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Nissan's other fugitive boss: the dissident turned British car tycoon accused of 'truly massive' tax fraud



Botnar fled the UK in 1992 and lived in exile in Switzerland until his death in 1998

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By **Simon Foy**

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Carlos Ghosn is not Nissan's first fugitive boss. That title belongs to Octav Botnar, a prisoner of the Nazis, philanthropist and the former chairman of Nissan UK, who fled to Switzerland in 1992 after a warrant was issued for his arrest on charges of "truly massive" tax fraud.

The parallels between Ghosn's case and Botnar's are striking: both were accused of covertly siphoning company funds for personal use; both found exile abroad; and both claimed they were the victims of vast conspiracies that involved Nissan bosses colluding with authorities.

The details of [Ghosn's audacious escape from Japan](https://www.telegraph.co.uk/business/2020/01/06/carlos-ghosn-goes-ground-japanese-lawyers-tender-resignation/) last month have been well documented and the story has all the ingredients of a Hollywood blockbuster. Botnar's rise and fall, however, is not as well known but makes for a similarly extraordinary tale.

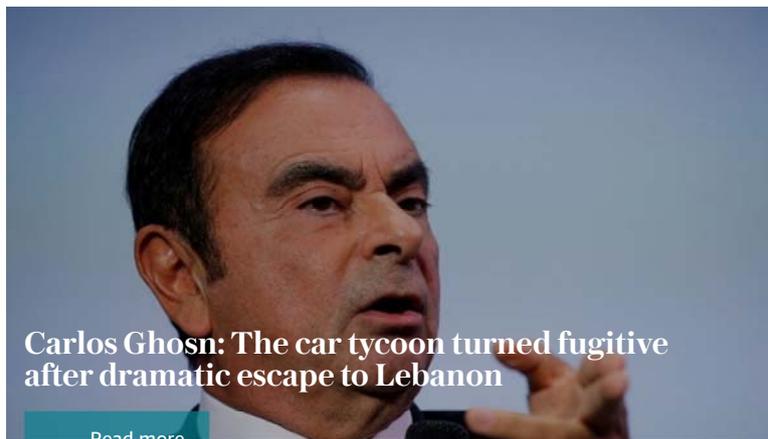
John Laughland, Botnar's biographer, says he has been "struck by the similarities" between the downfalls of the respective bosses.

Born in Bukovina in 1913, then part of the Austro-Hungarian empire and now in western Ukraine, Botnar's young life was dominated by insurgency – often resulting in his incarceration.

At 18, he was imprisoned for organising a left-wing youth demonstration and, after his release, went on to fight in the French Resistance during the Second World War, only to be taken prisoner by the Nazis.

He escaped and travelled to Romania, but soon became disillusioned with communism. He was imprisoned, once again for dissent, for seven years – spending time locked up in a labour camp and on a barge on the Danube – before he was released in 1964 under general amnesty.

In 1966, Botnar's fortunes changed when he moved to the UK and, with little direct experience, set about building his own car empire and a personal fortune.



Botnar began his career in the UK handling distribution for the ailing German manufacturer NSU, which was taken over by Volkswagen in 1969. His big break came in the early 1970s when he secured the exclusive rights to import Datsun vehicles to the UK – a fledgling car brand in Britain which was owned by Nissan.

Datsun UK went from strength to strength, selling 60,500 cars in 1973. In the initial agreement with Nissan, Botnar had been allocated a sales target of just 5,500 vehicles that year. By the mid-1980s, the company was renamed Nissan UK and Botnar owned over 200 dealerships in Britain – his Nissan cars holding a 7pc share of the UK market, outselling Japanese rival Toyota.

He had also amassed a significant personal fortune. In 1989, the Sunday Times named him the ninth richest person in Britain – worth £1bn and wealthier than well-known tycoons such as Robert Maxwell and Alan Sugar.

However, Laughland says the newspaper had incorrectly attributed money held in a trust for charity as his personal wealth. Even so, he was still a very wealthy man with influence. During Margaret Thatcher's premiership, Botnar donated as much as £1m to the Tories.

