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SECOND INTERIM INVESTIGATION REPORT PROJECT VENUS

Case:	Director's declaration made by Elliot Jacobs; and possible lack of engagement re outstanding debt.	Date:	30 th June 2023
Author:	John Bartlett, Head of CIU Andrew Morley, CIU	Sponsor:	Nick Read – POL CEO

Input Sought: For Decision – this case has reached a strategic decision point: see Recommendations

Background:

1. This is the second Interim Investigation Report issued under Project VENUS and this report should be read with reference to the [first interim report](#).
2. This investigation is now asked to consider three questions:

Question 1 - Did Non-Executive Director (NED) Elliot Jacobs on or about 22 June 2022 make a false/misleading/incomplete declaration on a 'Remuneration form for Directors and Other Key Management Personnel'?

Question 2 – Has Elliot Jacob's failed to address and service a debt owed to Post Office Ltd (POL) accrued by his company Universal Office Equipment?

If it can be shown that Elliot Jacob's does have a debt owed to POL, the Co-Sec has requested that CIU consider a third question:

Question 3 – Did Elliot Jacobs fail to recognise and mitigate a conflict of interest during Board meetings when the Board considered issues relating to the collection of Postmaster debt?

3. Elliot Jacobs (EJ) holds 100% of the shares in Universal Office Equipment (UOE) and is the sole director of UOE. UOE operates 7 Post Offices which are located at Camden, Crouch, East Finchley, Hertford, Potters Bar, Stoke Newington and Muswell Hill. The initial referral reported that UOE had an outstanding debt owed to POL of c£50,000. The shortfall as of 12th June 2023 stands at £198,861.09
4. EJ is one of two Postmaster NEDs on POL's Board.

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Summary of Findings to Date:

5. Since the last report two significant events have occurred:
 - a. Elliot Jacobs (EJ) participated in a fact-finding investigative meeting with the Central Investigations Unit (CIU) on the 5th April 2023

And

- b. Announced Branch Assurance Visits were undertaken at all UOE branches on the 12th and 13th April 2023.

Investigative Meeting

Question 2 – Has Elliot Jacob’s failed to address and service a debt owed to Post Office Ltd (POL) accrued by his company Universal Office Equipment?

6. The investigative meeting took place on the 5th April 2023. EJ confirmed that he was happy for the interview to be audio recorded and a copy of the recording was supplied to EJ post interview. The interview was conducted by John Bartlett (JB), Head of CIU and Andy Morley (AM), Senior Investigations Manager. EJ attended with a friend who gave his name as Jason Jacobs.
7. It is not the intention of this report to produce a verbatim transcription of the interview but to provide a high-level summary of the conversation and the evidence available to support or rebut the account given. The report will also detail lines of enquiry conducted post interview to corroborate statements made during the interview.

The interview was split into three parts:

- a. The alleged shortfall across the UOE Group. A recording of this part of the interview which is split across two WAV files is available [here](#) and [here](#)*.
- b. How EJ has dealt with Conflicts of Interests (COIs) at Board meetings, the recording of this part of the interview is available [here](#) at minute 6.20 onwards.
- c. EJ’s alleged false/misleading/incomplete declarations on a ‘Remuneration form for Directors and Other key Management Personnel’, the recording of this part of the interview is available [here](#) at minutes 20.27 onwards.

**NOTE to listen to the recording you will first need to download it (using the link provided above) and selecting the ellipsis then Download, then go to your Downloads folder, right click the file and select ‘Play with Windows Media Player’*

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It was made clear to EJ at the commencement of the interview that CIU was approaching the matter with an open mind and that the purpose of the investigative meeting was to highlight the matters to him and allow him the opportunity to respond and provide his version of events.

8. EJ expressed his displeasure of the tone of initial communications from CIU and CIU confirmed that we would reflect on his feedback.
9. EJ was provided with a copy of 79 emails sent by the Postmaster Account Support Team (PAST) prior to his interview with CIU. These emails were made up of monthly account statements and follow up letters regarding the outstanding shortfall on his account. The earliest email to EJ regarding his shortfall, that CIU has been able to locate, was dated [23rd December 2019](#). Attached to this email was an Account Statement covering the period [6th February 2019 to 23rd December 2019](#), which shows the balance on the account at that time was £23,927.70. The latest account statement provided to EJ was dated [20th February 2023](#) at which time the UOE account balance stood at £184, 294.10. It should be noted that from September 2022 PAST were advised to stop sending account statement emails to EJ (due to potential GDPR concerns) and to place all such communication in the Partnership Portal. A copy of all the communications sent by PAST to EJ and placed in the Partnership site are available [here](#) and were all disclosed to EJ prior to the interview.
10. EJ stated at the commencement of the interview that prior to being contacted by CIU to arrange an interview he had “no awareness of the numbers or that there was an outstanding issue”. EJ also confirmed that he had been provided by CIU with “lots of stuff” (Referring to the material disclosed to him prior to the interview with CIU).
11. It was suggested to EJ that he had previously communicated with PAST, but this communication ceased around his appointment to the Board in June 2021. EJ responded by stating that prior to September 2021 both he and his business was part of the Multiples Team and that the UOE account was managed for POL by Strategic Partnership Manager, Mike Ball. However, around September 2021 UOE were moved from the Multiples Team to the Postmaster Team at which point EJ claims “the ball was dropped”. EJ pointed out that he is well known in the organisation and that he was surprised that that nobody ever raised the issue of the shortfall with him again. (Note - Post interview enquiries have established that UOE moved from the Strategic Partnership Team to the Multiples Team in October 2021).
12. EJ continued to say that when “they” (not clear who they are) moved to posting letters they were sent to 25 Maidenhead Street which is one of his branches. He explained that they had the letters but they were not brought to his attention, and he was not based at this location. Only once he was contacted by CIU to arrange an interview did he contact the branch where it was established that there were about eight letters, not addressed personally to him, there unopened. EJ expressed his surprise that the letters were sent to the address and not his provided correspondence address 120 High Road (Note: 120 High Road, East Finchley) which is his Head Office.
13. In relation to emails sent to EJ in respect to the discrepancy, EJ stated that the emails were sent from a generic email address which he believed was similar to postmaster@ (Note – correct address is postmasteraccount@[redacted]GRO). He indicated that his spam filter had probably blocked all generic emails and that he had never actually received them. He clarified that he does receive POL emails sent from individual POL accounts i.e. [andrew.r.morley](#)[redacted]GRO
14. With regard to the letters/statements placed in the Partnership Portal, EJ stated that he is unable to find any reference to it in POL literature or on Branch Hub. (Note – the Strategic Partnership Portal is only available to Strategic Partners and Multiples and hence the reason it is not referenced in POL literature or on Branch Hub). While he recalls hearing of it, he said he did not have access to it. Leading up to the interview EJ stated that

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he had tried to access the Portal and highlighted that it requires an access code which he stated needs to be provided by POL. (Note – John Jenkinson (who manages the portal on behalf of POL) has confirmed that no access code is required and that all other Strategic Partners are able to access the Portal without issue). EJ insists that because he cannot access the Portal, he was unaware of concerns with the UOE account with POL.

