

[5] His terms of employment were contained in a written employment agreement dated 27 January 2020 (*sic*) (the “IEA”).

[6] The IEA contained the following relevant express terms:

- a. Mr Stanton “will at all times diligently and faithfully serve us and work in the best interests of the Company”
(Employment Philosophy clause (a)).
- b. Mr Stanton “will at all times promptly carry out and comply with all of your obligations as an employee...”
(Employment Philosophy clause (c)).
- c. Mr Stanton “will at all times refrain from acting in a manner that brings or could bring the Company into disrepute”
(Employment Philosophy clause (c)).
- d. TradeZone may terminate Mr Stanton’s employment without notice in the case of serious misconduct (Clause 16).
- e. Mr Stanton will “not enter into any activities which may conflict in any way with the interests of the Company or which could adversely reflect on the company’s business or its public perception” (Clause 25)
(together the “Express Duties”).

[7] In addition to the above Express Duties Mr Stanton owed TradeZone a duty of fidelity and duty of good faith (the “Implied Duties”).

[8] In November 2024 TradeZone commenced a disciplinary process with Mr Stanton and suspended him. On 19 December 2024 TradeZone and respondent agreed TradeZone’s employment would end by mutual agreement, the terms of which were recorded in a confidential Record of Settlement dated 19 December 2024 and certified on 6 January 2025 (“ROS”).

[9] Mr Stanton remained silent as to the matters described in paragraphs [13] to [43] below. This represented to TradeZone that there were no grounds under which it could terminate his employment summarily. Based on that representation TradeZone agreed to the terms of the ROS.

[10] Terms of the ROS included:

- a. TradeZone would pay Mr Stanton his salary up until 17 January 2025, but he would be on garden leave from 20 December 2024 until then.
- b. TradeZone would pay Mr Stanton a compensatory payment of \$40,000.

[11] The terms of settlement were “in full and final settlement of all claims the Employer has or may have against the Employee, and all claims that the Employee has or may have against the Employer and its related companies, and their directors, shareholders, employees and contractors, and whether arising out of the Employee's employment with the Employer and the termination thereof or otherwise”.

[12] Following termination of Mr Stanton's employment, TradeZone discovered breaches by Mr Stanton of the Express Duties and Implied Duties as particularised at paragraphs [13] to [43] below.

The Sprocket Frauds

[13] In February 2024, Mr Stanton provided TradeZone's operations manager, Diane Mitchell with an invoice purportedly issued to TradeZone by Sprocket (an IT provider) for \$4,312.50 including GST (the “Sprocket February invoice”) and authorised her to pay it into the bank account recorded on the invoice. The account number was 12-XXXX-XXXX722-000 12.

[14] Ms Mitchell set up Sprocket as a payee (via internet banking) and paid the Sprocket February 2024 invoice into the above account.

[15] The Sprocket February invoice was not created or issued by Sprocket. Mr Stanton had created it himself. And the bank account recorded on the invoice was his bank account, not Sprocket's.

[16] As a result of this fraud, TradeZone lost \$4,312.50, and Mr Stanton gained the same amount.

[17] Mr Stanton undertook the same fraud in September 2024 where he created an invoice purportedly from Sprocket for \$6,325.00 including GST, payable to his bank account (the “Sprocket September invoice”), and authorised Ms Mitchell to pay it. Ms Mitchell paid the Sprocket September invoice into TradeZone’s bank account on 11 September 2024.

[18] On 8 April 2024, Sprocket emailed to Mr Stanton an invoice for services it had provided to TradeZone. The invoice was for \$3,335.00 including GST (the “correct April Invoice”).

[19] Mr Stanton altered the correct April invoice. In particular:

- a. he changed the bank account to which the invoice was payable from Sprocket’s account (number 02-XXXX-XXXX400-00) to his own bank account number (12-XXXX-XXXX722-000); and
- b. he changed the amount of the invoice from \$3,335.00 to \$5,700.00 (the “altered April invoice”).

[20] Mr Stanton then printed the altered April invoice, wrote his approval for payment on it, and provided it to Ms Mitchell to pay.

[21] Ms Mitchell paid (via internet banking from TradeZone’s account) the altered Sprocket April invoice to Mr Stanton’s bank account.

[22] Upon receipt of payment into his bank account, Mr Stanton paid the correct April invoice to Sprocket’s bank account (number 02-XXXX-XXXX400-00).

[23] As a result of this fraud, TradeZone lost \$2,365.00 and TradeZone gained the same amount.

