
£6.3 million money laundering

Posted by johnfranklyn - 2008/09/26 14:39

HMRC) £6 Million Money Launderer jailed in £68 Million Fraud (Operation Shepherd)

A Staffordshire man who pleaded guilty to conspiracy to laundering £6.3 million from the proceeds of crime has been given a two year jail sentence at Birmingham Crown Court.

Craig Johnson was the seventh member of a criminal gang to be jailed in connection with a £68 million VAT fraud, following an investigation by HM Revenue & Customs (HMRC). In June 2006, six men were sentenced to a total of 51 years for defrauding HMRC by means of a complicated fraud involving the non-payment of VAT on mobile telephones. Some sentences are running concurrently meaning a combined total of 39 years in jail for the six men.

Known as 'missing trader' or carousel fraud, the scam exploits the EU VAT system in which VAT is not charged on the sale of goods between VAT registered companies in different EU member states. The subsequent sale of goods in the UK created a VAT liability due from companies that 'disappeared'. These companies are known as 'missing traders'.

Craig Johnson's role was to launder the proceeds of the 'missing trader' fraud. He received in excess of £6 million of laundered funds in the form of racehorses, business assets, high value vehicles and property. The funds had come from accounts in Hong Kong, into which the proceeds of the missing traders' transactions - usually the stolen VAT - had been transferred.

Chris Harrison, Deputy Director of Operations, Criminal Investigation, for HMRC said:

"Tackling 'missing trader' fraud is one of HMRC's top priorities. It is theft of essential public revenue by organised criminal gangs, and is a Europe-wide problem. We are committed to pursuing those involved no matter how complex the crime and no matter where in the world the money trails take us. We will also actively pursue confiscation proceedings in order to strip the guilty of their assets, illegally derived from the proceeds of these frauds. The sentences being handed down demonstrate the gravity with which the courts view this crime."

He added: "We would particularly like to acknowledge the excellent support we have received from Staffordshire Police and West Midlands Police in bringing this case successfully to conclusion."

The fraud began with a company called Crownlink Networks Limited, which was registered for VAT by the company director Charles Hackney, who ran the company with his son in law Michael West. In the course of two months in 2001, £27 million pounds worth of mobile telephones were bought and sold by their company. Hackney and West were sentenced to five and four years in prison respectively.

Another missing trader called Gyraland UK Limited was run by Phillip Hague of Stoke on Trent, Staffordshire. In January and February 2002, his Bristol-based company sold £7 million worth of mobile telephones. Hague was sentenced to five years in prison.

Clive Everton Saunders of Uttoxeter, Staffordshire, had previously been involved in violent crime and ran a security company which provided doormen to pubs and clubs in the North Staffordshire area. At the time of the trial Saunders was serving five years in prison for violent affray in which a man was shot outside a busy restaurant in Stoke-on-Trent.

Saunders used his security business to recruit willing 'front men' for missing traders including Hackney and West along with his right hand man, ex soldier Craig Jones, who effectively controlled the companies ensuring that the money passed through the bank accounts. For this he received high value vehicles and property abroad. After forensic evidence led to Jones being charged with being involved in the fraud, he approached the authorities and gave evidence in court against his co-accused. Taking this into account HHJ Orme sentenced Jones to five years in prison.

Enquiries abroad established a web of accounts into which proceeds of the fraud were paid. Saunders' bookkeeper David Routledge funnelled hundreds of thousands of pounds through his bank accounts to Saunders' accounts in Hong Kong, Switzerland and Spain. Saunders used this money to fund the building of a million pound mansion in Staffordshire, purchases of many high value vehicles including Ferraris and Bentleys and a helicopter that he kept on a helipad in the grounds of his property. He also owned a Spanish villa, a boat moored on the Costa Blanca and several Rolex watches.

David Routledge pleaded guilty to his involvement part way through the trial and was sentenced to seven years in prison for Cheating the Revenue and five years for money laundering to be served concurrently. Saunders was found guilty on two counts of cheating the public revenue and was sentenced to eleven and nine years imprisonment also to be served concurrently.

Assets to the value of £6 million have been seized under the Criminal Justice Act 1988 - including 4.5 million in a related investigation (Operation Emersed). Confiscation Orders are being secured to reclaim this money for the public purse. These assets comprise of a helicopter, a yacht, two properties including Meaford Hall, Stoke, performance vehicles - a Ducati, Aston Martin, Ferrari and two Bentleys, Rolex watches and diamonds.

Matthew Wagstaff, Head of the Commercial Division of Revenue & Customs Prosecution Office (RCPO) said:
"Missing Trader prosecutions are the most challenging area of RCPO's casework. This case was particularly challenging to prosecute because of the large number of trading companies and defendants - their complex web of associations and activities were difficult to unravel and present to the jury. RCPO are pleased to have secured such a high number of convictions in the face of these difficulties and will build on these successes in future prosecutions."

=====