



David Michael Hughes

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£6.9m payroll fraud ringleader jailed for nine-and-a-half years

A globe-trotting tax consultant who fled the UK before he could be arrested for masterminding a conspiracy to steal £6.9 million from construction workers' pay packets is finally behind bars.

David Michael Hughes, known as Mike Hughes, 52, worked for the Inland Revenue in the 1980s before setting up as a tax consultant in Kent. He led a conspiracy which used a string of UK and offshore companies and bank accounts to steal £6.9 million in taxes paid by clients and deducted from

workers' wages, through fraudulent payroll schemes.

The money, which should have been paid to HM Revenue and Customs (HMRC), was split between Hughes and his co-conspirators.

Hughes left the UK in September 2011, travelling to Chile and Dubai before setting up home in Northern Cyprus, which does not have an extradition treaty with the UK. He was arrested by HMRC investigators at Heathrow Airport in January 2018 when he arrived on a flight from Istanbul, Turkey.

Today (Thursday 16 August 2018), Hughes was jailed for nine-and-a-half years at Southwark Crown Court. The three other men were jailed for a total of 19 years in October 2016.

Alison Chipperton, Assistant Director, Fraud Investigation Service, HMRC, said:

“Hughes and his criminal fraternity were driven by greed, abusing systems that are designed to ensure workers are paid correctly and taxes paid to HMRC. Hughes deliberately fled the UK and moved to a country without a UK extradition treaty in an attempt to evade justice. He was arrested as soon as he returned to the UK, and is now paying the price for his crimes.

“They were all professionals who broke the law, but as a tax consultant and former Inland Revenue employee, Hughes' role as the criminal mastermind is even more deplorable. Tax evasion isn't a victimless crime, it is theft from public services used by us all. If you suspect tax fraud, please report it online or call the HMRC Fraud Hotline on 0800 788 887.”

Hughes set up, and with his co-conspirator Aquil Ahmed, operated more than ten companies in the UK, Belize and Gibraltar to carry out the fraud, laundering the money through various bank accounts. They were co-directors of the 'Keepers' accountancy and taxation practices based in Rochester, Kent.

The pair employed Christopher Azzopardi to operate payroll services for clients through their various Keepers companies, supposedly calculating wages and paying any tax due to HMRC through the PAYE and Construction Industry Scheme (CIS) systems. Clients were charged VAT on these services, but nothing was paid to HMRC.

They ran the scam payroll schemes for Victor Shearer's construction services company Leaner Logistics Limited. He then introduced other clients to the fraudulent payroll scam. Workers believed their taxes were being paid to HMRC, but instead they were lining the men's pockets.

Hughes, Ahmed and Shearer channelled money through Gibraltar, the Channel Islands, the UAE, USA, Turkey and various property transactions. Hughes used some of the money to start a new life abroad.

Shearer laundered £1.2 million through a Gibraltar bank account and spent money on property and high-living including ski-holidays, cars and treating friends, family and clients. Ahmed owned a Bentley, bought properties in the UK, USA and Turkey, took multiple foreign holidays including trips to Dubai and the Monaco Grand Prix.

At Southwark Crown Court yesterday (Wednesday 15 August 2018) Hughes was convicted of three counts of conspiracy to cheat the public revenue, two counts of false accounting and furnishing false information, and one count of money laundering. He was sentenced today.

Mr Recorder DCL Etherington QC said Hughes had committed a 'deliberate, calculated fraud that was brazen and bold from the outset'.

In June 2016 his Keepers business partner Aquil Ahmed admitted conspiracy to cheat the public revenue. Ahmed was jailed for seven years and eight months in October 2016, and disqualified from being a company director for ten years.

In July 2016 Shearer was convicted of conspiracy to cheat the public revenue and money laundering. He was jailed for seven years and six months in October 2016, and disqualified from being a company director for ten years.

Christopher Azzopardi was convicted of conspiracy to cheat the public in July 2016. He was jailed for four years in October 2016.

HMRC will seek to recover the vast sums of money Hughes stole by pursuing confiscation, having already secured confiscation orders totalling £3.5 million from Ahmed and Shearer in January 2018.

HMRC and the National Crime Agency (NCA) are aware of the threat of payroll scams operating in the UK, and remind businesses to ensure that they carry out 'due diligence' checks before appointing a payroll company to act on their behalf. Anyone who believes they have information, or may be a victim of payroll fraud, can report it online at www.gov.uk/topic/dealing-with-hmrc/tax-compliance or by calling 0800 788 887.

Notes for Editors

1. A [news release](#) was issued at the sentencing of Ahmed, Shearer and Azzopardi in October 2016. A [news release](#) was issued after the confiscation hearing in January 2018.
2. On Wednesday 15 August 2018, after a four-week trial, David Michael Hughes, known as Mike Hughes, (DOB 28.04.66) a former tax consultant, previously of Spendiff, Cooling, Rochester, Kent, was found guilty of three counts of conspiracy to cheat the public revenue, two counts of false accounting and furnishing false information and one count of money laundering.
3. He was jailed for nine-and-a-half years for conspiracy to cheat the public revenue; for three and a half years for false accounting; and six years for money laundering. These sentences will be served concurrently.
4. Hughes was disqualified from being a company director for 12 years.
5. Hughes was arrested by HMRC officers as he arrived in the UK on 23 January 2018. He was charged the same day and remanded in custody. He pleaded not guilty at Southwark Crown Court on 16 March 2018. He was a former director of various Rochester based accountancy and financial management companies, along with Aquil Ahmed including: Keepers Taxation & Accountancy Ltd; Keepers Taxation and Accountancy Services Ltd; Keepers Financial Management Ltd; and Keepers Management which later became Medway Properties Ltd. Hughes was sole director of DMH Resources Ltd, Tempelton Capital Consultancy Ltd, Continental Trade Personnel Ltd, LAT Development Personnel Ltd, General Company Consultancy Ltd and VRT Vantage Ltd.
6. This investigation was into Rochester based 'Keepers' accountancy companies only. Accountancy firms of a similar name were not subject to this investigation.
7. The National Crime Agency (NCA) issued a 'Red Alert' warning to businesses about payroll fraud in August 2016. You can find that

- here: <http://www.nfopp-regulation.co.uk/media/1044988/hmrc-nca-business-outsourcing-fraud.pdf>
8. Guidance on Due Diligence checks for employers can be found here: <https://www.gov.uk/government/publications/use-of-labour-providers/use-of-labour-providers-advice-on-due-diligence>
 9. People with concerns about gaps in their contribution history can contact the PAYE helpline on 0300 200 3300.
 10. Anyone with information regarding tax fraud or payroll fraud should report it online at: <https://www.gov.uk/topic/dealing-with-hmrc/tax-compliance> or contact our Fraud Hotline on 0800 788 887.
 11. Follow HMRC Press Office on Twitter @HMRCpressoffice

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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.

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