



HM Revenue  
& Customs



Darren Chapman with a Bentley he bought with the proceeds of his crime

Sep 27, 2019 10:42 BST

## Organised crime gang sentenced for £3.5m fuel fraud

Five people, including the former owners of a Sussex petrol station have been sentenced for distributing and selling an estimated 4.8 million litres of illicit fuel to unsuspecting motorists including haulage companies across the south east.

Three were given jail sentences totalling more than 16 years.

Brothers Dean Chapman, 43, from Romford, Essex, and Darren Chapman, 50,

from Rochester, Kent, illegally mixed kerosene with diesel and sold it as legitimate road fuel to motorists at their petrol station in 2012 and 2013.

HM Revenue and Customs (HMRC) officers found quantities of kerosene, which is not approved for road use, at a Pulborough petrol station in 2013. It was discovered during routine checks of the petrol station's underground diesel tank as well as the fuel tanks of two vehicles, which were both seized.

HMRC investigators found that Christopher Reardon, 56, from Hastings, supplied kerosene to the Chapmans and falsified 679 sales invoices to hide the true identity of his customers in an attempt to disguise their fraudulent scheme.

As a registered dealer in controlled oils (RDCO), Reardon had a responsibility to check the fuel sold was being used for a legitimate purpose, his failure to do so resulted in this fraud being able to be committed.

Richard Wilkinson, Assistant Director, Fraud Investigation Service, HMRC, said:

“The gang knew what they were doing was wrong, but even after being challenged by HMRC officers and investigated by Trading Standards officers, they continued to flout the law and sell illegal fuel, which damaged vehicles engines and resulted in a tax loss of nearly £3.5m – money needed to fund our public services.

“HMRC continues to target fuel fraud which creates an uneven playing field for honest businesses. We urge anybody who knows of people committing tax fraud to report them to HMRC online, or call our Fraud Hotline on 0800 788 887.”

Richard Sargeant, West Sussex Trading Standards Team Manager, said: “This was an incredibly serious matter which caused huge inconvenience to customers as well as repair costs totalling more than £70,000.

“While it cannot take away from the frustration suffered by customers, I hope the outcome of this case will act as a deterrent to anyone else considering illegally mixing fuel.”

Despite HMRC's intervention and the investigation by West Sussex Trading Standards, the gang continued to carry out the fraud, switching from kerosene to biodiesel in an attempt to further their deception. This led to the investigation by HMRC.

They used biodiesel supplied by Carole O'Hara, 68, and Peter O'Hara, 72, both from Hastings, who falsified invoices and HMRC returns to show lower rates of Excise Duty and VAT, which reduced their tax liability.

The illicit mix was never properly labelled so that customers did not realise they were buying fuel with high percentages of bio-diesel. As a result, customers began experiencing problems with their cars which they reported to West Sussex Trading Standards.

As well as the multi million pound fuel fraud, the Chapmans also failed to pay any VAT.

Darren Chapman and Christopher Reardon were found guilty of the fraudulent evasion of Excise duty and VAT, Dean Chapman was found guilty of the fraudulent evasion of VAT. Additionally Darren Chapman and Dean Chapman were found guilty of fraudulent trading on 26 July 2019 after a trial at Wood Green Crown Court. On 26 September 2019 they were sentenced at the same court.

Darren Chapman was given eight years and two months, Dean Chapman four years and six months and Reardon four years.

For their part in the fraud, Carole O'Hara and Peter O'Hara were sentenced to two years in prison, suspended for two years, and ordered to pay £40,000 of costs each.

On sentencing, His Honour Judge Lucas said: "It was a deliberate, gross and continued trick on the general public."

Darren Chapman was described by the judge as 'dishonest and prepared to break the law when it suits you,' while brother Dean 'took to dishonesty with enthusiasm.'

Reardon worked 'hand in glove with Chapman and others to perpetrate the

fraud.'

The O'Haras were described as 'deliberate and calculating.'

### **Notes for Editors**

1.Kerosene is a rebated fuel and not approved for road use. It is not usually liable for fuel duty, however, when sold for use in road vehicles fuel duty must be paid. The total duty and VAT evaded on the sale of the kerosene in the illicit fuel was £1.6M.

2.While biodiesel can be used as a road fuel, when used in this way it attracts a higher rate of VAT and becomes liable for fuel duty. By misleading HMRC about the intended use of the fuel, £1.8M of duty and VAT was evaded.

3.Darren Chapman (DOB 02/05/1969) formerly of Rochester, Kent and now of no fixed abode, was found guilty of the fraudulent evasion of Excise duty and VAT and sentenced to eight years and two months at Wood Green Crown Court on 26 September 2019.

4.Dean Chapman (DOB 22/04/1976) of Crown Lane, Romford, Essex was found guilty of the fraudulent evasion of VAT and sentenced to four years and six months at Wood Green Crown Court on 26 September 2019.

5.Christopher Reardon (DOB 14/03/1963) of Plynlimmon Road, Hastings, was found guilty of the fraudulent evasion of Excise duty and VAT and sentenced to four years at Wood Green Crown Court on 26 September 2019.

6.Carole O'Hara (DOB 17/01/1951) of Moor Lane, Westfield, Hastings pleaded guilty to the fraudulent evasion of excise duty and VAT during the third week of trial and at Wood Green Crown Court on 26 September 2019 was sentenced to two years of prison, suspended for two years. She was also ordered to pay £40,000 costs.

7.Peter O' Hara (DOB 15/11/1946) of Moor Lane, Westfield, Hastings, was found guilty of the fraudulent evasion of excise duty and VAT and sentenced to on 26 September 2019 at Wood Green Crown Court to two years of prison,

suspended for two years. He was also ordered to pay £40,000 costs and given a curfew of 5pm to 8am for 12 months.

8.HMRC targets fuel laundering as part of its comprehensive and dynamic anti-fraud oils strategy. The reduction in the illicit market share of GB diesel continues a long-term trend from 5% in 2005-06 to about 1% in 2017-18.

9.In 2017-18, the illicit market for diesel in in GB resulted in an estimated loss of £100 million in duty and a further £50 million in VAT, giving a total loss of £150 million.

10.Mixing: using fuels such as kerosene, or industrial oils to 'extend' fuel; methanol may be added to petrol to achieve the same effect. As well as being illegal, this can have adverse effects on vehicle engines.

11.Follow HMRC Press Office on Twitter @HMRCpressoffice

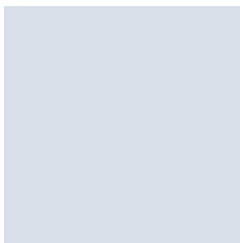
---

## Issued by HM Revenue & Customs Press Office

*HM Revenue & Customs (HMRC) is the UK's tax authority.*

*HMRC is responsible for making sure that the money is available to fund the UK's public services and for helping families and individuals with targeted financial support.*

## Contacts



### **HMRC Regional Press Officer - London**

Regional Press Officer

London

03000 529 729

07979 245 517