

WITNESS: SAMI SABET

WITNESS STATEMENT: WITN0182_01

EXHIBIT: **WITN0182_01/1**

POST OFFICE HORIZON IT INQUIRY

EXHIBIT PAGE

The following documentation comprises the exhibit referenced as exhibit **WITN0182_01/1** in the witness statement of Mr Sami Sabet referenced WITN0182_01.

Mr. Paul Whitworth
ET5/Cheque Team
Post Office Limited
1 Future Walk
Chesterfield S49 1PF

26th January, 2007

RE: CHX to EDS – FAD 09707

Dear Mr. Whitworth,

Following the error notice sent to me, and the subsequent telephone conversation with your office, please find enclosed evidence we have.

As you will see from the cheque listing report there were indeed two cheques for £154 each. These cheques will have been ticked off and sent with the relevant BCV. The total adds up to £1309.00. This amount, as you will, also, see was remitted to Data Central.

It would be very difficult to say, today, six months from the event, what the cheque was for. It could have been part payment for a bill payment, payment for other items, etc. All we can say is that the cheque, as per procedure, would have been identified from the cheque listing, and sent off. Had the cheque not been found, it would have been removed using the “adjust stock” icon. Perhaps the cheque was misplaced your end.

I am becoming disturbed and anxious about these sums that arise, sometimes, months after the event, and cannot be confirmed. Also, as I said to you, I keep writing to the appropriate department, but no replies are made except to confirm that the error is ours. Then we discover shortages, most of which do not even have a written notice to explain them, deducted from the horizon system. Most of the time, the operator is trying to roll over into a new trading period. Confronted with the request for settlement, he has no choice than to accept (settle, perhaps centrally). The incident is then forgotten by the department who advised the settlement in PO Ltd. And it surfaces again weeks after as a demand for payment. So far we are told we owe over £3,000 we cannot confirm or accept.

By copy to Mr. Kieth Long, this is just one example of the unexplained errors written to you in our letter of 15th January 2007.

Regards,

Sami Sabet
Sub-postmaster – East Beach Post Office – 0970907

Current Agents' Debt Team Leader
Post Office Limited
1 Future Walk
Chesterfield S49 1PF

19th November, 2006

RE: Account no. 1014188 – FAD 067 908 9

Dear Sir/Madam,

Over the last few months we have been inundated with requests for payments for “shortages”. A couple of these, we could understand and accept, but a good many of them we have contested and cannot find reason for them. Letters and telephone calls to your offices and the help line were not satisfactory, usually without a reply, just another demand.

I received a request for payment dated 13/11/2006. I do not understand what the £293.90 (18.10.2006) is due to. The second figure of £447.92 occurred when we were carrying out our weekly balance.

On the 20th October we bought back some Euros (equivalent to £440+). These were remitted out on the 20th October and pouch collected on the 23rd October. It then disappeared from our balance snapshot.

When we were undergoing the balance later on, we were surprised that the Horizon system asked us to “declare currency”. As we had none, we declared zero. When the trial balance was reached, we discovered that an amount equal to £440+ was shown as a shortage. This amount and other shortages were transferred to the suspense account.

The Euros had re-appeared on our stock. We tried to discuss this when we were doing the last trading period balance, but met with a definite this is not the problem. We had to settle centrally in order that we may continue work the following day.

On the 9th November at 1:05 an assistant called the business support team. He spoke with a Richard explaining what had happened, and the fact that the Euros had mysteriously reappeared on the balance snapshot. Richard, informed the assistant that they are having the problems with the system and were working on it. He said that he would call him as soon as the glitch is solved.

I have three Post Offices. The two most recent ones appear to be suffering an unusual amount of losses for their size. And, it is not that people are dishonest, as there has been more than one assistant at each one, and there is invariably an unexplained shortage. These have amounted to £2000+ in the last eight months.

We cannot pay the requested amounts as we feel these were not actually lost. It is unfair of Post Office limited to collect money that they really have not lost. Particularly when to the sub-postmaster the amounts are huge. As mentioned above, we accept any losses which are realistic and can be properly justified. This one is definitely not one of them.

Kind regards,

Sami Sabet
Sub-postmaster – East Beach Post Office – 067 908 9

Mr. Martyn Mitchell
Agents Debt Team
2nd Floor West Block
No 1 Future Walk
Chesterfield S49 1PF

20th August, 2008

Dear Mr. Mitchell,

**RE: Request For payment of £13,195.46 – Mill Lane SBPO
097 907**

I received Your letter dated 23rd of July yesterday. It seems it was misdirected, hidden, or mislaid somewhere, and I only just found it.