[24] Mr Stanton repeated the same fraud on TradeZone in relation to further invoices from Sprocket in:

- a. June 2024, where:

- i. the correct Sprocket June 2024 invoice was for \$1,150.00 including GST (the “correct June invoice”), which TradeZone changed to \$2,300.00 (the “altered June invoice”);
- ii. Mr Stanton authorised Ms Mitchell to pay the altered June invoice to his (not Sprocket’s) bank account;
- iii. which Ms Mitchell paid from TradeZone’s account; and
- iv. TradeZone paid Sprocket the correct June invoice from his bank account.

b. July 2024, where:

- i. the correct Sprocket July 2024 invoice was for \$1,150.00 including GST (the “correct July invoice”), which TradeZone changed to \$2,300.00 (the “altered July invoice”);
- ii. Mr Stanton authorised Ms Mitchell to pay the altered July invoice to his (not Sprocket’s) bank account;
- iii. which Ms Mitchell paid from TradeZone’s account; and
- iv. TradeZone paid Sprocket the correct July invoice from his bank account.

c. August 2024, where:

- i. the correct Sprocket August 2024 invoice was for \$1,150.00 including GST (the “correct August invoice”), which TradeZone changed to \$2,300.00(the “altered August invoice”);
- ii. Mr Stanton authorised Ms Mitchell to pay the altered August invoice to his (not Sprocket’s) bank account;
- iii. which Ms Mitchell paid from TradeZone’s account; and
- iv. TradeZone paid Sprocket the correct August invoice from his bank account.

d. September 2024, where:

- i. the correct Sprocket September 2024 invoice was for \$1,150.00 including GST (the “correct September invoice”), which TradeZone changed to \$2,300 (the “altered September invoice”);
- ii. Mr Stanton authorised Ms Mitchell to pay the altered September invoice to his (not Sprocket’s) bank account;
- iii. which Ms Mitchell paid from TradeZone’s account; and

- iv. TradeZone paid Sprocket the correct September invoice from his bank account.
- e. October 2024, where:
- i. the correct Sprocket October 2024 invoice was for \$1,150.00 including GST (the “correct October invoice”), which TradeZone changed to \$2,300.00 (the “altered October invoice”);
 - ii. Mr Stanton authorised Ms Mitchell to pay the altered October invoice to his (not Sprocket’s) bank account;
 - iii. which Ms Mitchell paid from TradeZone’s account; and
 - iv. TradeZone paid Sprocket the correct October invoice from his bank account.
- f. November 2024, where:
- i. the correct Sprocket November 2024 invoice was for \$1,150.00 including GST (the “correct November invoice”), which TradeZone changed to \$2,300.00 (the “altered November invoice”);
 - ii. Mr Stanton authorised Ms Mitchell to pay the altered November invoice to his (not Sprocket’s) bank account;
 - iii. which Ms Mitchell paid from TradeZone’s account; and
 - iv. TradeZone paid Sprocket the correct November invoice from his bank account.
- g. December 2024, where:
- i. the correct Sprocket December 2024 invoice was for \$1,150.00 including GST (the “correct December invoice”), which TradeZone changed to \$2,300.00 (the “altered December invoice”);
 - ii. Mr Stanton authorised Ms Mitchell to pay the altered December invoice to his (not Sprocket’s) bank account;
 - iii. which Ms Mitchell paid from TradeZone’s account; and
 - iv. TradeZone paid Sprocket the correct December invoice from his bank account.

[25] On 11 December 2024, shortly before his last day of work, Mr Stanton provided Ms Mitchell with an email dated the same date, purportedly from Sprocket, advising TradeZone of a change to its bank account number. The new account number was 02-XXXX-XXXX400-00.

[26] Mr Stanton instructed Ms Mitchell to update her records and to use that bank account number to pay Sprocket's invoices going forward.

[27] Sprocket did not create or send the 11 December 2024 email to TradeZone.

[28] Ms Mitchell forgot to do as Mr Stanton had asked her to do and change the bank account into which TradeZone would pay Sprocket's monthly invoices.

[29] As a result, on 17 January 2025, when she paid Sprocket's January 2025 invoice for \$1,150.00 including GST, Ms Mitchell paid it into the same bank account she had used previously; i.e. Mr Stanton's bank account.

[30] On 20 January 2025, Sprocket contacted Ms Mitchell about its unpaid January 2025 invoice for \$1,150.00 including GST. After Ms Mitchell provided proof of payment of the invoice; Sprocket advised her that the bank account into which she had paid the money was not its bank account.

[31] As a result of the further fraud involving Sprocket invoices by Mr Stanton, TradeZone lost and Mr Stanton gained \$22,202.50.

