

WITNESS STATEMENT

ENGLAND AND WALES ONLY

(Criminal Procedure Rules, r 27.2; Criminal Justice Act 1967, s. 9; Magistrates' Courts Act 1980, s.5B)

Statement of: Ruth Strauss

Age if under 18: Over 18 (If over 18 Insert 'over 18')
Customs

Occupation: Higher Officer, HM Revenue & Customs

This statement (consisting of 7 page(s) each signed by me is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe to be true.

Signature: 

Date: 17/7/2019

I work in CITEX Operations, Jubilee House, Stratford. As part of my duties I conduct visits to Off Licences, Retail visits, Cash and Carries and Tobacco and Alcohol Wholesalers. As part of these duties I will seize Excise Goods (that is goods that are liable to a duty of Excise) where the goods are found to be not duty paid. One of my roles as an HMRC officer would be to check the duty stamps on bottles of spirits wine or made wine. As a result of my work in retail and wholesale sector's I have gained a knowledge of counterfeit, foreign, evaded and duty diverted alcohol within the UK.

I provide the following information under schedule 15 of the enterprise act.

I acquired the information during my visit under the Customs and Excise Management Act 1979.

- 1. At approximately 10:24 hours on the 27/03/2019, I was on duty with other HMRC Officers conducting a shop inspection under S112 of the Customs and Excise Management Act 1979 as excise goods were clearly seen behind the counter and in the fridges. Also in attendance on the day was Officer Squire from Trading Standards Haringey, we identified ourselves as HMRC officers by way of our official identification cards, and reason for the visit was explained. The reason for the visit was to verify the duty status of the excise products being sold and stored in the shop. The shop details are: Oz Food Ltd, 467-469 High Road, Tottenham, N17 6QA. The director was not present when we first entered the premises. The HMRC case Officer for this trader is Mathew Allen who was also present**

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- during the visit and also took notes during the visit.
2. As I walked into the shop I could clearly see cans 0.50 clis can size of a Polish beer called Karpackie this product was marked up on the shelf as £1.29 a can. Karpackie is classed as a high strength beer. High strength beer duty is payable on beer exceeding 7.5% that is produced or imported into the UK. The Karpackie beer in the shop was being sold below the UK excise duty rate.
 3. The UK excise duty on a 0.50clis can of Karpackie at 9% ABV is £1.11 plus VAT is £1.33 a can. This is without even factoring in the cost of transport costs, buying from a Cash & Carry who would sell to make a profit without the traders profit whilst selling to a retail customer. This price makes it very unrealistic that this product could be sold at this price and the UK excise duty having been paid on this product.
 4. I then asked the shop assistant in the shop at the time (who was the owners brother Memhet Temur) where the stock room was for the beer/alcohol for the shop. He said they only had one stock room to which he guided me to the other side of the shop. I went down into the stock room which was a cellar underneath the shop, all the stock in the cellar contained soft drinks. I asked Memhet Temur where the business kept their beer and was it kept anywhere else in the shop, he replied no. I then asked again if the beer stock was kept anywhere else in the shop, to which again he replied no. One of the HMRC officers that was in attendance then went to a mat in the shop and moved the mat away and clearly seen was a hatch door which led down to another cellar in the shop. At this point Memhet Temur responded by saying this is where the beer is kept.
 5. I opened up the hatch and went down into the cellar, in the cellar was a large quantity of Polish beer (various brands) there was approximately 150-200 cases of Polish beer in the cellar.
 6. I asked Memhet Temur for the invoices to account for these products as I needed to confirm the duty status of these goods and where they had been purchased from.
 7. At approximately 10:38 hours Memhet Temur phoned his brother

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- the owner of the shop he then informed Officer Allen that his brother was on his way in and would be at the shop in 20 minutes.
8. In the shop on wooden shelves was a quantity of Italian wine Continental this was in 75cl bottles. This product was not priced I asked how much it was being sold for the lady behind the counter informed me that it was being sold for £2.99 a bottle, I the asked her to scan this product to check the price but when scanned no price appeared. When I asked why it had not shown up when scanned she did not respond.
9. I asked Memhet Temur where this product had been purchased from Memhet Temur said the wine was purchased approximately one year ago from a company called Fio's.
10. Fio's Cash and Carry Ltd has not been trading since April 2017.
11. I looked at one of the bottles of wine in question and noted the lot code on the bottle cap (a lot code identifies the bottling date of the wine) this read as L19030-2. This means the product was bottled on the 30th Day of 2019.
12. I again asked Memhet Temur where this wine had been purchased from as it had clearly not come from Fio's as this had closed in 2017 and the product had been bottled in 2019. Memhet Temur gave no response.
13. At approximately 10:55 hours a male entered the shop and identified himself as the owner of the business he produced his driving licence to confirm his details as: Capber Temur he confirmed that he was the sole director.
14. I asked Capber Temur about the Italian wine on the wooden shelf, he admitted that he had purchased this wine from a man in a van (no further details given) had paid cash he also admitted that he bought two bottles for £5.00. This is below the UK excise duty rate as a bottle of 0.75 clis wine exceeding 5.5% and not exceeding 15% ABV is £2.16 plus VAT is £2.59 a bottle (the ABV for this wine ranged from 11% - 12.5%). This is without even factoring in the cost of transport costs, buying from a Cash & Carry who would sell

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to make a profit without the traders profit whilst selling to a retail customer. This price makes it very unrealistic that this product could be sold at this price and the UK excise duty having been paid on this product. Officer Allen questioned Capber Temur further on this wine. On further inspection in the cellar I detected further cases of Italian wine Contintel and other Italian wine which Capber Temur admitted to buying off record, paying cash and getting no invoices.