15. EJ was then shown the following documents as examples of the 79 documents that were sent to him prior to the interview. AM explained each document to EJ and requested an explanation to each. The following is a synopsis of this:

Document Number [JS15032023-0947a](#)

Description - Letter addressed to UOE at 25 Maiden Street dated 20 February 23 – Letter refers to a recent discrepancy of £76,158.34. Behind the letter is the UOE account statement which provides a detailed breakdown by branch covering the period 2019 to date. At page 4 of the document is a summary of the account per branch listing existing discrepancies, any new discrepancies in the period and any disputed discrepancies which at the time of the statement £370 was in dispute. The branch summary is then totalled and at the statement date there was £184,294.10. The document had been placed in the Partnership Portal for collection by EJ.

Summary of EJ's Response

EJ explained that £80,000 of the discrepancy related to an ATM transaction which he suggested had been duplicated and resulted in him appearing to be at an £80,000 loss, which was not the case. A Transaction Correction (TC) has since been received to address this error and the balance on the UOE account has been adjusted accordingly.

EJ maintained that he has not had access to the Partnership Portal and therefore, he was unaware of the remaining shortfall on the account.

Document Number [JS06032023-1925d](#)

Email sent on the 21/2/2022 to [ejacobs@GRO](#) (an email address EJ had confirmed earlier in the interview he uses for UOE/POL communications). Attached to the email was the account statement for the period ending 21/02/2022. The statement ran to 44 pages, however, only the relevant pages had been printed and produced for EJ to comment on, which included the account summary. During the period there was a -£953.39 discrepancy across the group (in UOE's favour). The outstanding balance on the UOE Group account was £89,125.38 (owed by UOE).

Document Number [JS06032023-1928a](#)

Email sent to [ejacobs@GRO](#) & [jhengl@GRO](#) -EJ confirmed that Jarad Hengl is one of EJ's Area Managers who manages the branches at a regional level. EJ explained that he has 7 branches with a Team Leader in each branch who report to Jarad, there are 50 staff across the group and EJ manages the business as the CEO/Managing Director.

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Attached to this email was:

Document Number [JS06032023-1928aa](#)

Account statement dated 18/10/2021. All 27 pages were produced. The summary pages were highlighted to EJ which recorded that Muswell Hill had a positive discrepancy (in UOE's favour) during the period of £4,351.96, which resulted in a group positive discrepancy during the period of £2,182.14 and a running balance on the UOE Group account of £73,520.19 (owed by UOE).

Document Number [JS06032023-1923c](#)

Email dated 21/12/2020 emailed from [postmasteraccount](#): [GRO] to [ejacobs](#): [GRO] attached to email was:

Document Number [JS06032023-1923ca](#)

Letter and account statement dated 21 December 2020. Only the relevant pages were shown to EJ i.e. the account summary by branch which showed that during the accounting period the shortfall had increased by £4,064.39, bringing the total shortfall across the group to £36,345.45 (owed by UOE).

Document Number [JS06032023-1923h](#)

Email dated 24 August 2020 sent to [ejacobs](#): [GRO] and sent from [postmasteraccount](#): [GRO]
Attached to the email was:

Document Number [JS06032023-1923ha](#)

Letter and account stated dated 24 August 2020 (only relevant pages were produced at interview) which included the account summary detailing new discrepancies across the group in the trading period which total £3,726.86 and a total outstanding discrepancy across the group at the date of the statement of £33,738.65.

Document Number [JS06032023-1923f](#)

Email dated 23 December 2019 to [ejacobs](#): [GRO] and sent from [postmasteraccount](#): [GRO]
Attached to the email was:

Document Number [JS06032023-1923fa](#)

This statement followed the format for the production of statements in 2019 and simply provides a detailed list of all shortfalls per branch and does not provide a summary and overall position.

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**Document Number** [JS15032023-0947](#)

An email from the Postmaster Account Support Team to CIU dated 15/03/2023 providing the current balance on the UOE account with POL which was £211,875.24 (owed by UOE).

The conversation turned to communications between POL and EJ in relation to the shortfall and whether EJ received such communications and therefore was aware of the shortfall.

Document Number [MS30032023-1758](#)

This is an email chain dated 26 May 2020 between [agents.accounting.team](#) [GRO] (now known as the Postmaster Account Support Team) and [ejacobs](#) [GRO]. The first email from the Agents Accounting Team was sent at 1112hrs on the 26 May 2020. The chain shows that EJ responded to the earlier email 18 minutes later. This is a clear indication that EJ did receive this communication sent from a generic email address despite EJ's earlier statement that he has not received communications sent from generic email addresses.

Document Number [MS 30032023-1759](#)

This email chain covers the period 2 June 2020 and the 15 June 2020. The chain is between EJ and Michelle Stevens who at the time was the Loss Recovery Manager within the Agents Accounting Team (now known as PAST). It is clear from the communication that EJ is seeking clarification on items listed on a recent UOE account statement. This is evidence that EJ had received the UOE account statement and, therefore, was aware of the shortfall on his account despite his earlier assertion to the contrary.

Document Number [MS 30032023-1800](#)

This email chain commences on the 18 January 2021 with an email sent at 1400hrs from the [postmasteraccount](#) [GRO] email address to [ejacobs](#) [GRO]. The email is a cover email for the latest account statement which lists discrepancies totalling £49,970.03.

EJ replied at 1403hrs on the same day (3 minutes later) and challenged one transaction on the statement. This is clear evidence that EJ had received the statement, which was sent from a generic email address, despite his earlier assertion that he had not received any communications from the POL generic email addresses. In challenging one transaction it is clear that EJ has reviewed the statement and therefore it seems reasonable to conclude he must have been aware of the balance on the account, despite claiming earlier, he had no knowledge of the shortfall. This email is then finished with the sentence:

'I have organise [sic] a payment to account today towards our balance'.

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This again is evidence that EJ was aware of the shortfalls on the UOE account and in making an offer to pay is acknowledging liability.

There is further communication in the same email chain on the 21 January 2021 between the [postmasteraccount@GRO](#) email and [ejacobs@GRO](#) email address. This again is evidence that emails sent from POL generic email addresses are not being blocked by UOE's spam filter as claimed by EJ.

Document Number [MS 30032023-1802](#)

This is an email chain which commences with an email from the [postmasteraccount@GRO](#) email address on the 27 July 2021 at 1528hrs which was sent to [ejacobs@GRO](#) and copied into Michelle Stevens, Mike Ball and Jarda Hengl of UOE.

Mike Ball then forwards the email to [ejacobs@GRO](#) at 1616 on the 27 July 2021 and says:

'Hi Elliot,

Can you please confirm when this will be paid or can you contact Michelle with any questions or concerns with this asap'

EJ responds to Mike Ball's email at 2221hrs on the same day stating, 'I will contact Michelle on Friday when I am back in the office'.

This is further evidence that EJ was aware of the shortfall on the UOE account despite his earlier claims to the contrary.

Document Number [MS 30032023-1801](#)

This is an email chain which commences at 1529hrs on the 4 June 2021 with an email from [postmasteraccount@GRO](#) to [ejacobs@GRO](#) and reads:

'Good afternoon Elliot

Please can you ring me about the amounts outstanding on your account.

Regards

Jae Arnott

Postmaster Account Support Team'

EJ responded at 1529hrs on the 4 June 2021 (note the time signature demonstrates that EJ responded immediately with both the outbound and inbound emails sent within the same 60 second period (1529hrs) to the email simply saying,

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'Hi Jae

I'm out of the office this afternoon, but will give you a call on Monday when I'm back in.

E'

This is evidence that EJ was aware there was a shortfall on the UOE account despite his claims to the contrary.

