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***News Release***

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**Man jailed for using tax fraud to pay off confiscation order**

A South Lanarkshire man has been jailed for more than two years after using a VAT tax fraud to repay money he had previously made as a forger.

John Farrell, 61, of Thorntonhall, used fake passports and driving licences to set up bogus companies and bank accounts to fraudulently claim £180,591.20 VAT repayments, a HM Revenue and Customs investigation found.

Farrell laundered £75,000 of the money through a bogus Cypriot account before using it to pay most of a £96,000 confiscation order imposed after he was jailed for six years for running a huge counterfeiting operation at a factory in East Kilbride producing fake banknotes.

He is now facing another 27 months behind bars. A Serious Crime Prevention Order (SCPO) is also being sought against Farrell for when he leaves prison. If successful, it would be the first to be imposed on the back of a HMRC conviction in Scotland.

HMRC began looking into the bogus companies after concerns were raised about the VAT claims and an officer visited Farrell who was using the name Andrew Strachan.

However Farrell’s false identity was exposed when the eagle-eyed HMRC officer recognised him from a newspaper article about the forgery confiscation order.

Cheryl Burr, Assistant Director, Fraud Investigation Service, HMRC, said:

“This was a shocking ploy by Farrell to pocket public money. His actions were one of pure greed, so he could lead a comfortable lifestyle in a house worth more than £1 million. He then had the cheek to use the proceeds of this fraud to repay a confiscation order imposed on him. Rather than repay the public purse, he chose to steal from it.

“The VAT he illegally reclaimed could have paid for the equivalent of seven new nurses in Scotland for a year. HMRC will continue to pursue criminals who attack the tax system and we ask anyone with information about suspected VAT fraud to report it to HMRC online or call our Fraud Hotline on 0800 788 887.”

Farrell’s home was searched by HMRC on 5 June 2013 where more than 24 mobiles, laptops, memory cards and false passports were seized. A bag containing a laptop, paperwork relating to the bogus companies, prepaid credit cards and phone sim cards were found hidden in the eaves of the £1 million mansion.

A false driving licence in the name of “Andrew Strachan” containing Farrell’s picture was discovered on an electronic device recovered. Farrell was arrested and charged after interview on the same day.

Farrell stole £180,591.20 by claiming VAT repayments for several bogus companies between 2011 and 2012. He laundered £75,000 of the stolen money through the bogus Cypriot company account before using it to pay part of the confiscation order.

Farrell pleaded guilty to VAT fraud and money laundering at Glasgow Sheriff Court on 17 January and was jailed for 27 months before the same court today, 18 February. If the Serious Crime Prevention Order (SCPO) against him is successful, it would restrict his business dealings, communications and movements once released from jail.

An associate of Farrell’s, Michael Mullen, 41, of Scalloway Road, Cambuslang, pleaded guilty to owning or controlling registered addresses for false businesses to facilitate the commission of VAT fraud at Glasgow Sheriff Court on 17 January. He was sentenced before the same court today, 18 February, to a Community Payback Order and a Restriction of Liberty Order.

Confiscation proceedings are underway.

**Notes for editors**

1. John Farrell (26/01/1958) of Bowmore Crescent, Thorntonhall, pleaded guilty to VAT fraud and money laundering at Glasgow Sheriff Court on 17 January. He was sentenced to 27 months in jail today (18 February) before the same court.
2. Michael Edward Mullen (DOB 13/05/1977) of Scalloway Road, Cambuslang, pleaded guilty to owning or controlling registered addresses for false businesses to facilitate the commission of VAT fraud at Glasgow Sheriff Court on 17 January. Before the same court today (18 February), he was sentenced to 200 hours of unpaid work and a restriction of liberty order between 7pm and 7am for six months.
3. A video of HMRC officers discovering dozens of credit cards and several mobile phones used in the fraud at Farrell’s home can be found [here](https://bit.ly/2GN2AXe).
4. Band 5 nurses in Scotland earn £23,113. Source: <https://www.sehd.scot.nhs.uk/pcs/PCS2018(AFC)01.pdf>
5. Anyone with information about people or businesses involved in tax fraud can contact our HMRC helpline on 0800 788 887 or <https://www.gov.uk/report-an-unregistered-trader-or-business>
6. Follow HMRC’s press office on Twitter @HMRCpressoffice.

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