



Prime Minister²

Board Room
H M Customs and Excise
King's Beam House
Mark Lane London EC3R 7HE

FROM: B H KNOX

DATE: 27 February 1986

CHANCELLOR

cc: PS/Prime Minister
CST
FST
EST
Minister of State
Sir P Middleton
Mr Cassell
Mr Peretz

INVESTIGATION OF VAT GOLD FRAUD

Our Investigation Officers have been looking into a gold smuggling ring whereby gold bars minted in Switzerland have been sold through a chain of suppliers to final purchasers who have paid VAT to their suppliers but these suppliers have gone missing not accounting for VAT. JMB who were a final purchaser of gold have been visited to obtain evidence of the purchases on which they paid VAT to the absconding suppliers. A team of 50 investigators have visited 27 sets of premises in Birmingham, Preston and London to obtain evidence on the suspected irregularities, 13 persons have been arrested and will be charged tomorrow and 2-1/2 kilos of smuggled gold have been seized.

2. Our investigators are assessing the voluminous evidence obtained but we will not be in a position to give an informed assessment of the extent of the involvement of various parties until next week.

Bryce Knox
B H KNOX

Internal distribution:

CPS Mr Jefferson Smith Mr Teller