Document Number [MS 30032023-1807](#)

Email chain commences on the 27 July 2021 at 1528 with an email from [postmasteraccount@GRO](#) to [ejacobs@GRO](#) copied into the email were Michelle Stevens, Mike Ball and Jared Hengl (UOE). Attached to the email was the July statement of account as of 19 July 2021. The email asks EJ to contact PAST to discuss the amount on the account.

EJ responds at 1248 on the 2 August 2021 to [postmasteraccount@GRO](#) email address challenging entries on the account. This is further clear evidence that EJ is receiving emails sent from POL generic email addresses. In challenging entries on the account, it is further evidence that EJ is aware that there is a shortfall on the UOE account.

16. It was suggested to EJ that the evidence shows that his spam filter was not blocking emails sent from the [postmasteraccount@GRO](#) email address as he had suggested. In some cases, he had responded to emails in less than 3 minutes of receipt.
17. EJ stated in response that this was the first time he had seen these emails (**note** – the emails were provided as part of the pre-interview disclosure which EJ had earlier acknowledged he had received). Some of the emails come from a different email address, [agents.accounting.team@GRO](#) which he had not searched for prior to the interview and most of them come from a personal email address, which he accepted he does not have an issue receiving. He conceded he had replied so he must have received the email, but detailed that these correspond to a period when Mike Ball was managing his account and it is Mike's email he receives (**note** – the evidence set out above demonstrates to the contrary). EJ reiterated the point that when he does receive an email he always responds.
18. EJ went on to say that he had ran a check against the email address shown on the emails sent to by PAST to EJ which were forwarded to EJ by CIU as part of the pre-interview disclosure and he had not received any emails from this email address. EJ went on to suggest that the spam filter may have blocked the emails because of the amount of text on them, explaining that when they have personalised content they do not get treated as spam.
19. The conversation then focussed on the question of EJ's response to the account statements that he did receive (as evidenced above by the fact he did respond to some emails that had account statements attached). EJ responded by saying that he could not recall each individual case, but he would speak with colleagues in the branch to understand what had happened and if they could account for the error, he would contact PAST and discuss settlement of the discrepancy.

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20. EJ said that one thing that the interview had brought to his attention was that there is a gap in communication between POL and EJ and that he is very keen to resolve the communication gap. He maintained that he would work to resolve anything on account that is required to be settled. He added that he would always seek to resolve any situation which is validated and brought to his attention.
21. EJ did raise the question as to why someone had not tried to contact him by telephone regarding the shortfalls. Enquiries have been conducted with the PAST team who have indicated that they did attempt to speak with EJ on the phone and that EJ did not answer their calls. However, unfortunately these calls were not recorded nor is there any record of how many calls were attempted. It is, therefore, acknowledged that the reported calls have little evidential value, they do not progress the investigation in either direction and are recorded here simply to demonstrate that attempts have been made to address EJ's direct question.
22. The conversation then moved onto what actions EJ had taken to settle the balance on the account (WAV file min 56.00). EJ responded by saying that it was difficult getting answers to what caused the errors; it is a big problem. EJ referred to shortfalls in the pouches in the past which when challenged turned out not to be shortfalls. He stated that he does not trust the cash centre (based on earlier comments that he attended a cash centre to view video footage that then proved that the highlighted discrepancy was incorrect). He went on to explain that his branches handle around £1.5m per week on behalf of POL and that the equipment they have is the best they can afford, but not good enough for the job. He further explained that cash counting is done by hand and that errors do occur, but they often rectify themselves at the next TP.
23. EJ explained that the lack of seeing the statements has caused him to lose sight of UOE's financial position with POL. EJ stated that he is not receiving enough communications from his internal (UOE) team and that he is looking into this. He further stated that Horizon does not generate any centralised report and he insisted again that he had not seen the reports supplied by PAST.
24. EJ revealed that his team have recently brought to his attention the fact that they do not have a 'dispute button' on their Horizon terminals at any of their branches. EJ stated that this should be standard for Horizon terminals and that he has no idea why there is no dispute button on the Horizon terminals operated at his branches. Where a branch wishes to raise a dispute the branch manager will telephone the Business Support Centre (BSC) and raise the dispute manually. CIU committed to looking into this further post interview (covered later in this report).
25. The conversation progressed to discuss document [JS17032023-1212](#) which is a sample of Transaction Correction (TC) scripts following the establishment of a shortfall which would have appeared on the Horizon terminal in branch at the time the TC occurred (WAV file 1 min 2.40). The TC would have needed to be accepted in branch before trading could commence. EJ stated that TCs can be accepted in branch without any authority, and he would not necessarily be aware of the TC. The first time he had become aware of the TC scripts was when they were shared with him by CIU as part of the pre-interview disclosure. He described the scripts as "wading through treacle". EJ went on to say that there is no transparency in the process, and he is not the one pushing the button in branch, nor were the scripts particularly clear and explicit. He could offer no further comment or explanation at this time as this was the first time he had seen this document.
26. It was suggested to EJ that what this investigation has highlighted is that there is a breakdown in communications within UOE and he was not sighted on what was occurring in branch. EJ did not dispute the suggestion and said that there was also a breakdown in communication between POL and EJ.

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27. The transition from PAST emailing communications directly to EJ to placing them in the Partnership Portal was then discussed (WAV file 1 min 6.20). The [statement of John Jenkinson](#) who is the Partners Operations Development Manager was read to EJ and the supporting exhibits produced. It was put to EJ that he has clearly been in the Partnership Portal in the past and that is evidenced by the screenshots taken of the Portal and conversations he has had previously with John Jenkinson regarding various reports, which he could not have accessed if he had not been in the Portal. EJ said that he may have been in the Portal pre-Covid but insisted that he does not have access. It is POL's position that there is no apparent reason at our end blocking access to the Portal and EJ does have access. The inference being EJ does have access to the Portal and therefore, he does have access to Account Statements generated by PAST. EJ insists he has not seen the communications in the Portal and highlighted the difficulty in obtaining account information. He explained that this occurred from the point where he transferred from being a Strategic Partner to being a Multiple.
28. Payments received from EJ against the shortfall were then discussed (WAV file 1 min 17.45). It was acknowledged that EJ had maintained throughout that he was not aware of the shortfall. However, on the 16th June 2020 EJ made a payment of £3,338.32 against the shortfall and EJ was asked to explain how he managed to make a payment against something he was not aware of? EJ responded by saying that this was during a period when he was supported by Mike Ball (Strategic Partnership Manager) and that all the failures occurred after Mike Ball stopped supporting him.
29. A further payment was received from EJ 3 days later on the 19/6/2020 for £1,802.16. EJ stated that he would assume that UOE had made a mistake and he rectified it.
30. EJ was asked to explain why he made a payment of £4,645.81 on the 28/07/2020 against a shortfall he was not aware of. EJ simply responded by saying I refer to my previous answer.
31. A further payment of £4,462.30 was received from EJ in January 2021 (exact date not recorded on file) and again EJ was asked to explain how he managed to make a payment against a shortfall he was not aware of. EJ explained that it must have been brought to his attention and with Mike's (Mike Ball) help we resolved it.
32. It was brought to the attention of EJ that there are 1076 discrepancies aligned to the UOE account and only 20 had ever been disputed. It was suggested to EJ that it appears that once the discrepancy hits the account that they are simply ignored. In response EJ stated that until CIU had raised the issue with him recently, he had no sight of the discrepancy and doesn't even recall this account. He continued that it had completely disappeared from his consideration. He didn't even think UOE had anything of issue, stating: "we certainly don't have anything which is an agreed dispute". EJ then went on to point to the alleged lack of communication and therefore, they are unresolved disputes. He further pointed to the different way disputes were handled in 2019 to the way they are handled today. He said that the 20 shortfalls that had been disputed were disputed at the branch level and that UEO does not have a 'Dispute Button' (on Horizon). EJ described this as a concern, and the process for "digging in" and resolving disputes has not been "handled correctly by either side" because of the breakdown in communication. He claimed this was owing to the fact he didn't have Mike Ball's assistance to resolve matters.
33. EJ said that going forward he was keen to ensure that UOE has a process to remedy discrepancies and resolve them promptly and swiftly. He also wants to go back and look at the discrepancies that CIU had now brought to his attention, find out what caused them, agree whether they are approved and if not why in order to find a resolution for the account in full. He explained he does not want to be in a position where there is a balance