The Auckland United Football Club frauds

[32] Mr Stanton provided Ms Mitchell an invoice from Auckland United Football Club for sponsorship. The amount of the invoice was \$8,050.00 including GST. The bank account on the invoice into which it was payable was 12-XXXX-XXXX822-00.

[33] On 3 July 2024, TradeZone paid the invoice from Auckland United Football Club for \$8,050.00 to Mr Stanton's bank account (12-XXXX-XXXX722-000 12).

[34] Mr Stanton had fabricated the 11 June 2024 invoice from Auckland United Football Club. The Club generated no invoice because TradeZone's Board did not approve the sponsorship deal.

[35] Mr Stanton also arranged for the \$8,050.00 amount to be paid to his bank account (although it was not recorded on the invoice).

[36] As a result of this fraud on TradeZone by Mr Stanton involving Auckland Football Club invoices, TradeZone lost and Mr Stanton gained \$8,050.00.

The Hampton Downs' frauds

[37] TradeZone and Hampton Downs (NZ) Limited were parties to a sponsorship and signage agreement, for which TradeZone paid Hampton Downs an amount per month.

[38] Hampton Downs invoiced TradeZone each month. These invoices were sent to Mr Stanton, only.

[39] Mr Stanton provided Ms Mitchell with invoices purportedly from Hampton Downs dated August 2023 (one invoice for \$19,406.25), October 2023 (two invoices for \$34,500.00 and \$10,120.00), October 2024 (one invoice for \$37,087.50), and he authorised her to pay them.

[40] The correct invoices from Hampton Downs were for \$2,875.00 (August 2023), \$28,750.00 (October 2023), \$8,970.00 (October 2023) and \$28,750.00 (October 2024).

[41] The:

- a. August 2023 invoice from Hampton Downs was changed by Mr Stanton to record his bank account (for payment to be made into) (12-3240-0480722-00) and instead of it being for \$2,875.00, it was for \$19,406.25.
- b. October 2023 invoices from Hampton Downs were changed by Mr Stanton to record his bank account (for payment to be made into) and instead of them being for \$28,750.00 and \$8,970.00, they were for \$34,500.00 and \$10,120.00.

- c. October 2024 invoice from Hampton Downs was changed by Mr Stanton to record his bank account (for payment to be made into) and instead of it being for \$28,750.00 it was for \$37,087.50.

[42] As instructed and authorised by Mr Stanton, Ms Mitchell paid the Hampton Downs invoices into Mr Stanton's bank account.

[43] As a result of these frauds on TradeZone by Mr Stanton involving Hampton Downs invoices, TradeZone lost and Mr Stanton gained \$31,768.75.

The Employment Court Proceedings

[44] TradeZone applied to the Employment Court without notice for Freezing Orders in respect of Mr Stanton's bank accounts. The orders were granted by judgments dated 7 and 21 February 2025.

Repayment

- [45] On 20 February 2025 Mr Stanton:
- a. admitted to having taken money from TradeZone as alleged, and explained he did this to pay for his son's university fees in the United States;
 - b. explained he had self-reported to the Police and had a District Court fixture on 27 March 2025; and
 - c. said he would repay the amount in question.

[46] On or around 20 February 2025 TradeZone received repayment of \$62,021.25 from Mr Stanton.

Breaches of Express Duties and Implied Duties

[47] Mr Stanton admits and consents that his conduct described at paragraphs [9] to [42] above breached the Express Duties and Implied Duties.

- [48] As a result of these breaches:
- a. TradeZone lost \$62,021.25 in payments Mr Stanton fraudulently authorised TradeZone to pay him, and which he received. Mr Stanton gained \$62,021.25 in payments Mr Stanton fraudulently authorised

TradeZone to pay him, and which he received. This amount has now been repaid.

- b. TradeZone was induced to enter into the ROS by a misrepresentation and has suffered economic losses as a result. The amount of this loss was to be quantified prior to the investigation meeting before the Authority. TradeZone now quantifies this amount as \$40,000, being the settlement monies paid by TradeZone to Mr Stanton which TradeZone would not have paid, had it been aware of the fraud.
- c. TradeZone suffered the following losses investigating and managing the breaches:
 - i. \$9,940 in legal costs;
 - ii. \$5,315 in computer forensic costs; and
 - iii. \$3,300 in lost officer and management time.

[49] As part of their agreement, the parties have agreed remedies and costs. At their request, the question of remedies and costs is adjourned to allow time for the settlement to be effected and following which the proceedings will be discontinued.

Helen van Druten
Member of the Employment Relations Authority