It was my understanding that both Mrs. Carol Ballan and your colleague knew that I was in the process of selling East Beach and Mill Lane. I had agreed with them that as soon as they are sold, I would settle the discrepancy.

Unfortunately, until today no sale has been concluded. The person applying for East Beach has not reached the interview stage with the Post Office. I am not sure where Mill Lane's application stands. At Mill lane, also, no sale has been concluded, with the person interested, and paid a deposit asking that the price is reduced substantially (-£15,000). It took a while before the Post Offices were released for applications to the Post Office. I resigned especially to allow this, but it was several weeks after that they were released.

My hope was that as soon as the Post Offices have been sold and the Bank collecting there loans, the remainder would go towards settling any outstanding amount to you. I assure you that, the outstanding amount, despite my lack of understanding as to how it increased by over £3,000 from the original figure, will be paid back to Post Office Limited. I do not want to complicate the issues with solicitors and increase their costs unnecessarily.

Should you have any queries, or would like to discuss this further, please do not hesitate to contact me on GRO

Kind regards,

Sami Sabet



www.postoffice.co.uk

Mr S Sabet

GRO

03 September 2008

Dear Mr Sabet

**Re: Summons re East Beach & Mill Lane Post Offices - 067 908, 097 907
Summons reference POLTD/0708/0301**

Thank you for your letter of 23 August.

I am fully aware of your previous correspondence around disputed accounting errors and of the efforts made by the local area teams to provide assistance and support to you in order to help you resolve ongoing problems.

Regrettably, further to this, audits undertaken at Mill Lane and East Beach Post Office branches in March 2008 identified shortages totaling £50,619.17. This was in addition to those debts already being held by the Agent Debt Team.

My understanding is that there remains an outstanding amount of £13,195.46. Neither Ms Ballan nor our Debt Recovery Team are aware of any agreement with you whereby this will be paid on the sale of your Post Office[®] business. Had this been the case you would have been asked to provide a letter of undertaking from your solicitor. You will now, therefore, need to make arrangements with the Debt Recovery team to repay the outstanding amount.

In terms of the decision to issue court proceedings, the investigations undertaken by the Post Office Security Team are to decide whether there is a criminal case to answer. This is independent from any action that may be

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taken by the Contracts Team, whose role is to focus on contractual related issues only. I believe that Carol Ballan, Contracts Manager, has made this differentiation quite clear during one of several conversations she has had with you over the past few months.

It gives me no pleasure to write a letter such as this and I am truly sorry for any impact this situation may have on your family. At the same time I am mindful that the cash and stock we are accountable for are public funds. The decision to issue legal proceedings is never taken lightly. The alleged offences of fraud against you are, however, of a sufficiently serious nature to support that this the correct course of action to take. That decision, therefore, remains unchanged.

Yours sincerely

GRO

Alan Cook
Managing Director
Post Office Ltd



10 DOWNING STREET
LONDON SW1A 2AA
www.number10.gov.uk

From the Direct Communications Unit

13 July 2009

Mr Sami Sabet

GRO

Dear Mr Sabet

The Prime Minister has asked me to thank you for your recent letter and enclosures.

As you can imagine, Mr Brown receives thousands of letters each week and regrets that he is unable to reply personally to them all.

Mr Brown hopes you will understand that, as the matters you raise are the responsibility of both the Department for Innovation, Universities and Skills and the Ministry of Justice, he has asked that your letter be forwarded to those Departments so that they may reply to you direct on his behalf.

Yours sincerely

GRO

MR S CAINE

Building
Britain's Future

Building Britain's Future is the start of a process to engage with people on the big issues facing our country today.

To find out about events in your area, contribute your views and comments, visit the Building Britain's Future website at: <http://www.hmg.gov.uk/buildingbritainsfuture.aspx>

Andy Winn
Branch Analyst
Post Office Limited
No. 1 Future Walk
Chesterfield S49 1PF

15th March, 2007

Dear Mr. Winn,

Profit Centre 097/907/4 - reference CHX TO EDS

Thank you for your letter dated 9th March 2007. Regrettably, it reminded me of my corporate days at Philips, Gillette, to name but two. When we (and I include myself) look for and concentrate on how to show that we are correct and the problem lies with the other party. Over the last twenty years, and particularly the last five, I have learned to concentrate and analyse what the other is saying to try and solve what could be a problem which may affect us both in the end.