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owing and again claimed he was unaware of the discrepancy. He stated that this needs action from Post Office, but also definitely needs action on UOE's side to ensure the situation regarding the discrepancy did not deteriorate.

34. AM asked EJ to explain the final payment received from UOE on the 22/03/2021 for £4,004.03. EJ responded by saying that he was still part of the "Multiple Team" at that time (**note** – UOE was actual a Strategic Partner at that time), and it would have been brought to his attention and that he resolved it.
35. EJ was asked to explain the process in the branch and explain why the outstanding shortfalls are not being flagged up to him. EJ said that it was a lack of transparency at the branch level from one TP to the next, because there is no rolling balance to show the balance for each branch. EJ accepted that they need to improve their processes internally to capture that figure. He is going to ask his internal Regional Manager to review the process to understand why he (EJ) has not had this clarity. He conceded that this was an area UOE can improve on.
36. JB suggested that from April 2021 when a dispute is raised at branch level it is taken out of the branch and put into the dispute process. He queried whether EJ was aware of this, to which EJ responded that he was not. EJ was asked whether UOE has any standard operating procedure to raise a dispute. EJ said that recently one of his branch managers had run local reports following a cash discrepancy and raised a call with the helpline, but explained that this was only a recently introduced activity. The issue as EJ sees it is that he was not receiving any central reports highlighting the number of TCs being raised and the branch were not aware of the process beyond their step that needed to happen. Now that they are getting the monthly statements, steps can be taken to resolve any issues that arise in the future.
37. This section of the interview was brought to a close and EJ was advised that as of the previous day (4th April 2023) the outstanding balance on the group account stood at £100,500.49.
38. EJ offered to attend Chesterfield if it would help to resolve the shortfalls and he was as keen as POL to resolve and not to have the outstanding amount on his account.
39. The interview was paused for all parties to take a break.
40. Following a short break, the conversation centred on training offered to the Stoke Newington Branch in 2022 (WAV file 2 minute 0.00). Dynamics (POL's call centre record software system) details notes made at the time in relation to concerns raised with regard to the branch's failure to balance. This resulted in the branch staff being offered further training. The first offer was made in February 2022 (CAS-2231069 refers) which was declined by the Manasvi (understood to be the OIC at Stoke Newington Branch). A further example was also produced (CAS-2329632 refers) also relating to Stoke Newington. This was a further matter where the branch once again was having difficulty in balancing resulting in a further offer of training which was once again declined. EJ commented that he had not seen the reports adding that there is clearly a breakdown in communication. He stated that the person making the offer of training should not make that offer to the person who needs the training but make the offer of training to EJ as the Postmaster. He continued that had the offer of training been made to EJ then it would have readily been accepted. Furthermore, EJ explained that Manasvi is a strong team leader and he believed that it was out of character for her to decline training, however, EJ noted that he had not been given the opportunity to ask her to explain herself. If the offer of

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training is still available, he would like to accept it, and reiterated that all offers of training should be addressed to EJ as the Postmaster.

Question 3 – Did Elliot Jacobs fail to recognise and mitigate a conflict of interest during Board meetings when the Board considered issues relating to the collection of Postmaster debt ([WAV file 2 minute 6.20](#))

41. EJ attended the Board Meeting held on the 1 November 2022. As with every Board meeting reviewed during this investigation the [minutes](#) of the meeting recorded that at Item 1 the Chair called for a declarations of any Conflicts of Interests (COIs). No declarations were made. However, the minutes show that EJ joined the meeting late at 1011 and therefore, it is perfectly conceivable that EJ missed the call for COIs on this occasion.
42. During this meeting the minutes recorded a detailed discussion (see minutes for detail) with regard to the recovery of Postmaster debt. The concern is that EJ is a Postmaster who owed circa £100k to POL at the time of the meeting he was clearly conflicted, and EJ was asked to account for his failure to manage this COI (WAV file 3 minutes 08:27). EJ responded by stating that he arrived at the meeting after the call for COIs was made. He went on to explain that he had an agreement with the previous Chair, Tim Parker, that “he (EJ) and the other Postmaster NED were not independent NEDs, it is inherent that as a Postmaster NED involved in the business that I am not an independent director in the normal sense of a NED”. EJ added that the matter of Postmaster NED COIs had been discussed with Co-Sec, EJ had received training on managing COIs and EJ had discussed the same with the previous Chair (Tim Parker) and the incoming Chair (Henry Staunton) regarding management of Postmaster NED COIs. Tim Parker’s approach was that having Postmaster NEDs in the room was of significant value, that Postmaster NEDs never voted on issues that affected them and “we brought colour and clarity to a group of people who did not have that”. EJ went on to say that when he attends board meetings he has “the best interests of the company at heart” and he does not think like a Postmaster but as a businessperson who has been in business of over 25 years and that he brings his experience sitting on other large Boards for the best interests of POL.
43. EJ stated that at the last Board meeting and as a result of this investigation he asked to be put on permanent record that he is conflicted when dealing with anything relating to Postmasters.
44. EJ went on to make the point that no vote was taken as a result of the meeting, and it was merely a conversational piece only.
45. JB put to EJ that part of the reason he (EJ) attends Board meetings is so that he can influence the viewpoints and perceptions of the other Board members. JB also explained the perspective from the outside looking in may take the view that in relation to this matter in that EJ could influence a discussion which ends up with an uncollected deficit to EJ’s advantage therefore potentially resulting in criticism of POL and a concern being raised. EJ responded by saying, “it did not enter my (EJ’s) mind that there was a balance owing, it wasn’t even on my radar until you raised it, I have no recollection of it being an issue and I didn’t associate it with us having a problem and that being an issue. I can see how you might see that, I can tell you that was not on my mind. It has never been my intention to use as you describe it my influence for my own personal benefit. When we have had remuneration discussions and you will see this in the minutes, Saf (the other Postmaster NED) and I have not been able to vote on those where there are votes that affect Postmasters in general. Where we sit on the periphery of something we could perhaps, we could gain a benefit from like hard-to-place decisions and stuff like that, I do seek guidance from both Co-Sec and Ben Foat to check our position. It is a difficult one, I have to say. It is inherent in the job that if we are not trying to resolve things that affect Postmasters

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then we are not in the right job. But at the same time I do my utmost to make certain that I bring integrity and fairness and a non-exec mindset to these meetings”.

