



**National Lottery  
Commission**

**Investigation into the use of aliases to obtain information by a  
Camelot employee**

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20 February 2008

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### 1. Introduction

- 1.1 On 3 January 2007 a journalist based in Australia (“the Journalist”) made a complaint to the National Lottery Commission (“the Commission”) that Camelot had carried out a deception on him through the use by one of its employees (the “Employee”), of an alias in order to obtain information.
- 1.2 This complaint prompted an investigation by the Commission initially into the specific matters complained of, and subsequently into whether:
  - 1.2.1 there were wider issues than those initially raised by the Journalist, including whether this type of behaviour:
    - was a tactic which was frequently used by the Employee;
    - was widespread amongst Camelot staff;
    - had been known to, or encouraged by, managers within Camelot.
  - 1.2.2 Camelot had breached any of the conditions under its licence to operate the National Lottery;
  - 1.2.3 Camelot had in any way prejudiced its position in relation to the competition for the next licence to operate the National Lottery.
- 1.3 Camelot, on the instigation of the Commission, carried out a number of investigations into the circumstances of the Journalist's complaint and the issues surrounding it. The Commission reviewed the outcomes of these investigations and sought such further information as it considered necessary throughout its review.
- 1.4 On the basis of the evidence available, the Commission has concluded that the actions are most likely those of a single, relatively junior employee who has gone beyond her remit. The Commission has concluded that the evidence falls far short of that necessary to support a conclusion of an absence of fitness and propriety on the part of Camelot or any of its employees. It has also concluded that the evidence falls short of that necessary to demonstrate a breach of Camelot's licence commitments, or a lack of compliance with the terms under which the third Licence Competition was held. The Commission welcomes the commitments Camelot has made to take steps to address the issues raised during the Commission's investigation.

### 2. The Journalist's complaint

- 2.1 During December 2006, the Journalist had been in e-mail dialogue with the person representing herself as a student, Karen Dikins, who claimed to be

studying lotteries and was seeking the Journalist's views in relation to the third competition for the UK Lottery Licence ("the Licence Competition").

- 2.2 On 23 December 2006, the Journalist sent an e-mail to Karen Dikins and received an automated out of office reply from a Camelot e-mail address.
- 2.3 Following receipt of this notification, which indicated to the Journalist that Karen Dikins and the Employee were the same person, the Journalist wrote a potential news story which he e-mailed to Camelot, and copied to the Commission, on 3 January 2007.
- 2.4 After discussing the allegation with the Employee, one of her colleagues sent a prompt rebuttal to the Journalist denying that the Employee and Karen Dikins were the same person. The Journalist contacted the Commission on 4 January 2007, suggesting that there was a cover-up within Camelot.
- 2.5 The Commission contacted Camelot to raise its concerns and ascertain what steps Camelot was taking to address the allegations which had been made. The Commission specifically highlighted the need for Camelot to carry out a full investigation of the matter and to keep securely all material papers. Camelot's Chief Executive subsequently gave an undertaking that all relevant records and documents relating to this complaint had been preserved.
- 2.6 In the meantime, after some preliminary investigations, which included enquiries being made of other Camelot personnel as well as Camelot's technical team, Camelot staff issued a further rebuttal to the Journalist.
- 2.7 The issue was escalated to the Director of Corporate Affairs at Camelot late on 4 January 2007, whilst he was still on vacation. The Director telephoned the Employee in order to discuss the allegations directly. During their telephone conversations the Employee confirmed her use of e-mail aliases to contact the Journalist.
- 2.8 The Director met the Employee at 9:00am on Monday 8 January 2007, when the Employee confirmed her use of e-mail aliases to contact the Journalist and offered to resign with immediate effect. This offer was accepted. Camelot has provided the Commission with evidence that no non-contractual payments were made to the Employee in connection with her resignation, and that no non-contractual confidentiality provisions were imposed. She was provided with extended medical healthcare insurance, which the Commission accepts was not unreasonable.
- 2.9 The Commission has concluded that, once the Journalist's concerns had been properly escalated within Camelot, the matter was dealt with promptly and thoroughly. It is unfortunate that two denials were issued prior to the escalation of the complaint that proved subsequently to be erroneous, but the Commission has seen no evidence to suggest that these denials were made in bad faith or that there was any intention to deceive on the part of those issuing the denials. The Commission accepts that the absence of senior staff over the Christmas period may well have contributed to the failure to escalate the matter immediately. In addition, the fact that this issue was raised by a journalist in the form of a potential news story might have contributed to the failure to realise that Camelot's escalation procedure should be activated at the outset.
- 2.10 The Commission concluded that there would be no purpose in its considering taking regulatory action against the Employee, given that she has resigned and

will have no further involvement in the National Lottery. The Commission also took legal advice, which concluded that the Employee's actions did not amount to a criminal offence under English law.