In your letter you merely stated the procedures, which are in place for dealing with transaction corrections. Are you sure that this is what really happens? What did you mean by "...the branch may hold evidence to disprove/compensate the error, the "Seek Evidence" option will be available..."? Does it mean that, on some occasions, the branches will not have the option to dispute the correction?

On the issue to do with the incorrect remittance of the "mini sheets", you were quick to point out that the quantity was not 10,000, rather, only 1000, generating only £1,267 loss. The point here was not the quantity, but the fact that this would have generated a loss for us when we would have had to adjust the volume. It had been there for several weeks and was not pointed out to us as an ERROR. The correction has been issued to resolve as you said, only after we had called the appropriate department and highlighted it to them.

Regarding the large stock adjustments, you will find these are mostly adjustment due to selling stamps as "normal" instead of "special". Some, unfortunately, are counting errors, or omissions. But, you are correct; these would have to be closely investigated.

You say that the onus is on the Sub postmaster to disprove evidence presented by you in relation to errors. Unfortunately this has proved to be very, very difficult for many reasons.

- In the majority of cases, transaction correction notices can arrive several weeks, or even months after the alleged error had occurred
- The Horizon system does not allow the branch access to historical data this far back. This means someone has to gather the appropriate reports from the archives. This is followed by several hours of sifting through and analysing the figures (on Balance snapshots where results are cumulative, several days' reports must be gathered and arithmetical work carried out). Some reports may have become mislaid, or misfiled
- Where, as is the case with me, more than one office is held, the Sub postmaster relies on staff. They may have left, or may not remember what had happened.

I would be the first person to praise the Horizon system, and admire, immensely, Post Office Limited's IT department. I note your comment that a court of law recently confirmed that the

Horizon System does accurately reflect what is input to it. However, As a Graduate Electronics Engineer, having headed a large IT department at some time and a user of IT products, I know and have experienced errors with systems, including crashes causing loss of data, corruption of data, and many other bugs, perhaps due to a new software. This actually happened recently with one of our EPOS systems in one of the retail outlets. There was a power cut which resulted in the corruption of the data. The system is monitored and maintained by a company using broadband. It was very difficult to correct the problem, and, until now, the data is not correct and there is a discrepancy.

During October 2006, at East Beach Post Office, a demand for some £400 was displayed as an error correction on the screen. Previously, as we were carrying out a balancing of the office, the system, surprisingly, asked for a "currency declaration". We had returned the currency we had and could not understand why this happened. When we investigated we discovered that currency which was remitted and sent back had reappeared on the balance snapshot. It was only after reporting our findings again, that we were informed that there had been a "glitch" in the system which is being repaired.

A few months earlier, at Mill Lane, we had another discrepancy which we could not understand. As a result, we decided to print a balance snapshot at 9:30' sh in the morning, and the normal one in the evening. We discovered that the morning snapshot showed a HIGHER giro deposit value than the evening one. All day there were Giro deposits, so one would expect the figure in the evening to be higher (as snapshot figures are cumulative). Although this was reported no comments were received, and, as usual, the correction demand was never revoked.

The point I am trying to make is that with the ability of central having direct contact with our systems using broadband, there is a possibility that some errors could occur. The fact that the realisation that there is an error occurs so long after the error was made means that the member of staff who supposedly had made the error may not be available, or indeed may not remember exactly what had happened. Now, we are unable to carry out a "BP" balance without first accepting a transaction correction. We have to do this even if we dispute it. Later, it is forgotten with workload, and a demand for payment arrives.

A few weeks ago, a Postman collected a cheque and giro pouches from Mill Lane. These pouches were later discovered by the staff in the shop. He had obviously put them down and forgot to take them. This would have caused an error as the cheques would not have been received by the processing centre. Had they not been found by the staff, who handed them over to the Postman the following day, they could have been lost. The branch would have been accused of not returning a cheque resulting in a cash charge. This can happen at any point in the chain and items would not be found leaving the branch having to carry the loss.

The processing department would insist that they did not get the cheques and, as is happening now, demanding we settle the cash value. HOW DO WE CONTROL THAT? Several mistakes could happen by coincidence making it appear as if the branch is at fault, when a loss of the item in transit could be the real problem.

Finally, you suggested that I make queries by telephone armed with evidence. I would agree with that wholeheartedly. In fact, having to write takes a great deal of time and effort. Not only do I have to look after the Post Offices, but also the retail outlets and other businesses within the group. I resorted to these letters only after several months of fruitless and exhaustive telephone calls and short and to the point letters to the appropriate departments. It

appears as if the letters are ignored, misunderstood, or both. In the end I have to find a way of putting my point of view across so that it would be understood and acted upon.