46. EJ was asked to comment on the fact that on his appointment as a NED the deficit stood in the region of £40k, that the PAST team had been communicating with him regarding the balance around this period and that he had made some repayments against the balance. EJ said, “I didn’t recall the balance, if I am honest, I hadn’t had sight since 2021, I think is the last time I recall it, I don’t recall the exact time, but certainly a fair time, I had genuinely had lost sight of it, I wasn’t considering it on a daily basis, it wasn’t on my radar. If I had been contacted it would have been on my radar”.

Question 1 - Did Non-Executive Director (NED) Elliot Jacobs on or about 22 June 2022 make a false/misleading/incomplete declaration on a ‘Remuneration form for Directors and Other Key Management Personnel’ ([Wav File 2 minute 20.27 onwards](#))?

47. The conversation continued to discuss the various declarations made by EJ on his appointment as a NED and specifically the [‘Representation Form for Directors and Other key Management Personnel- Unquoted Companies Reporting Under IFRS’](#) which was signed by EJ on the 26/06/2022. On this form EJ is asked and is required to make the declaration detailed in the extract above.

With regard to section 413 of the Companies Act 2006 and paragraph 72 of Schedule 1 to SI 2008/410, I confirm that, except for the matters disclosed in the box below:

- (a) Neither I, nor any person connected with me, was indebted to the company or any of its subsidiaries at any time during, or at the end of, the year in respect of any loans, quasi-loans or credit transactions, nor had the company or any of its subsidiaries entered into any guarantee, security or reciprocal arrangement in connection with any loan, quasi-loan or credit transaction provided by any other person.
- (b) Neither I nor any person connected with me has entered into any agreement to obtain from the company or any of its subsidiaries any loan, quasi-loan or credit transaction.
- (c) Neither I nor any person connected with me had any interest during the year in any other transaction or arrangement with the company or any of its subsidiaries which falls to be disclosed under sections 197 to 214 of the Companies Act 2006 (see note 20).

On the day EJ signed the declaration the shortfall stood at £64,091.24, EJ was asked to explain his failure to declare the shortfall.

48. EJ responded to the question stating that POL had prepared the form for him to sign, adding, “if you thought I owed something why was it not in the box? (Referring to the box on the declaration form). That would be my first question because you (POL) prepare the document. The second thing is, I guess like me they (POL who prepared the form) didn’t know about the existence of the discrepancy. Thirdly, looking at the report that I have since received one would assume that a deficit liability is one that is agreed and none of the amounts that are on this thing are agreed because they don’t sit in the agreed discrepancies section which means they are in query and it would seem from your document and accounts name it says that this is not a demand for payment. So retrospectively looking at this, there is no demand for payment here, they were not agreed discrepancies and they were not on my radar in terms of me thinking they were related, and the Post Office never put them on there either”.

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49. EJ was asked to describe what explanation was given particularly around the legislation when he was invited to sign the document. EJ said that he was not given any guidance that he can recall. "The current Co-Sec, Rachel, was not in place. Rachel is very rigorous and very thorough on a lot of things, and we now have a scheduled standing appointment in the diary to go through procedures and obligations of a director". At the time of completing the form he did not have a briefing meeting to take him through his obligations.

Branch Assurance Visit

50. On the request of CIU Branch Assurance Visits (BAV) were conducted at all branches within the UOE Group on the 12th and 13th April 2023. A BAV report for each branch is available [here](#).
51. During the BAV the following discrepancies were noted which are in addition to amounts held on the Postmaster 'Nominee' account:

Branch Code	Branch Name	Discrepancy Identified	Made Good
167129	Hertford	£2,304.01	Nil
207004	Muswell Hill	£2,875.25	Nil
208005	Camden	£3,949.04	Nil
190005	Potters Bar	£943.65	Nil
205004	Crouch End	£534.27	Nil
208004	Stoke Newington	£13,431.43	Nil
11004	East Finchley	£617.44	Nil
Total		£16,757.01	Nil

52. A significant stock shortage was also identified during the BAV. However, this matter is currently being investigated by the Central Operations Director and may relate to a 'phantom rem' (which is to say that Horizon records stock (stamps) as received but there is no evidence that the stock was received in branch. It is worthy of note that a neighbouring branch outside of the UOE group has reported a similar issue). As such no further reference to this particular stock issue will be made during this report nor taken into consideration when producing recommendations.
53. A number of issues were identified during the BAVs, many of which are common across branches in the group and are summarised below.

Branch	Incorrect Recording of Loose Coins	Out of Date Scratch Card	Stock Returned to Stock Centre Still in Horizon	TPs not being completed in a timely manner	Failure to Book in Stock in a timely manner	Currency, stock and cash moved between stock units without process in transfers same day.	Failure to book in a ATM cash pouch	Discrepancies Across all Stock Units	Stamps not present in Branch	Rolling TP without completing an accurate declaration
Hertford	Yes	Yes	Yes	Yes	Yes					
Muswell Hill	Yes			Yes		Yes		Yes		
Camden				Yes					Yes	Yes
Potters Bar										
Crouch End								Yes		
Stoke Newington	Yes			Yes			Yes			
East Finchley	Yes									

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54. The poor practices identified during the BAV are a likely contributing factor in the shortfalls identified throughout this report. Furthermore, failure by the branch to comply with POL accounting practices make it extremely difficult to identify and rectify errors in accounting when they occur.

Post Investigative Meeting Actions and Analysis of the Evidence

55. Throughout EJ has maintained that he did not receive emails from generic POL email addresses suggesting that they had been blocked by his spam filter. The evidence collated by CIU suggests that he did at least receive some emails from POL generic email addresses. This leaves the question is it more likely than not that his spam filter allowed some postmasteraccounts: [GRO] emails through but not others. Furthermore, is it conceivable that his spam filter allowed some emails sent from agents.accounting.team: [GRO] (as used by the PAST team prior to 2021) but not others. Having considered this point CIU conclude that a spam filter is a computer function that works on a binary algorithm, it either blocks all emails from the email account stated or it would allow all emails through the filter. The evidence suggests that EJ did receive at least some emails from the email accounts stated. This assertion is corroborated by the fact that he responded to some that had been sent from the generic POL email address. CIU conclude that on the balance of probabilities it is more likely than not that EJ received all the emails sent by the PAST team despite EJ's statement to the contrary during interview that he had not seen any correspondence from the PAST relating the shortfall until CIU supplied the information. EJ's account appears factually wrong and a view as to truthfulness can be taken.
56. It will be recalled that EJ stated that he was not aware of the shortfall and had he been so, he would have addressed the matter. As the evidence has shown, EJ had viewed the account statements and, on several occasions, had challenged entries with PAST. In mitigation it is conceivable that EJ skipped the first few pages of the account statement to get to the transaction pages without noticing the balance on the account. The various account statements are referenced and a hyperlink provided to the same earlier in this report. However, for ease of reference a screenshot is reproduced below of one such statement. It is CIU's view that on opening the statement your eye is immediately drawn to the account balance for three reasons:
- 1) It appears as a 'Total' in the final row in a table of numbers;
 - 2) unlike any other number on the page it is the only number in 'bold' text and immediately catches the eye and
 - 3) the figure is significant, both visually and the value.

The discrepancy amount is then repeated two further times on page 2 and for the same three reasons attention is drawn to this figure on the turn of the page.