15. When questioned about the Polish and foreign beer in the shop and cellar Capber Temur admitted also that he buys some beer off record (by off record this would mean not from an AWRS approved wholesaler but from an illicit source) by buying off record no evidence that the UK excise duty having been evidenced and for these reasons Officer Allen seized these goods.

16. Capber Temur then pointed to all the various brands in the fridge that he had purchased off record. This was in the presence of Officer Allen. He pointed to the following beer brands. Karpackie, Perla Black, Debowe, Zubr, Timisoreana, Ockocim, Warka Red, Warka Strong, Perla Honey, Perla Green. Caper Temur confirmed again that he had no invoices to account for these goods that were in his shop. Capber Temur confirmed a male would turn up who was Romanian in a van and see what they needed he was unable to supply any further details.

17. I said to Capber Temur you realise what you are doing is wrong as the UK excise duty and VAT has not been accounted for from these off record purchases. Capber Temur asked what would happen now. Officer Allen then explained what would happen now in regards to the seized goods. I asked Capber Temur how long he had been buying his alcohol from a man in a van off record. Capber Temur said this had been going on for 4-5 months. Officer Allen then asked questions regarding frequency and amounts.

18. I went behind the counter and for sale on the shelf behind the shop assistant was 20cls bottles of Black Ram whisky these had foreign duty stamps on.

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19. In the cellar I did a stock take of all the beer brands that were left behind. The owner of the goods Capber Temur assured both myself and Officer Allen that he had purchased these from a bona fide wholesaler and had invoices to prove this which he would send into Officer Allen. As the trader had been helpful and forthcoming with where he had bought the illicit stock from and was adamant that these had been purchase from a legitimate source Officer Allen left these beer products in situ and asked the trader to provide the invoices to him to account for these products, Officer Allen explained that if these products could not be accounted for the trader could potentially be assessed for the UK excise duty on these products.

20. In the cellar underneath the stair well I detected boxes of 70cls and 1 litre bottles of Smirnoff Vodka and Glen's vodka. I could clearly see by looking at the bottles that the rear labels was not the authentic rear label as I could clearly see that the original label had been removed and another label stuck over it, some of the rear labels are not even straight and some you can clearly see the glue residue from the original label.

Since 1 January 2007 it has been a requirement of The Duty Stamp Regulations 2006 that all bottles and other retail containers of spirits, and wine or made-wine, with a strength of 30% alcohol by volume or more, of a capacity of 35cl and larger have to carry a duty stamp to be legal for retail sale.

The stamps take the form of a pink circle incorporating the wording "liable to Excise Duty" and For "The UK Market".

The central portion of each duty stamp should fluoresce yellow when exposed to UV light.

Bottles that are not destined for the UK market are not liable to UK duty and so must not carry a stamp as they are not required to do so.

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Goods which have been duty stamped but are to be exported or destroyed must have the stamps voided before the goods can be removed from the UK market.

There are three ways in which duty stamps can be voided either by removal, obliteration, or destruction. In order for satisfy obliteration of the duty stamp, the element of the stamp containing the words "For the UK market" must be removed from the bottle. Duty diversion takes place when spirits for export are relabelled with fake labels bearing UK duty stamps.

Most of the duty stamps I come across are duty stamps that are incorporated into the bottle label, this is called a type B duty stamp. Type B stamps is known as a label stamp and must be incorporated into the label of a spirit. Type B stamps can only be printed by manufacturers or distributors using artwork supplied by HMRC.

In the case of goods bearing the label stamp type B, when the goods are to exported from the UK, either the part of the label incorporating the stamp, or the entire label must be completely covered by a sticker or label which must be affixed in such a way that it cannot be removed without destroying the part of the label incorporating the stamp. Removal of the sticker leaves a sticky deposit on the label.

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Inspection of the rear label on the bottle showed signs that the original rear label had been removed and a new self-adhesive label had been affixed, I could see what appeared to be glue residue above where the new label had been placed indicating the original label containing the original duty stamp had been removed or obliterated

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prior to intended export. The rear label is self-adhesive whereas original labels are wet glue when applied to the bottle, and therefore did not leave a horizontal stripped pattern when it was affixed to the bottle as I would have expected had it been a machine applied label. The front label has the striped pattern which is consistent with what I would expect if put on by machine. This is what you should see if you look at the back of the label through the bottle.

Several rear label's were creased and poorly attached; when labels are correctly attached to bottles they are glued and put on by a machine leaving a smooth and not wrinkled surface to the label.

The rear label is a fake as is the duty stamp. The use of a fake self-adhesive rear label bearing a fake duty stamp is an indication this is duty diverted alcohol.

Whilst this product itself may be the genuine product, having established the following inconsistencies I would conclude that these products were removed from the UK market and the original duty stamp was either voided or obliterated as they were to be exported. It is likely they have not left the UK but been diverted back onto the UK market. As the duty stamp would have been ruined a new rear label would be attached to show the UK duty stamp but this will be a counterfeit rear label bearing a fake duty stamp. The products would therefore be illegal to sell in the UK due to non-payment of Duty.

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