



A Task Force-based approach to investigating alleged "bottom-of-the-harbour" taxation frauds has proved very successful, according to Detective Inspector Bill Harrigan, who has been a senior officer with the AFP contingent involved in investigations since they started.

They began in Sydney in September 1982, when the Office of the Special Prosecutor was established there under Mr Roger Gyles, QC.

Based on the U.S. system, the Task Force approach brought together Taxation officers, Federal Police, solicitors and accountants to work together as teams in investigating pre-tax profit stripping of companies.

Inspector Harrigan believes this is the first time that such multi-disciplinary investigating teams have been used in any Commonwealth country. The investigatory approach was one of two suggested to the Special Prosecutor by Detective Chief Inspector Alan Sing before the investigations began.

Each investigating team was formed to undertake specific investigations and set its own priorities and tasks by consensus and in accordance with guidelines laid down by the senior management committee.

This committee comprised the Special Prosecutor, senior legal officers, senior police officer, senior Taxation officer and the chief executive officer, who was in charge of Australian Public Service personnel.

As evidence of the success of the operation, Inspector Harrigan points to the statistics which show that over 40 of the original targets have been charged, more than 500 search warrants were executed, over 1000 people interviewed and in excess of 400 records of interview obtained.

Tonnes of documents

Inspector Harrigan hasn't tried to estimate the number of tonnes of documents seized. As the senior police officer in the Office, he is in charge of two large rooms crammed with documents. They are overseen by a property officer with two assistants.

In the Office's first full year of operation, 1983, composite teams of investigators went to several centres to execute search warrants on banks, and solicitors' and company offices.

In Darwin, 27 warrants were executed and around five tonnes of documents seized. They were flown to Sydney for further analysis.

Twenty search warrants were executed on Norfolk Island and another large quantity of documents was seized and flown to Sydney and Melbourne for further investigation.

Late in 1983, 40 warrants executed on accountants' and solicitors' offices in Brisbane resulted in the seizure of several more tonnes of documents.

"The paper chase" is how Inspector Harrigan refers to the investigations in conversation. He also admits that "the

investigations and preparation of briefs were far more complex and time-consuming than first envisaged".

Scope of the operation

The scope of the whole operation is outlined in Mr Gyles' report to the Attorney-General for the year ended 30 June 1984:

"To the end of the current year, 3171 profiles of persons or entities involved in company stripping, other than simply as principals of companies stripped, had been compiled. After the initial collation, approximately 150 of the persons were identified as high priority targets. That number has since been increased significantly.

"In the meantime, the Australian Taxation Office estimate of the number of companies stripped has been increased by 50 per cent — the latest estimate is over 6000 compared with the original estimate of something over 4000.

"Tax avoidance and evasion of this kind in such volume is extraordinary in absolute terms but almost incredible in relative terms having regard to the small Australian economy. It has recently been reported that the largest United States revenue fraud case ever brought is being heard — it involved \$US48 million. The two (Australian) committals currently being heard involve revenue loss of well over \$200 million," the report said.

Winding down

Inspector Harrigan reports that the majority of the work had been completed by September 1984, when Mr Gyles completed his term. AFP strength has dropped from the initial 32 members Australia-wide to 12 members in Sydney, seven in Melbourne and two in Brisbane as at January 1985.

Although some of the major promoters have been committed for trial, a number of investigations of others on the priority list of targets have not yet been completed. Inspector Harrigan believes some investigations could run until December 1985 and even later.

"Throughout it all, a good team spirit has developed among the AFP members and between everyone on the investigating teams," Inspector Harrigan said.

"There were initial teething troubles while the teams got to know one another; especially as they adjusted to each other's investigative techniques.

"But, since that time, things have been running very smoothly indeed."

• *Members of the Task Force and support staff discuss the progress of investigations during one of their regular conferences.*

OFFICE OF THE SPECIAL PROSECUTOR — A BRIEF, BACKGROUND HISTORY

Mr Roger Gyles, QC, was appointed Special Prosecutor on 22 September 1982 under an Act of Parliament whose terms of reference required his Office to investigate:

"... profit stripping activities whereby all or part of a company's tax liability has not been discharged and the company's tax liability has not been discharged and the company's assets have been disposed of, whether before or after assessment of tax, in order to evade payment of such tax".

Under the Act, Mr Gyles was given the power to bring together the resources necessary for his investigations. This included seconding personnel from the Australian Taxation Office, Deputy Crown Prosecutor, Australian Federal Police and Australian Public Service, hiring accountants and solicitors as special investigators, and enlisting the help of support staff such as clerks and typists.

Mr Gyles completed his two-year term in September 1984. The functions and staff of the office were transferred to the Office of the Director of Public Prosecutions, Mr Ian Temby, QC. The investigations are being overseen by Mr Terry Griffin, Deputy Director of Public Prosecutions, Sydney. Initially, 32 Federal Police Officers were employed in the Special Prosecutor's Office under Chief Superintendent Alex Bunt, based in Sydney. Early in 1983, Detective Chief Inspector Alan Sing took over, following Mr Bunt's transfer to Canberra. Detective Inspector Harrigan was placed in charge of operations in Sydney, Brisbane, Perth and Canberra. When Mr Sing left, in December 1984, to take up the position of the AFP Drug Operations Branch in

Sydney, Mr Harrigan assumed overall command of the AFP contingent.

The primary functions of the AFP members were:

- investigation and preparation of complex search warrant information;
- execution of search warrants;
- seizure of property (chiefly documents) and collation and analysis of that property;
- preparation of resultant data for computer input and court production;
- interviewing witnesses and suspects (promoters, vendors, shareholders, accountants, solicitors, businessmen and others involved in "bottom of the harbour" schemes);
- extradition proceedings;
- assisting in the preparation of briefs of evidence;
- locating and advising witnesses of their attendance at court or elsewhere;
- arrest of alleged offenders;
- giving evidence at court proceedings;
- assisting the officer-in-charge in the preparation of appreciations and operational orders.

• The role and responsibilities of the Director of Public Prosecutions, will be explained in the next issue.

Detective Inspector Bill Harrigan.

