



Company Director Crime, also known as Muppet Directors



A muppet director is someone whose name is put on company records as a director, while criminals run the company in the background.



The name muppet director came from it being described like the puppets in the TV show, where a person controls all the actions, movements and speech of a puppet.



At Inclusion North, we think calling someone who is scammed to be a director a muppet is wrong.



In this information, we will call this the scam director.



Scam means tricked or cheated on purpose.



The person who becomes a scam director might:



- Have little or no understanding of what the company does.



- Follow instructions given by someone else.



- Be paid a small fee for their name on Companies House.



- Be paid to be the boss.



- Not realise they are involved in a crime.

Why Criminals Use Scam Directors

The scam director might:



- Sign documents.



- Open bank accounts.

The scam director will:



- Appear on Companies House records.



This means that if the company is checked by the police or the government for crimes or fraud.



The scam director is responsible, not the criminal.₈

Why Criminals Use Scam Directors



The criminal uses the scam director like a shield; they know that

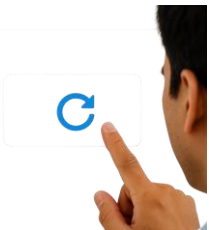
- The company can be closed down.



- The scam director takes the blame.



- They can just get another scam director and do it all again.



Who is picked to be a scam director?

Scam directors are often:



- People with money worries.



- People who do not speak English.



- People who have not run a company or don't understand the laws on running a company.



- People with a learning disability and other disabled people.

Where do the criminals find scam directors, and what do they say?



People are sent messages on social media, and they say things like:



- Be our company director.
- We will teach you how to be a director.



- You will get money for doing nothing.
- We will pay you to run the company and be the boss.



- We will do all the work.
- Help us register the business.



People may be paid to sign documents, not realising they are part of the crime.

What crimes are scam directors linked to?



Scam directors are often used in:

Money laundering

Money laundering is when someone tries to hide money earned through crime.



They want the money to look clean and legal, even though it is not.



Money comes from crime.

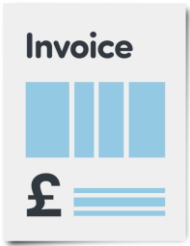
Money is moved around lots of bank accounts or companies.



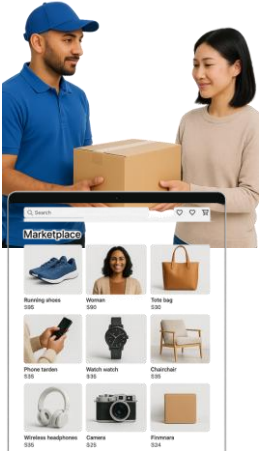
At the end, it looks like normal business money. 7

What crimes are scam directors linked to?

Invoice fraud

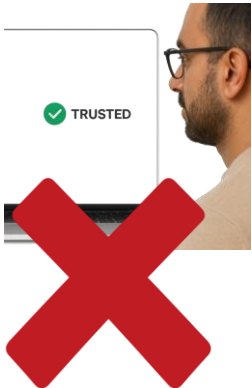


Invoice fraud is when someone asks for payment for work or goods that did not happen.



A company sends an invoice.

The invoice looks real.



But the service or goods are fake or never provided.



People and organisations lose money for something they never received.

What crimes are scam directors linked to?

Grant and loan fraud



This is when someone lies to get grant or loan money they are not entitled to.



Grants and loans are meant to help real businesses or people.



A fake or dishonest company applies for money.



They give false information about their income, staff, and costs.



They take the money and keep it.

What crimes are scam directors linked to?

Tax evasion

Tax evasion is when someone does not pay the tax they should, on purpose.



They hide income.



Lie about profits.



Using fake companies to avoid tax.



What crimes are scam directors linked to?

Employment or payroll scams



These scams involve lying about workers, wages, or jobs.



Fake employees are added to payroll.



Wages are claimed but paid to criminals.



People are tricked into jobs that are not real.



It steals money and targets vulnerable people.

What might happen to the scam director?

Director disqualification means they cannot be a director of a company again.



Criminal investigation, where they might end up with a criminal record.



Debt, fines, or ruined credit.



Means that they owe money to people.



Or, when records are checked, for people who buy things they pay for later have a bad record and cannot get credit.

All of this can happen, even though they didn't plan the crime.



Things to look out for



- The scam director has no experience in running a company or being a director.

Open
Open
Open

- More companies are set up in a short time.
- The director cannot explain the business model.



- All financial decisions made by someone else.



- The director never gets access to the bank account and is sometimes asked for money to keep the company running.



- Instructions are given by messaging apps.



- Messages come from people who are not in the same country.

What to do if you think you have been picked to be a scam director.



Do not worry; report this to help you and others who might be at risk of this scam.



Tell someone you trust, like a family member, supporter, or friend.



You can report it to <https://www.actionfraud.police.uk/>

Or telephone 0300 1232040