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POST
OFFICEPOST
OFFICE**Account Statement****THIS IS NOT A DEMAND FOR PAYMENT**

Private and Confidential
 Universal Office Equipment UK LTD
 23-25 Maidenhead Street
 Hertford PO
 Hertford
 SG14 1DW

Postmaster Account Support
 No. 1 Future Walk
 Chesterfield
 S49 1PF

Telephone: GRO
 Mon to Fri 9:00am - 5:00pm

21 February 2022

Customer Account:
GRO

Customer Name:
Universal Office Equipment UK

Please find below the statement of account from the period 11 Feb 2019 to 20 Feb 2022

Description	Amount	Currency
This Invoice	-953.39	GBP
Blocked Invoice	0.00	GBP
To be Invoiced		
Jan 22	-13,902.60	GBP
Dec 21	29,729.12	GBP
Nov 21	732.51	GBP
Oct 21	-2,182.14	GBP
Sep 21	10,336.18	GBP
Jul 21	15,908.50	GBP
Jun 21	-9,229.00	GBP
Apr 21	10,365.84	GBP
Mar 21	6,817.11	GBP
Jan 21	5,158.25	GBP
Dec 20	1,502.83	GBP
Oct 20	598.46	GBP
Jul 20	3,726.86	GBP
Jun 20	30,517.30	GBP
Total	89,125.83	GBP

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POST
OFFICEPOST
OFFICE**Account Statement****Customer Account:****GRO****Customer Name:****Universal Office Equipment UK**

Please find below the statement of account from the period 11 Feb 2019 to 20 Feb 2022

Type of Transaction	Amount	Currency
Outstanding Discrepancies	90,079.22	GBP
New Discrepancies	-953.39	GBP
Agreed Discrepancies	0.00	GBP
Disputed Discrepancies	0.00	GBP
Total	89,125.83	GBP

Branch	Outstanding Discrepancies	New Discrepancies	Agreed Discrepancies	Disputed Discrepancies	Total
011004	23,462.67	-142.13	0.00	0.00	23,320.54
167129	6,326.33	-46.61	0.00	0.00	6,279.72
190005	-3,211.50	148.22	0.00	0.00	-3,063.28
205004	3,550.69	1,080.86	0.00	0.00	4,631.55
208004	14,403.50	299.83	0.00	0.00	14,703.33
207004	26,754.22	227.57	0.00	0.00	26,981.79
208005	18,793.31	-2,521.13	0.00	0.00	16,272.18
Total	90,079.22	-953.39	0.00	0.00	89,125.83

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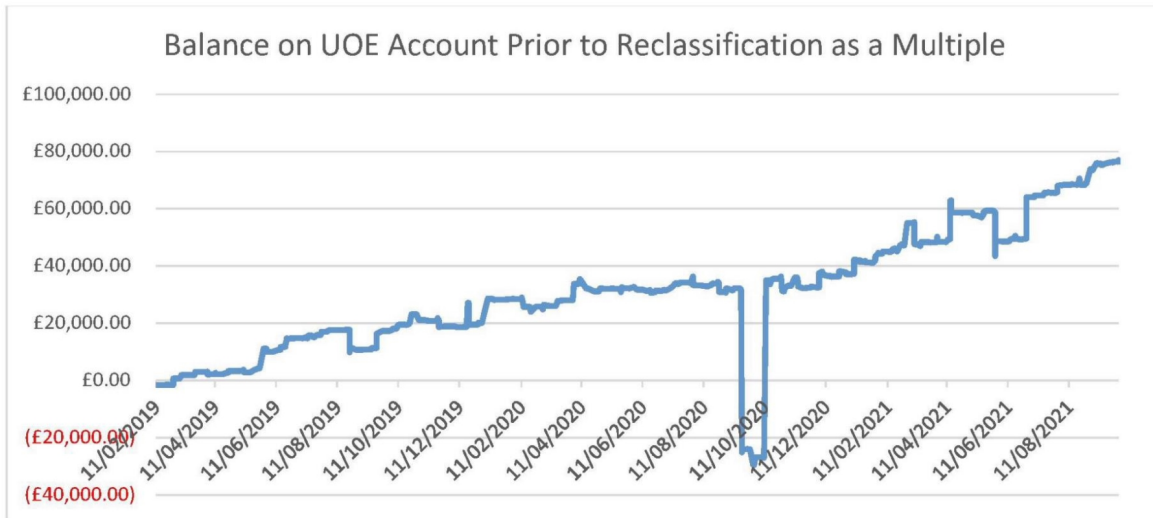
57. As the evidence has shown EJ did open at least some of the account statements, he studied the same and then challenged some of the numbers recorded on the statement. Having opened the statement it is CIU's view that EJ is likely to have seen the balance on the account and reasonable to expect him to take action to resolve the issue, whether this was to acceptance or dispute the discrepancy amount. This is further evidenced by the fact that on the following dates EJ did make part payments against the account balance and therefore, it is reasonable to conclude that he knew there was a balance outstanding to make payments against.

Table Showing Payments Received Against the UOE Account Balance

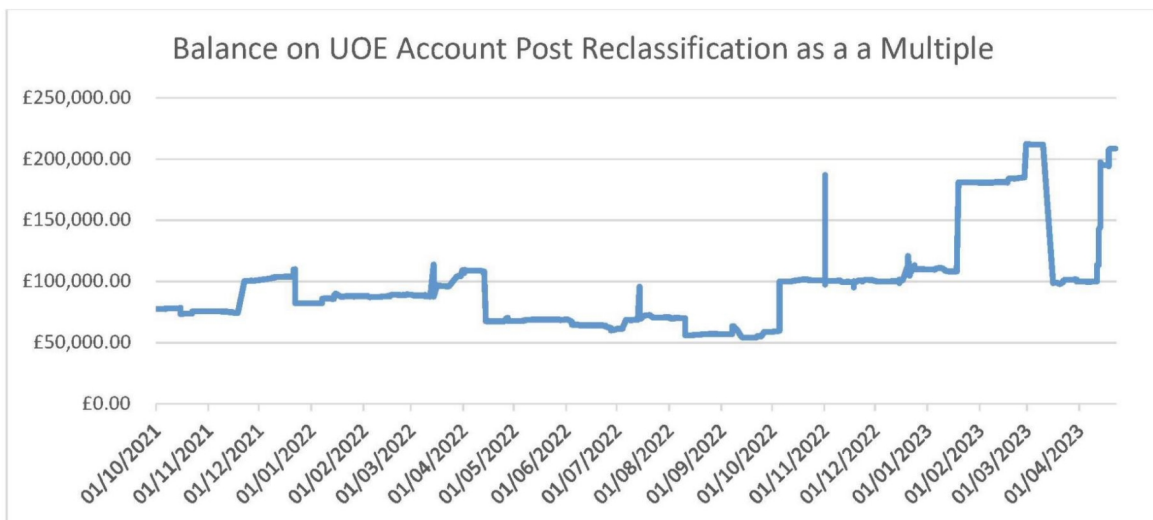
Date	Action	Branch	Amount Paid
16/06/2020	Payment made by UOE	Hertford	£3,338.32
19/06/2020	Payment made by UOE	Crough End	£1,802.16
28/07/2020	Payment made by UOE	East Finchley	£4,645.81
Jan 21	Payment made by UOE	Made against former account	£4,462.30
22/03/2021	Payment made by UOE	Made against former account	£4,004.03