You may like to note that the “Evidence for Transaction Correction” do not encourage telephone disputes. They state that should we not agree with the correction we should write submitting documentary evidence. In block capital letters they write “TELEPHONE DISPUTES WILL NOT BE ALLOWED”. Also, to get hold of the right person is very difficult. We have to contact the BSM Helpline who will, in turn, get the appropriate person to contact us. This could take several hours, or days. And, as I have more than one office, they may not find me at the office in question.

Regarding the visit to us which you mention; there was one made, but it was not prearranged nor was it as detailed as sounds in your letter. We discussed the general problems briefly without looking at any particular item, or paperwork. It was carried out only at East Beach Post Office and Mill Lane was not visited. I was grateful for the visit, and as a result I was sent balancing and end of day reporting instruction sheets to circulate to the staff. Also, there will be visits by a trainer for a day/part of a day at each of the three Post Offices. I understand the first will be on the 19th March in the afternoon.

I fear this may not solve the issues at hand. However, I am grateful for the action and the support it shows, and feel it will be helpful. The audit mentioned in your letter would be greatly appreciated, though I have not heard anything about it yet.

Already these “errors” mean I need to pay POL over £6,000. This was made worst by the IR Giro cheques which you mentioned in your letter. They alone add over £2,000. Having looked at them carefully I am sure that, should they be presented again, they could still be cashed as they are almost faultless to the clerk behind the counter. It is not made any easier by the fact that this would probably occur when there is a queue in the Post Office.

That is another example of a disregard for disputed letters. When I first received these Giro cheques (only two), I asked an experienced clerk working at East Beach (20 years PO experience) about them. He could not see what was wrong with them and said that he would probably cash them again if they were presented to him.

A demand for payment arrived for the two cheques. Weeks/months later I received six more cheques which, apparently scrutinised by a committee and found to be “obviously” fraudulent. I have sent all eight cheques to the NFSP, as I do not feel, in this case, we should be made to pay back the cash.

I would like to say that my objective in writing these long and tedious letters is to try and clarify points which appear to be missed, misinterpreted, or ignored. From the response I am getting, it would appear that, unfortunately I am unable to do this precisely.

I reiterate, I do not believe that we can lose so much cash. Such losses can only be made by a person who knows the system well and can manipulate it to his/her advantage to “steal”. They would know that it will be a long time before the errors are spotted and messages are sent to the branch.

The whole system may have to be reconsidered to cater for a multiple sub post office holder who has staff working within these offices. It should take into consideration the possibility of staff leaving, thereby declaring errors within the shortest period possible, within two to three

weeks of occurrence. Perhaps historical data can be stored on a branch computer for future reference and analysis (via a storage device).

POL and the Sub postmaster should work together with trust and understanding to minimise cash losses. When an incident of this magnitude happens, it should be viewed as a joint problem which must be solved. It should not be treated, as I feel is the case here, as an attack on an individual or department which must be defended at all costs.

I do not mean to attack. I have a problem. I cannot afford to pay something in the region of £8000 in a year for three Post Offices with a total income of no more than £65,000 including lottery income (approximate figures before you write back to correct me). This is made stronger by the fact that I am sure that most of this may not be an actual cash loss for POL. I can believe that some of these losses are actually caused by us, and would, as I have done, gladly pay for those. However, I am sure that a great deal of the cash demanded is not an actual loss to POL, and is beyond our control and not our fault.

How would you feel if you had to pay back over 12% of your salary, when you knew that most of it is a theoretical (non cash) loss? The IR Giro cheques alone are from just one office and represent approximately 8% of that office's income. They, most certainly should not be held against the individual branches. If you saw the ones which were charged to us, and you really understood the practicalities of a clerk sitting behind a counter, having to deal with a long queue, you will understand. I was informed that there were 11 such cheques presented to us, of which POL, through a committee, agreed that six should be charged back. It would seem that, perhaps, silently, POL decided to share 50% of the loss. I am sure POL's percentage share relating to its overall income will not be as high as the 8% which is demanded from us.

I am very happy to discuss these issues in order that we may improve the system, cater for the changing demands on the Post Office and Sub-post Offices and reduce the losses. I continue to believe in the Post Office and would like to be able to continue to feel this way. I do not believe that anyone can run a service, which will yield only losses to him.

Kind regards,

Sami Sabet
Sub-Postmaster – 067 908, 097 907, 108 908
Managing Director - Shorelife Limited

Copy to
Marilyn Stoddart, NFSP
Richard Smith, POL
Andrew Thompson, POL (for info)