

PRIME MINISTER

8 January 1986

ROSKILL REPORT

We agree with Douglas Hurd's analysis and list of points for particular attention.

Unified organisation: Fraud Commission. Urgent study by a Minister with strong Cabinet backing is desirable.

Dispensing with jury trial (in exceptional cases). Highly controversial recommendation for Fraud Tribunal should be exposed for comment prior to a decision. On balance, we would support it, but it is a political risk.

Reducing or abolishing peremptory challenge. Cannot be restricted to fraud cases; an urgent decision will be needed. Roskill's arguments are most persuasive.

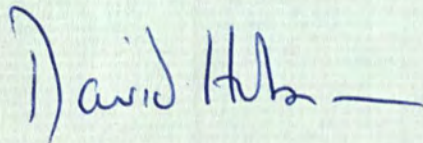
Most of the subjects dealt with in the departmental paper have already been discussed at some length with Lord Roskill. We have two comments on Law Reform:

1. Many fraud cases founder for lack of proof of the mental element in dishonesty. The Law Commission might be asked to study the possibility of introducing an offence of culpable or criminal negligence, using an analagous mental state to that required in manslaughter, thus allowing lesser alternative verdicts in appropriate

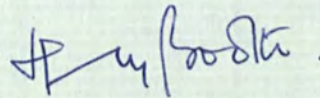
cases. We recommend that you draw this to the attention of Douglas Hurd.

2. Judge Hazan, a member of the Roskill Committee, was reported yesterday as calling for confiscatory penalties for convicted fraudsters, on the lines being legislated for drug offences. These might be considered for introduction in the Bill scheduled for the 1986-87 Session. The case attached makes the point. We recommend you take this up with the Home Secretary.

Draft statement to Parliament. This seems sensible.



DAVID HOBSON



HARTLEY BOOTH

GOLD GANG GET JAIL AND BILL FOR £467,000

By HEATHER MILLS Old Bailey Correspondent

An Old Bailey judge called yesterday for new laws to deprive swindlers of their profits. Judge JOHN HAZAN, Q.C., wants the same sort of penalties now in the pipeline for drug dealers, which will allow confiscation of their assets.

There is also a growing feeling that fraudsmen are being too leniently dealt with, and after serving a short sentence are able to enjoy the fruits of their crime, he said.

He was jailing four Asians for a £1,100,000 gold VAT swindle.

He called it "a growth industry in white collar crime."

"There is also, sadly, a view in some quarters that as long as the victim is a Government department, like Customs, and Revenue, they are fair game. But this overlooks the fact that it is the fellow taxpayers they are defrauding."

Customs officials believe that over the last five years about £500 million has been lost to public funds through similar VAT frauds.

The gang smuggled gold bars and Krugerrand coins, into Britain, avoiding VAT on deals worth £9 million between April, 1982, and April, 1983.

Old penalty

The gold, brought into the country in briefcases and body-belts, was sold to legitimate dealers. They were charged 15 per cent VAT, but the money was never passed on to Customs.

Most of the profits have gone to India, the court heard.

Judge Hazan said he believed this type of VAT racket had boomed because until recently the maximum jail sentence was two years.

The Finance Act 1985 had increased this to seven years—but "regrettably" he was bound by the old law because the Asians' swindle operated before the change.

Nevertheless, he imposed fines of £417,000 and costs of £50,000 on the gang.

Jailing the 42-year-old ring-leader, millionaire TRIBHOUANDAS LAKHA, for two years and fining him £250,000, Judge Hazan said:

"I have no doubt you were at the back of a great deal of the swindling. You have had the lion's share and you are a very wealthy person." Lakha was also ordered to pay £15,000 towards prosecution costs.

Electrician VINOD KAPOOR, 30, of Staines Road, Hounslow, got 21 months and must pay a £75,000 fine and £5,000 costs.

IBRAHIM ISSA, a grocer, 47, of Lane Close, Cricklewood, got 15 months, with a £50,000 fine and £10,000 costs.

ANIL MARWAHA, 45, electrical



Vinod Kapoor



Ibrahim Issa

agent, of St Stephen's Road, Hounslow, got nine months, with a £17,000 fine and £10,000 costs.

A fifth man, SHANTILAL LAKHA, 48, cousin and partner of Tribhouandas Lakha, of Ross Way, Northwood, was given a 12-month prison sentence suspended for two years because of ill-health. He was fined £25,000 and ordered to pay £10,000 costs.

The JUDGE said: "Until courts are given the powers to deal with fraudsmen in the way proposed for drug traffickers, to seize and freeze assets and pass further terms of imprisonment where assets are removed out of the jurisdiction in default of payment of substantial fines, all this court can do is try to make sure that none of you profit from this crime."

Sentence on the five had been postponed until yesterday after two trials which started in September and ended at Christmas.

The cost of the case is estimated at £500,000.