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Payback time for designer boutique VAT fraudsters

A married couple convicted of a £280,000 VAT fraud involving Chanel designer goods have been ordered to repay nearly £55,000 or serve 15 months in jail.

The two fraudsters, whose rent was paid partly through housing benefit, spent the money on a Chelsea penthouse, private schooling for their children and gambling at high-end casinos before being caught by HM Revenue and Customs (HMRC).

Robert Alder, Assistant Director for Criminal Investigation at HMRC, said:

“Emmanuel and Behnaz Scotts were professional fraudsters and thought they were too clever to fail. They passed themselves off as high rollers and spent large sums of criminal cash in expensive boutiques and at casinos. But their glamorous lifestyle was a sham, funded at the expense of the taxpayer. Our investigations do not stop on sentencing – we pursue the money stolen to reclaim it for the country’s finances.”

The court heard that they purchased goods at three Chanel boutiques in London, pretending to be wealthy customers. They would later return the goods to a different Chanel shop and obtain a refund or an exchange of goods. They continued to do this, gaining the trust of staff who they conned into supplying VAT export claim forms for goods they had not purchased.

They sent these forms to the company handling Chanel’s customer VAT refunds, who then handed over the cash.

The Scotts lived in a £1.8 million penthouse in Chelsea Harbour and, although they passed themselves off as a wealthy couple who made a living from casino gambling, in reality they had very little money of their own and more than half of their rent was paid by housing benefit.

Notes for editors

1. Photographs of the defendants and some of the designer goods seized, including items from luxury brands Chanel, Gucci, Jimmy Choo and Louis Vuitton are available on request or from HMRC’s flickr channel

www.flickr.com/hmrcgovuk

2. Details of the confiscation hearing held yesterday, 13 February 2014, at the Old Bailey and previous sentencing on 27 March 2012:

- Emmanuel Scotts (DOB 24.05.67) currently of HM Prison Service and formerly of Carlyle Way, London SW10, was ordered to repay £27,672 within six months or remain in prison for a further 15 months.

He was previously sentenced to four and half years in prison.

· Behnaz Scotts (DOB 25.08.69) of Carlyle Way, London SW10, was ordered to repay £25,622 within six months or go to prison for 15 months

She was previously sentenced to 51 weeks in prison, suspended for two years, a supervision order for 12 months and a tagged curfew for four months.

3. Emmanuel Scotts pleaded guilty to charges of intent to defraud HMRC under the Fraud Act 2006 and both pleaded guilty to handling the proceeds of crime under the Proceeds of Crime Act 2002.

4 VAT refund vouchers allow shoppers from outside the EU to buy goods and then claim back the VAT using a voucher (VAT 407) which is stamped upon leaving the EU. More details on the VAT refund scheme for shoppers from outside the EU are available online:

<http://www.hmrc.gov.uk/vat/sectors/consumers/overseas-visitors.htm>

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