITNESS DETAILS

CIVILIAN

RAYMOND GRANT (PROFESSIONAL EXPERT OFFICIAL)

Cite Address (No alternate address available)

PO SECURITY & INVESTIGATION
GLASGOW MAIL CENTRE

Date of Birth:
Age:
Occupation:
Involvement Date:

GRO
07/08/2008

20 TURNER ROAD
G21 1AA

Telephone: **GRO**

ROBERT DAILY (PROFESSIONAL EXPERT OFFICIAL)

Cite Address (No alternate address available)

SECURITY SECTION
Glasgow Mail Centre
20 Turner Road
GLASGOW
G21 1AA

Date of Birth:
Age:
Occupation:
Involvement Date:

GRO
07/08/2008

Telephone: **GRO**

DOUGLAS HEED (PROFESSIONAL EXPERT OFFICIAL)

Cite Address (No alternate address available)

c/o Security Section
Glasgow Mail Centre
20 Turner Road
GLASGOW
G21 1AA

Date of Birth:
Age:
Occupation:
Involvement Date:

GRO
23/07/2008

Telephone: **GRO**

ALEXANDER MCKENZIE (PROFESSIONAL EXPERT OFFICIAL)

Cite Address (No alternate address available)

c/o Security Section
Glasgow Mail Centre
20 Turner Road
GLASGOW
G21 1AA

Date of Birth:
Age:
Occupation:
Involvement Date:

GRO
23/07/2008

Telephone: **GRO**

POLICE

P.F.O. LOCHMADDY
CASE RELATED DOCUMENTS

Reference: PO09000047

P.F.O. LOCHMADDY

Reference: PO09000047

GRO

P.F.O. LOCHMADDY

Reference: PO09000047

EXISTING CASES

SUBJECT NAME: WILLIAM JOHN QUARM
DATE OF BIRTH: GRO

PF REF	STATUS	CLOSED	AGENCY REF	DISPOSAL	SUBJECT NAME
PO09000047			NNE8900820309		QUARM, WILLIAM JOHN

P.F.O. LOCHMADDY

Reference: PO09000047

BACKING SHEET

Lead Incident No.: NNE8900820309
LOCHMADDY
OFFICER
PI Tape:
SECURITY

Reporting Officer: RAYMOND GRANT
Rank: NON POLICE REPORTING
Station: ROYAL MAIL CORPORATE

ACTION	DATE	MARKING INSTRUCTIONS	
Full Statements			
List of Witnesses			
Witnesses Cited			
Good Behaviour Report			
Bail Order Cancellation		PF Ref: PO09000047	Instructions
Productions Lodged			
Productions Released		ACCUSED QUARM, WILLIAM JOHN	
Pre Trial On		OFFENCE(S)	
Post Trial On		THEFT EMBEZZLEMENT	
Court Minutes	Court Minutes	Court Minutes	