58. EJ's explanation for not addressing the remainder of the outstanding balance is that he was not aware of it (a point disputed by CIU as set out above) and he points to the reclassification of UOE from Strategic Partner to Multiple. It was highlighted that this transition removed access to Mike Ball who was formerly his Strategic Partnership Manager. The reclassification took place in October 2021. Enquiries have been conducted with the Retail Management Team and the local Area Manager to establish whether EJ/UOE were advised of how to raise a 'review and dispute' post reclassification as 'Multiple'. Enquires have established that EJ/UOE were not given any specific advice at that time. However, as a 'Multiple' the process of disputing a shortfall is exactly the same as a Strategic Partner (UOE's previous classification) in that the disputed amount is 'assigned to nominee' (in this case EJ) and it is for the nominee (EJ) to investigate and resolve the disputed amount. If the nominee is unable to resolve the disputed shortfall, they can request support from Tier 2/3 via BSC. EJ/UOE have disputed [20 shortfalls with BSC](#) between August 2019 and March 2023, therefore, it seems reasonable to conclude that EJ/UOE are aware of this process.
59. It is apparent that a lack of communication between POL and EJ/UOE is a contributing factor, however, objectively, the evidence gathered does suggest that the discrepancy value was known, small elements were settled but a large portion of the discrepancy was ignored for a protracted period of time.
60. The shortfall on the UOE account already existed prior to the reclassification from Strategic Partner to Multiple, as demonstrated by the graph below. Throughout the meeting EJ stated that he was not aware of the shortfalls and had he been so he would have addressed the matter. It was evident on several occasions during the meeting that EJ did contradict himself, stating he was aware of the balance on the account and it only 'dropped off his radar' post reclassification. The payments received on the account (as per the table above) were only ever nominal payments towards the outstanding shortfalls, they all pre-date the reclassification and strongly suggest that EJ was aware of the shortfalls. To date EJ/UOE have made no further payments post reclassification.

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61. Since UOE’s reclassification to Multiple the shortfall on their account has steadily grown and currently stands at circa £200k which is £130k more than it was at the point of reclassification and as shown in the table below has grown by circa £100k in the last 6 months.



62. During the investigative meeting EJ raised concerns that Horizon terminals in his branches do not have a ‘Review and Dispute’ button. Post meeting CIU have investigated this matter and have established the following:

- i. Branches within the UOE group are classified as multiples and therefore, they do not have a review and dispute facility within Horizon.
- ii. If a Multiple wishes to dispute a shortfall they ‘Assign to Nominee’ which is to say that the amount is assigned in this case to EJ’s account and it is for EJ to review the shortfall. In the event that EJ requires assistance with

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resolving the shortfall he can request via BSC the assistance of Tier 2/3 investigation/analysis capability within the Retail Investigation Team.

62. It appears reasonable to expect that that as a Postmaster, a previous Strategic Partner and NED, EJ should be fully aware of and understand the process involved with shortfalls and Transaction Corrections (TCs) being issued by POL. The evidence tends to suggest that TC's appear to be accepted in branch without any consideration or consequence. EJ explained during interview that he has an Officer in Charge in each branch who reports to an Area Manager (Jarad Hengl) who in turn reports to an Operations Director (Simon Rogers). However, despite what appears to be a robust management structure in place, nobody within the UOE management structure took any action to monitor TCs, address the outstanding shortfalls in branch, nor put measures in place to prevent further shortfalls/loss of POL funds from arising.
63. Whilst EJ gave the impression at the investigative meeting that he is a hands-off Postmaster and that his branches are run by his team, and that it was his team that have failed to communicate with him, a review of Puzzel provides additional evidence to the contrary. Puzzel is the software used by the retail teams based in Chesterfield to record both inbound and outbound telephone calls. A search in Puzzel for EJ's personal mobile number identified EJ either dialled BSC or he received a call from one of the teams on 83 occasions between 1 October 2021 and the 21 June 2023.

Screenshot of Puzzel Recording Calls Made From/To EJ's Personal Mobile

Start	Access Point	Recording Time	Speak Time	Caller's Number	Time before answer	Agents	Select
05.10.2021 10:56		5:42	5:42		0:19	Yeasminara Chowdhury	<input type="checkbox"/>
19.11.2021 15:45		0:59	0:59		0:14	Derek Holmes	<input type="checkbox"/>
24.12.2021 11:53		2:23	2:23		0:56	Jill Bailey	<input type="checkbox"/>
05.01.2022 16:12		0:08	0:09		0:36	Sharon Gbetey	<input type="checkbox"/>
06.01.2022 12:41		3:35	3:36		0:16	Sharon Gbetey	<input type="checkbox"/>
06.01.2022 12:51		0:25	0:26		0:25	Sharon Gbetey	<input type="checkbox"/>
13.01.2022 15:25	GRO	5:28	5:28	GRO	1:17	Leanne Hallam	<input type="checkbox"/>
17.01.2022 11:14		8:50	8:50		1:18	Jacqueline Bailey	<input type="checkbox"/>
02.02.2022 10:57		1:27	1:28		7:48	David Alexander	<input type="checkbox"/>
03.02.2022 10:09		15:58	15:58		10:43	Charlie Swales	<input type="checkbox"/>
03.02.2022 10:29		1:57	1:57		0:29	Paul Whitworth	<input type="checkbox"/>
03.02.2022 11:07		4:36	4:36		1:27	Jacqueline Bailey	<input type="checkbox"/>
01.03.2022 11:46		9:27	9:27		4:40	Jehel Faw	<input type="checkbox"/>

64. CIU have reviewed calls made/received by EJ and it has been established that EJ is actively involved in the day to day running of his branches. The calls range in content but include customer queries, calls to the cash centre, calls relating to difficulty in rolling the branch into the next TP and calls relating to disputed shortfalls. One such call took place on the 04/10/2022 and was a call from POL's ATM Team to EJ. The ATM Team had identified a surplus which will 'net off' against a shortfall. The ATM team asked EJ whether they should call the branch and tell them to accept the TC, EJ replied by saying he will inform the branch. The call continued

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EJ “so we will put that through and that is not going to cause any problems when we accept it then”?

ATM Team “no, absolutely not because it automatically goes to **Assign Nominee** (CIU’s emphasis) anyway doesn’t it”.

EJ “yes correct, it does”.

This extract is just one example and reinforces the view that EJ is actively involved with the management of his branches and that he understands that the discrepancies are ‘Assigned to Nominee’, a process he acknowledges, he does not challenge and appears to be completely comfortable with. This would suggest that EJ is aware of the ‘Assign to Nominee’ process, therefore would understand that any TCs will accrue on the ‘Assign Nominee’ account. EJ’s failure, we would suggest, to respond to the accruing balance on the account is either caused by one of two scenarios:

- 1) EJ is mismanaging his Post Offices resulting in losses of POL funds or;
- 2) EJ is ignoring the accruing losses resulting in a loss of POL funds.