### **3. Camelot's technical investigation**

- 3.1 On 12 January 2007, the Commission asked Camelot what plans it had to conduct a wider review to provide assurance that this was an isolated incident.
- 3.2 Camelot engaged its own technical security team, with technical support from Price Waterhouse Coopers, to carry out a forensic investigation of the contents of the Employee's laptop, desktop PC and e-mail files for the period 26 March 2006 until 15 January 2007.
- 3.3 This investigation revealed that the Employee had been using two alias identities over this period - Karen Dikins ("Karen") and Sandra Nikolaidis ("Sandra"). It was subsequently ascertained that a third alias had been used by the Employee - Louisa or Elouisa Parson ("Louisa") - which it appeared had also been used in telephone calls, including calls to two of the Commission's advisors. Use of the Sandra and Louisa identities had been made in the period March to June 2006, when it had ceased. The Karen identity had been set up in late November 2006 and used during December 2006, and was the account used to contact the Journalist.
- 3.4 The Commission, with independent technical support, reviewed Camelot's technical investigation and concluded that the process was correctly designed and conducted in technical terms. However, the Commission considered that the scope of the investigation had been set too narrowly, in that it was restricted to external e-mail activity. The Commission conducted its own review of the database. Once the scope was extended to the Employee's internal e-mail activity, the Louisa alias was identified, as was evidence of disclosure of the use of aliases to other Camelot employees.

### **4. Camelot's second investigation**

- 4.1 A second investigation was commissioned by Camelot's Chief Executive, Dianne Thompson, with the following requirements:
  - 4.1.1 to provide a definitive view of all intelligence gathering by the Employee using any alias;
  - 4.1.2 to examine how and to whom this intelligence was disseminated and to look for any evidence that other employees might have known of the Employee's activities; and
  - 4.1.3 to look for evidence of consent to the Employee's activities either from her line manager or from any Director.
- 4.2 This second investigation was carried out by the Director of Corporate Affairs, under the direct oversight of the Chief Executive, which Camelot reports as covering over 87,400 emails. This investigation:

- 4.2.1 confirmed the findings set out in paragraph 3.3 above, and identified that the Karen alias was used to contact two individuals, the Sandra alias was used to contact seven individuals, and the Louisa alias was used to contact six individuals;
  - 4.2.2 identified that information gathered (including through contact with two of the Commission's advisors) would have been of very little, if any, commercial value, being typically either information that was otherwise in the public domain or personal opinion;
  - 4.2.3 established that the Employee generally 'cut and pasted' information gathered when passing it on to colleagues (so concealing the use of an alias), but had disclosed the use of aliases to a small number of colleagues during the period March to May 2006;
  - 4.2.4 there was no evidence of consent to the Employee's activities either from her line manager or from any Director.
- 4.3 In addition, the investigation identified evidence that:
- 4.3.1 on 3 May 2006 there was an apology from the Employee to Camelot's Bid and Strategy Director about use of e-mail etiquette which related to his concern about her use of 'alter ego' e-mails;
  - 4.3.2 the Director of Corporate Affairs was copied in on a very small number of e-mails in April 2006 in which the Employee disclosed her use of aliases, but there is no evidence that the Director read or acknowledged these emails;
  - 4.3.3 a meeting took place on 30 June 2006 between the Director of Corporate Affairs and the Employee at which "rules of engagement" and information gathering were discussed. No formal note was taken of the meeting but the use of e-mail aliases then ceased for a period of five months.

## **5. The Commission's conclusions**

- 5.1 Camelot's Chief Executive has stated that "Our commitment to the highest standards of probity means that we cannot and will not condone this type of behaviour" and that "this type of behaviour is wholly unacceptable". The Commission agrees strongly with this stance.
- 5.2 Camelot has provided the Commission with copies of its:
  - 5.2.1 Employee Induction Handbook;
  - 5.2.2 Induction Programme Delegate Workbook;
  - 5.2.3 Code of Conduct for Staff;
  - 5.2.4 Whistleblowing Policy;
  - 5.2.5 Standard Employment Contract.

The Commission has reviewed these and considers that they support the Chief Executive's representation that Camelot as an entity takes propriety seriously.