But much like Ghosn, his career and reputation quickly went into a tailspin over allegations of financial misconduct that came at the same time as he fell out with executives at Nissan.

Botnar's relationship with the Japanese carmaker began to sour towards the end of the 1980s, resulting in Nissan terminating his franchise in December 1990. Legal battles ensued.

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Then came the biggest ever raid by Inland Revenue, the British tax authority, on Nissan UK's headquarters in Worthing in June 1991. The tax agency also stormed Botnar's home and the homes of other company officials, accusing him and Nissan UK of an intricate tax fraud scheme.

An unprecedented 135 officers from Inland Revenue took part in the dawn raid. A helicopter was even hovering overhead and reporters and television cameras were waiting on the steps of the offices when staff arrived for work.

"It was done with maximum publicity," says the biographer Laughland, who claims Botnar was the victim of a conspiracy devised by Nissan. "The goal of the whole thing was to sabotage Nissan UK."

Botnar and Nissan had been at war over the value of the UK franchise, which the Japanese group wanted to buy. Laughland claims Nissan wanted to sabotage Botnar's business in order to devalue it and "got Inland Revenue to do their dirty work". Nissan declined to comment.

Inland Revenue claimed the car tycoon and two other executives at the company had defrauded the British state £250m in unpaid taxes. An arrest warrant was issued for Botnar in January 1992 while he was in Switzerland and he never returned to the UK.

At a glance | The Carlos Ghosn saga

1996-97

Renault recruits Carlos Ghosn, then chief executive of tyre maker Michelin, as executive vice president. After Ghosn's radical restructuring of the French auto manufacturer, it returns to profitability a year later.

1999

Nissan and Renault seal a \$5bn alliance, the first of its kind involving a Japanese and a French company, under which Renault buys a 37pc stake in its debt-laden Japanese partner.

1999-2000



2000

Ghosn's "Nissan Revival Plan" returns the car maker to profitability in 2000, reducing its debt by more than 50pc.

2002

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Phil Harrold, a former automotive partner at PwC, says the case had a wider implications for the sector. The taxman began to investigate and raise questions about potential tax frauds at other dealerships, he says, though no further charges were made. He adds, however, that fraud investigations in the early 1990s were "a bit more amateur" compared to modern probes.

But unlike Ghosn, extradition was never sought for the former Nazi prisoner and he was not served an Interpol notice. This allowed him to frequently travel to France and Spain – a privilege unlikely to be granted to Ghosn after [Lebanese authorities seized his passport and issued a travel ban last week](https://www.telegraph.co.uk/business/2020/01/09/seething-japanese-authorities-say-ghosn-has-blame/) (https://www.telegraph.co.uk/business/2020/01/09/seething-japanese-authorities-say-ghosn-has-blame/).

Botnar's co-accused – managing director Michael Hunt and finance chief Frank Shannon – were less fortunate. They stood trial at Southwark Crown Court in a case the judge described as the "largest fraud ever investigated and prosecuted" in the UK. Botnar was named the "prime mover" of the "truly massive" illicit operation by the prosecution.



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The court found the men had used bogus invoices and "sham" shipping agents in the Netherlands and Norway to inflate the costs of shipping Nissan vehicles from Japan to Britain by as much as 50pc, in order to conceal an extra profit averaging £115 on each car and van. The money was laundered through a Bermudan company and secret Swiss bank accounts.

However, the cash then disappeared into a "black hole" – the term used by tax investigators who failed to trace a single penny of it, which only served to fan the flames of conspiracy theorists.

Hunt was served an eight year prison sentence, while Shannon, who admitted to one charge of cheating the taxman as part of a plea bargain, was given three years in jail but only served half of that.

Botnar died of cancer in exile in 1998 aged 84, his reputation largely tarnished despite the charges against him being dropped on the grounds of poor health. He spent many of his final years attempting to clear his name but ultimately failed to do so.

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