

Record 15-year jail sentence for carousel fraudster

After an intense **six-year investigation** by HM Revenue & Customs (HMRC), and **two separate criminal trials**, the man behind a **£54 million VAT fraud has been jailed for 15 years**, the longest sentence ever handed down by a British court for this type of crime.

Emmanuel Hening, a trader with dual Belgian/French nationality, was found guilty on three counts of 'missing trader' fraud at Worcester Crown Court, along with other members of the eight-strong crime gang, bringing the total jail sentences for the gang to 38.5 years. Three men from the West Midlands, two from Lancashire and one from Wales were sentenced at an earlier trial. A remaining member of the gang, a woman from Birmingham pleaded guilty and is awaiting sentencing.

Chris Harrison, Deputy Director, Investigation for HMRC said: "This was not some kind of victimless crime, but organised fraud on a massive scale perpetrated by criminals all bent on making fast and easy profits at the expense of the British taxpayer. This was theft of revenue needed to fund our country's public services. Missing trader fraud is not merely a paper fraud but often features links to other forms of criminal activity. This case is a further example of our determination and success in bringing to justice the criminals behind this type of fraud. The sentence should send out a clear message to others who may contemplate such criminal activity."

Judge McCreath said: "This case involves fraud against the Revenue on a massive scale amounting in total to a Revenue loss in excess of £50m described accurately... as an orchestrated attack on the United Kingdom VAT system."

Hening was sentenced alongside two accomplices, one from the West Midlands and one from Wales, in December. A further two members of the gang from the West Midlands and two from Lancashire were sentenced at an earlier trial. The eighth defendant, a woman from Birmingham, pleaded guilty and is awaiting sentencing.

Hening was extradited from France in December 2005. He was described by Judge McCreath as 'the guiding hand' behind the multi-million pound 'missing trader' (MTIC) VAT fraud.

The court heard the **multi-million pound fraud centred on the mobile phone industry.** Investigations by HMRC began in 2000 and involved breaking the audit trail of businesses based in the UK, Luxembourg and France through a company called **Handycom SA operated by Hening.** Hening

claimed on invoices to be **importing large numbers of European specification mobile phones**, with two-pin plugs, into the UK. The numbers he claimed to be importing far exceeded any legitimate commercial demand.

The phones were purportedly imported into the UK VAT free by various companies set up by Hening. He then sold the phones on paper charging VAT that was never paid over to HMRC. These companies then went 'missing'. The phones were then 'sold' down the line to various 'buffer' traders before they were exported back to Hening. Each company made an agreed profit margin on the phones. The companies were based in the West Midlands, Lancashire and the Isle of Man.

In sentencing Hening, the Judge commented: "You are responsible, in my judgment, for the genesis of the fraud, through your control over the foreign importers and your control over the UK missing traders, and because of the reality that **the evaded VAT was paid to you, into your bank accounts.**"

As in all successful prosecutions, confiscation proceedings are being pursued in order to strip the guilty of their assets, illegally derived from the proceeds of these frauds.

Judge McCreath commended the lawyers and investigators involved in bringing the case, expressing 'enormous gratitude' to all those involved.

These cases were successfully prosecuted by the Revenue & Customs Prosecutions Office (RCPO). RCPO is an independent prosecuting authority that reports to the Attorney General, and is responsible for the prosecution of all HMRC cases in England and Wales.

Notes to editors

1. Full reporting restrictions have been in place throughout the trials but have now been lifted in January.

2. Photographs of some of the West Midlands defendants are available on request.

3. On 19 and 21 December 2006, after a seven-week trial at Worcester Crown Court the following three defendants were found guilty of Conspiracy to Cheat the Public Revenue:

* Emmanuel Armand Saul Hening (33) of 92-94 Rue Des Aubepines, Luxembourg, was sentenced to 15 years on three counts to run concurrently. He was also disqualified from being a company director for 15 years, the maximum period of disqualification which may be imposed.

* Jaswant Ray Kanda (42), of 5 Beech Gate, Little Aston, Sutton Coldfield, West Midlands, was sentenced to 4.5 years on three counts to run concurrently. He was also disqualified from being a company director for eight years. He acted as a director of Waves International Ltd, based at Bradford Court, Bradford Street, Birmingham.

* Abid Mukhtar, (35), of 213 Corporation Road, Newport, Gwent, was sentenced on one count to 12 months, suspended for 12 months. He was disqualified from being a company director for three years.

He acted as a director of Globalink Networks Ltd, Park House, 10 Park Street, Bristol.

4. On 30 June 2006, after a nine-week trial at Worcester Crown Court, the operators of the 'buffer' companies were found guilty by unanimous verdicts of Conspiracy to Cheat the Public Revenue:

* Bhovinder Singh Sangha, (38), 3 Jervis Park, Endwood Drive, Little Aston, Sutton Coldfield, West Midlands, was sentenced to 4.5 years. He tried to flee the UK between verdict and sentencing but was intercepted by the police at the Channel Tunnel on his way to India via Paris.

He acted as a director of B-Tel Com Ltd, Unit 6 Queens Chambers, 61 Boldmere Road Sutton Coldfield, West Midlands.

* David William Burch (32), 28 Thornhill Road, Streetly, Sutton Coldfield, West Midlands was sentenced to 4.5 years.

He acted as a sole proprietor of Keep Talking, 14/16 Peel Road, Douglas Isle of Man.

* Brian John Meehan, (54), Greenacres, Wyfordby Avenue, Blackburn, Lancashire was sentenced to 4.5 years.

He acted as a director of Bridge GSM Ltd at above address.

* Gerard Martin McAllister, (32) of 8 Glen Eagles Drive, Blockhall Village, Old Langho, Blackburn, Lancashire, was sentenced to 4.5 years.

He acted as a director of Bridge GSM at the above address.

* Angela Antoinette Senatore (54) of 11 Hodnet Grove, Birmingham, pleaded guilty and is awaiting sentencing.

She acted as the sole proprietor of A Star Trading, 111 Hagley Road, Edgbaston Birmingham.

5. Proceedings aimed at confiscating the assets of those convicted are now underway.

6. Missing Trader Intra-Community (MTIC), or 'missing trader' fraud as it is more commonly known, is a highly sophisticated EU-wide scam and an organised criminal attack on the UK VAT system. It sees criminals import high value goods such as mobile phones and computer chips, free of VAT, from other countries in the EU. These goods are then sold in the UK with VAT attached, but the criminals disappear with the tax they have collected instead of handing it over to HMRC. A more abusive form of the fraud - known as carousel fraud - involves the same goods being traded around contrived supply chains within and beyond the EU, re-entering the UK on a number of occasions with the VAT being stolen each time. The organised criminal networks behind these frauds are well resourced, innovative, resilient and known to be involved in wider criminality.

7. The Revenue & Customs Prosecution Office (RCPO) was created by Royal Assent on 7 April 2005. It is an independent prosecuting authority reporting directly to the Attorney General.