- 5.3 On the basis of the evidence available, the Commission has concluded that the actions are most likely those of a single employee who has gone beyond her remit. The employee was in a relatively junior post and had no managerial responsibilities. No documentary or other evidence has been identified to date to suggest that managers within the Corporate Affairs Directorate (or any other manager within Camelot) authorised the Employee's use of aliases.
- 5.4 It appears that the information that the Employee obtained through use of aliases was either publicly available information, or opinions of informed third parties based on public information and, as such, would have been of little or no commercial value. No evidence was identified to suggest that any sensitive or confidential information was obtained. In particular, the Journalist stated that "Had a direct approach to me been made by Camelot, without this charade [ie the use of an alias], I would have provided the same information."
- 5.5 Camelot's technical investigation was technically sound, but was too narrow in its scope. This was remedied by the second investigation. Ideally, the Commission considers that the second investigation should have been conducted entirely independently of the Corporate Affairs Directorate. However, the Commission accepts that this investigation was at all times subject to the rigorous review by and direct oversight of the Chief Executive.
- 5.6 A relatively small number of employees within Camelot were, or should have been, aware of the Employee's use of aliases in the period March to June 2006. The Commission has seen no evidence that they alerted the Employee's Director or line manager of this issue or escalated it further within Camelot. This is inconsistent with Camelot's core behaviours and code of conduct.
- 5.7 The Commission has received assurances from Camelot that its Director of Corporate Affairs addressed the issue at a meeting with the Employee in late June 2006, and that as a consequence the use of aliases ceased. The Commission notes that no record was made of the meeting, nor was it followed up with any written instruction that the use of aliases is unacceptable or a restatement of the Employee's rules of engagement for the gathering of market intelligence.
- 5.8 The post filled by the Employee was unique within Camelot in that it included responsibility for gathering market intelligence. The Commission accepts that an organisation such as Camelot has an interest in gathering market intelligence. The Commission considers that, given the public nature of the operation of the National Lottery and the importance that it is conducted with all due propriety, such a function should be clearly defined, with unambiguous rules of engagement. The Commission has seen no evidence that the Employee had written instructions on the scope of this function or on the rules of engagement.
- 5.9 The Commission has considered its concerns, as set out above, in the context of its statutory duties and Camelot's licence commitments. It has concluded that the evidence falls far short of that necessary to support a conclusion of an absence of fitness and propriety on the part of Camelot or any of its employees.. It has also concluded that the evidence falls short of that necessary to demonstrate a breach of Camelot's licence commitments, or a lack of compliance with the terms under which the third Licence Competition was held. It has, nonetheless, made Camelot aware of its concerns.

## **6. Action taken by Camelot**

- 6.1 The Director of Corporate Affairs took personal responsibility for briefing the three teams that make up the Corporate Affairs function immediately after the Employee's confession and resignation. Four briefings took place, at which all members of the teams were reminded of the Camelot behaviours.
- 6.2 Following the conclusion of its investigations, Camelot has committed to:
- 6.2.1 send a company-wide message, setting out clear guidelines and best practice for Camelot employees in using e-mail accounts other than their work e-mail accounts for Camelot business;
  - 6.2.2 investigate whether or not it can install additional software that allows it to monitor Camelot e-mail accounts with unusual volumes of traffic or e-mails on unusual subjects;
  - 6.2.3 give all those directly or indirectly involved in e-mail correspondence with the Employee that included what it now knows to be aliases a refresher course in the Camelot behaviours;
  - 6.2.4 build a new element into its people manager training sessions to remind line managers about their responsibility to address all concerns and issues about an employee's performance using the agreed procedures;
  - 6.2.5 instruct line managers of those employees who had demonstrable knowledge of the Employee's use of an alias to take this into account when judging their annual performance rating for the year;
  - 6.2.6 procure that the People Director review the market intelligence and competitor analysis functions held by the Media Relations team during the Licence Competition period which was suspended by Camelot as a result of the investigation.
- 6.3 Subsequent to the conclusion of its investigations, Camelot has also provided the Commission with undertakings that:
- 6.3.1 the action points set out at paragraphs 6.2.1 to 6.2.6, together with its staff educational programme, would be implemented in full by 31 December 2007 at the latest;
  - 6.3.2 it would implement appropriate systems to ensure that full records are maintained of formal internal meetings that relate to material issues of probity or propriety;
  - 6.3.3 any future internal investigation which is undertaken by Camelot would be conducted independently in accordance with defined escalation processes and would not be compromised by potential conflict of interest; and
  - 6.3.4 to the best of Camelot's knowledge, information and belief, all material evidence on this issue, whether identified in Camelot's

internal reviews or otherwise, had been provided to the Commission in full;

6.3.5 this matter had been discussed by Camelot's Board.

6.4 The Commission welcomes the commitments Camelot has made, as set out in paragraphs 6.2 and 6.3 above, and will monitor their delivery over time.

6.5 In the light of the Commission's conclusions and the actions taken, or to be taken, by Camelot, the Commission has concluded its investigations. It has reserved the right to revisit this conclusion should any further material information come to light.

ENDS