

I Jennifer Joan Costello of Flat 1, Scott House, Sherbourne Street, London N1, MAKE OATH and say as follows:

1998

1 In December 1995 I became close friends with a Mr Bernie Small who was then an officer employed by National Investigation Service of HM Customs & Excise. In January 1998 I became seriously ill and was admitted to hospital. I have not had any contact with Mr Bernie Small since that time.

2 Mr Bernie Small introduced me to a Mr Anthony (Tony) Watkins-Burton who I understood was working with him at the National Investigation Service. On a number of occasions I was present during conversations between Bernie Small and Tony Watkins-Burton where they discussed the "operations" in which they had been involved. I became aware that what he called "operations" were not investigations into the evasion of duty, but entailed organising duty evasion using companies which were under the control of Mr Small, and which Mr Watkins-Burton had set up. I assumed that this was within the remit of the National Investigation Service, having no reason to believe otherwise.

3 Over a period of two years I obtained a clear picture of the work being done by Mr Small, including the names of companies that had been formed on the instructions of the National Investigation Service, and which were being used for the purpose of evading duty. By way of example, one evening in the Summer of 1997 I heard Bernie Small and another officer, Maureen Dunn, discuss with Tony Watkins-Burton the arrest of a man, [REDACTED]. They stated that this man had been obeying instructions given to him by Watkins-Burton regarding the delivery and transport of licensed goods. He had then been arrested by a team from the National Investigation Service, and had been charged with duty evasion.

4 At that time it started to become clear to me that Mr Tony Watkins-Burton was working with Mr Bernie Small and Ms Maureen Dunn to

set up companies and bank accounts to raise money by the sale of goods imported into the United Kingdom on which excise duty had been evaded. Furthermore, I was in no doubt that they were actively organising the purchase and shipment of goods from France, Spain and Belgium into the United Kingdom. Tony Watkins-Burton had recruited men who were self employed and wanted to earn large sums of money by owning the companies set up to transport these goods. It also became clear to me that Tony Watkins-Burton was acting on the instructions of officers in the National Investigation Service, including Mr Bernie Small.

5 I asked Bernie Small if the men recruited by Tony Watkins-Burton knew that they were evading excise duty, and that HM Customs & Excise were aware of this fact and would eventually arrest them. Bernie Small told me that anyone who makes "easy money" in such a way would guess that "it could not all be kosher." He also said that the operation was being conducted on a large scale in order to raise money for "official purposes." A few days later I confronted Bernie Small and Tony Watkins-Burton when they were together, by asking them if they were worried that they might themselves be arrested.

6 Tony Watkins-Burton answered me by saying that the former head of Customs & Excise [he gave a name which I do not remember] had authorised that money should be raised in this way. He explained that although the companies he had set up were evading excise duty on cigarettes, wines and spirits, in fact the goods were still sold profitably and the money went in to official accounts which were used for a variety of purposes, which he "could not tell me about". He said that Customs & Excise were the only organisation able to operate freely in this way, and they although they were acting officially, it was arranged in such a way that it could be denied if there "was any leak."

7 Bernie Small was present throughout this conversation. He told me that schemes of this sort had been introduced in 1982 and had expanded to a scale that now enabled very large amounts of money to be raised. He stated that this money was paid into bank accounts set up by Tony Watkins-Burton outside the United Kingdom, and had been used by the National Investigation Service to pay expenses about which the public could not be told, including paying informants and protecting them.

8 This conversation left me shocked. It became apparent to me that Tony Watkins-Burton was involved in fraud on a large scale, and was working with a group of customs officers who included Bernie Small and Maureen Dunn. Although I had often been present when Bernie Small and Anthony Watkins-Burton were looking at documents relating to their business, I had never paid any proper attention to them. However, in August 1997 I became interested in what was going on, and I recorded the contents of a number of these documents.

9 In November 1997 I consulted a solicitor and discussed with him what I had found out. I agreed that my solicitor should write on my behalf to Mr Cedric Andrew who at that time was acting as deputy director of the National Investigation Branch, and who was responsible for the branch which employed Mr Bernie Small. The exhibit marked "JJC 1" appended hereunto is a copy of the said letter. It relates to the operation of a number of bonded warehouses in the United Kingdom, including the London City Bond, Fort Patrick and DCA over the period 1995 to 1997.

10 These bonded warehouses were being used by companies set up by Tony Watkins-Burton where the National Investigation Branch was organising the evasion of excise duty. It is clear that the operation was being conducted without the knowledge of those running these bonds, who were given a minimum of information. The documents I have seen relating to the instructions given by Bernie Small and Maureen Dunn show that the National

Investigation Branch has deliberately incriminated the employees of these bonded warehouses, who were then prosecuted for the duty evasion.

11 At the date of swearing this Affidavit, my solicitor has received no reply to the said letter to Mr Cedric Andrew. I have detailed information about how these bonded warehouses have been operated by Bernie Small and Maureen Dunn, and evidence that these operations entailed inciting persons to evade excise duty while leading them to believe they were either acting on the instructions of the National Investigation Service, or not performing any act which was unlawful. I am in the process of obtaining legal advice regarding the appropriate course of action I should now take, and I have accordingly disclosed to my solicitor the written evidence on which I shall rely.

SWORN by the above-named Deponent)
JENNIFER JOAN COSTELLO)
at 10 Union Street, Burnley)
in the County of Lancashire)
this 24th day of March 1998)

J J Costello

Before me,

[Signature]

Solicitor/Commissioner for Oaths

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