65. During the investigative meeting EJ offered to attend POL Chesterfield and meet with representatives from the Retail Investigation Team in order that the outstanding shortfalls can be reviewed and position reached on how to resolve the discrepancy. As reported above, as a Multiple, responsibility for investigating shortfalls lies with EJ/UOE and support can be requested from Retail Investigation Team if EJ/UOE require assistance. Following the investigative meeting, CIU arranged for management in the Retail Investigation Team to liaise with EJ. This is currently being coordinated by the Central Operations Director - Melanie Park (MP).
66. In preparing this report an update has been obtained from MP who reports that approximately £73k of the shortfall relates to the ‘phantom rem’ matter referenced earlier in this report. This matter remains under investigation by the Retail Investigations Team but is likely to be unrecoverable. A further £63k is derived from shortfalls that MP reports are so old that it is not possible to investigate and will need to be written off. Approximately £9k is in a UOE suspense account, a further circa £17k is in an old suspense account and circa £1k relates to forged notes. Of the circa £198k of shortfall reported it is likely that only circa £29k will be paid back by EJ/UOE, thus crystallising a likely loss to POL of circa £169k.
67. During the investigative meeting EJ did raise the question of why nobody had contacted him sooner regarding this matter. Enquiries conducted by CIU have established that the former manager of the PAST, Michelle Stevens, did escalate this matter to her then line manager, Simon Worboys, on the 21 October 2021. Simon Worboys did then [escalate the matter](#) to his then line manager Tim Perkins copying in Zoe Brauer, Head of Legal – Retail. Tim Perkins has since left the business and Zoe Brauer has not been available for comment due to: GRO As such CIU have not been able to progress this line of enquiry further. However, it is CIU’s understanding that a decision not to seek recovery has been made of any matter that has not been fully investigated by the Retail Investigation Teams. Furthermore, a shortfall will only be investigated if the Postmaster contacts BSC and requests an investigation. If the Postmaster does not request an investigation the shortfall will not be recovered and as such it is not in the Postmaster’s interest to request an investigation.
68. As a Multiple responsibility for the investigating the shortfalls at UOE branches sits with EJ. EJ failed to investigate the shortfalls and he did not raise the shortfalls with the Retail Investigation Teams. As such, the matters reached an impasse with PAST unable to recover the shortfall unless EJ requested that it is investigated and this appears to be the reason why this matter has not been raised with EJ earlier.

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Conclusions

69. EJ has maintained throughout this investigation that he has not received any communication from the PAST team relating to the shortfalls, sighting his spam filter as the reason why he has not received emails sent to him. As set out in this report there is strong evidence that demonstrates that this statement is not true. On several occasions EJ replied to communications that relate to the discrepancy. Therefore, CIU conclude that despite EJ's claims to the contrary, EJ did on the balance of probabilities receive and view the emails sent to him by PAST. This conclusion is further supported by the fact on five occasions EJ did make a nominal payment against the outstanding balance on his account.
70. It should be noted that EJ did accept on several occasions that he was aware there was an outstanding balance on the account prior to UOE being reclassified as a Multiple in October 2021, therefore contradicting his previous assertions. Having made no payments against the outstanding balance post reclassification, EJ must have known the outstanding balance on the account would remain. On review of the facts, CIU conclude that EJ must have been aware of the balance on the account.
71. In line with the GLO findings, a decision has been made not to collect any outstanding balance on Postmaster accounts unless the balance has been fully investigated by the Retail Investigation Team i.e., Tier 2/3. However, the shortfall will remain on the account until the Postmaster contacts BSC. If the Postmaster chooses not to contact BSC then currently no further actions is taken by POL. There is, therefore, no incentive for the Postmaster to contact POL. Not only is EJ a Postmaster he also sits on the Board as a NED and he would have had absolute knowledge of the Board's current position in relation to the collection of Postmaster shortfalls. As Board meeting minutes show, EJ has taken part in conversations held at Board meetings on this very subject. CIU conclude that EJ must have been aware that if he simply ignored the shortfall, it was unlikely that he would ever have to settle any discrepancies. With this in mind it could be suggested that EJ used this to his advantage and will be asked to only repay circa 14% of the shortfall on the account.
72. As a Postmaster NED it is inherent to the role that COIs will occur at Board meetings. It is reasonable to assume that all Board members are aware that EJ is a Postmaster and therefore, mindful of occasions when EJ is likely conflicted. However, CIU has not been able to identify any evidence to confirm that EJ declared his/UOE's shortfall on his Postmaster account and therefore, Board members would not have been sighted on this specific COI. EJ then goes on to take an active part on Board discussions relating to the collection of Postmaster shortfalls and, therefore, he can influence thinking and ultimately decisions made by the Board. Whether this has been done intentionally or inadvertently, EJ is clearly conflicted and if the matter were to be reported in the press it would expose POL to reputational damage.
73. In respect of the question as to whether EJ deliberately failed to declare the shortfall on the various forms completed by Directors, it will be recalled from the first Interim Report that the [REDACTED] At interview EJ stated that he believed responsibility for entering the shortfall on the form rests with POL and not him. He further stated that he was not aware of the shortfall, it was not on 'his radar' and therefore, he would not have declared the discrepancy. EJ did go on to say that he was given no specific advice in terms of his legal obligations when completing this form and as such he did not fully appreciate what was required of him. The obligations under the various acts recorded on the form are a specialised area of law and CIU had to take external legal advice on this matter. As such, CIU conclude that without such legal advice it is unrealistic to expect EJ to fully appreciate that he ought to have declared his shortfall on these forms and therefore, no further action should

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be taken. CIU understands that Finance is working with EJ to ensure that his shortfall is correctly recorded in the POL accounts in the future.

Initial Recommendations:

- R1. The issues identified during this investigation that include UOE's inability to monitor and manage cash and TCs being received, the ineffective management structure, the ever-increasing shortfalls over a prolonged period on the UOE account and the lack of effective oversight by EJ as the responsible Postmaster does raise doubt in respect of the suitability of EJ to continue as a Postmaster and therefore as a Postmaster NED. These concerns are further exasperated by what could be seen as the less than truthful statements made by EJ during the investigative meeting. As a result:
- i. It is recommended that consideration be given to the termination of EJ/UOE's contract to run Post Offices; and
 - ii. It is recommended that EJ's suitability to remain as a NED is reviewed
- R2. Training is provided to all staff working in UOE group branches. This training should include but not limited to:
- i. The remittance both in and out of stock.
 - ii. How to conduct and report daily cash balances.
 - iii. How to balance the ATM and report the same.
 - iv. How and when to complete Trading Period ends.
 - v. Management of multiple stock units within branch and how to move funds between stock units.
 - vi. How to report shortfalls when they occur and the 'Assign to Nominee' process.
 - vii. Actions of the Postmaster when an item is 'Assigned to Nominee'.
- R3. Training to be provided to all Directors on the completing of statutory Director declarations to include but not limited to obligations and expectations.
- R4. Advice is provided to Postmaster NEDs on how to manage COIs at Board meetings that specifically relate to matters that directly affect the individual Postmaster such as those identified in this report.
- R4. When making a determination on this case POL should be mindful of setting a precedent. This is particularly important as it is anticipated that the migration from Horizon to NBIT is highly likely to crystallise a significant number of cases with similarities to this i.e. Postmaster shortfalls which have not been addressed.
- R5. Currently, when a shortfall occurs (for whatever reason) unless the Postmaster contacts BSC requesting an investigation the shortfall will simply sit on account with little or no prospect of being resolved. As such, it is not currently in the Postmaster's interest to contact BSC. This approach exposes POL funds to abuse and POL should consider a more balanced approach to shortfalls where control of what is and isn't investigated being with POL and not the Postmaster. Where the Retail Investigation Team have conducted a full investigation and found no reasonable explanation as to why funds are not in branch, POL should seek recovery of the shortfall using all available means including, as a last resort, recovery in the civil courts.