

## Fraud and General Crime

# Isolation no barrier to fraud against the Commonwealth

**T**HE geographical isolation of Perth has provided no barrier to the routine acts of fraud committed against the Commonwealth, according to Detective Superintendent Tom Hanlon, head of the Western Region Fraud and General Crime Branch.

“Western Australia is certainly no backwater when it comes to crime against the Commonwealth,” he said.

“At the same time it is very hard to gauge the exact amount of fraud being perpetuated on the Commonwealth. We rely on statistics provided by the departments and in some cases what a department classifies as an overpayment, the AFP will consider to be an act of fraud,” he said.

On the other hand, determining the level of fraud in the outlying areas of WA is extremely difficult due to the limited Commonwealth presence.

All major Commonwealth Departments are represented in Perth and the Western Region office receives a steady stream of referrals. AFP investigations cover the full range of fraud against the Commonwealth.

Western Region’s Fraud and General Crime Branch has a strength usually around 30 officers split into five teams of three constables, with each team headed by a sergeant. With the remaining members of the branch assigned to the Operation Co-ordination Centre and the Criminal Assets Investigation Unit. Western Region also provides two sergeants and a constable to the Australian Securities Commission.

Fraud against the Commonwealth can take place in any part of this vast state and Detective Superintendent Hanlon said the investigators

need to have the communications skills required to deal with members of the corporate world as well as being able to communicate effectively with members of isolated communities.

“Our interest in remote areas arises where the government makes funds available for specific projects and that money is used for another purpose. In these cases it is often up to our investigators to decide whether a crime has taken place,” Detective Superintendent Hanlon said.

“This often requires officers to have a high degree of investigative skill.”

Detective Superintendent Hanlon said that he had no hesitation in saying that the officers under his command were the “hardest working mob” that he had come across.

“They are a dedicated group of people,” he said.

## Wide range of clients

Western Region services all the major Commonwealth departments when it comes to investigating fraud and general crime.

Detective Superintendent Hanlon said that most fraud investigations are metropolitan-based. Outside Perth fraud against government grants made to remote communities can be a problem.

Western Region also handles a lot of breaches of the Bankruptcy Act. Western Region is not heavily involved in investigations into the failed 1980s entrepreneurs as major corporate offences are usually dealt with by the Australian Securities Commission (ASC) and AFP personnel attached to that organisation.

Detective Superintendent Hanlon said: “We assist the ASC with the execution of search warrants and in



*Detective Superintendent Tom Hanlon*

the provision of manpower when required.

“We get a lot of bankruptcy referrals here through bankrupts failing to disclose the fact when they apply for credit.

“It is an offence to become a bankrupt as a result of gambling and a number of bankrupts seem to have become gamblers attempting to raise finance in this way,” he said.

## Multi-agency co-operation

Multi-agency task forces seem to work particularly well in WA but generally state and federal investigations don’t overlap.

“Out of courtesy we may go to the WA Police Fraud Squad and let them know that our investigation turned up possible state offences and they then also interview the suspect,” Detective Superintendent Hanlon said.

The reverse situation can occur as well. When the WA Police Asia Squad investigated an immigration scam where migration consultants were offering to provide students with visa extensions for a price, Western Region was alerted and

were able to close down the operation.

"We enjoy an excellent social and working relationship with the WA Police, especially with the members of the WA Police Fraud Squad. In the past, we have formed two task forces with their members, that is the WA Police Fraud Squad and WA Police Asian Squad, which have been very successful and resulted in a substantial number of persons being arrested and convicted for serious fraud related matters. Both operations were conducted from our Western Region Headquarters," he said.

Detective Superintendent Hanlon insists that Western Region is no sleepy hollow.

"There is a wide range of work over here. Let me put it this way, a region with more officers has the numbers to allow a constable to specialise in specific complaints. Here the same constable would have to deal with a diverse range of investigations. This situation makes Western Region a very good learning ground." Detective Superintendent Hanlon said.

#### **Small teams handle big cases**

Detective Sergeant John Jacobsen said that two recent investigations were good examples of the high profile cases that come Western Region's way.

Citing an investigation into a pharmaceutical fraud, Detective Sergeant Jacobsen outlined a case with global significance. In co-operation with the United Kingdom's Hertfordshire Police, Western Region was able to assist in piecing together an operation that involved false labelling and redirection of pharmaceutical products and a resultant money laundering operation.

Pharmaceuticals were bought from UK companies at discount prices on the premise the shipment was destined for third world countries. The shipment was then relabelled, returned to the UK and sold at regular prices. Significant profits were then made on the UK sale.



*Fraud and General Crime Branch members: Detective Sergeant John Jacobsen (sitting) with (l to r) Detective Constables Peter Johnson, Stephanie Taylor and Darryl Adams*

The UK pharmaceutical companies have backed the investigation as a means of ensuring the quality of the prescription medicines available to the UK public.

#### **Problem of distance**

Closer to home, an extended investigation in recent times involved the crayfishing industry.

Taking 18 months to resolve, much of that time was spent in travelling to and from Geraldton where the investigation was based. Detective Sergeant Jacobsen led the protracted tax evasion inquiry which led to the arrest or summoning of 53 people.

"We had to keep in mind that during the crayfishing season, which runs from November 15 to June 30, it was going to be difficult to nab anyone for an interview, and as soon as the season closed the workers would be off in all directions," Detective Sergeant Jacobsen said.

#### **Challenge to section 10 warrants**

This investigation raised a nationally significant problem when the AFP's section 10 warrant was challenged by WA Fisheries.

The State challenged the right of the AFP to execute a section 10 warrant on a State government premises to obtain government records on the basis that the WA State Fisheries Act has a confidentiality clause. Advice to the AFP was

that a section 10 warrant would override the confidentiality clause, but injunctions were taken out to prevent the seizure.

This challenge came about because the State Fisheries was looking to preserve client confidentiality to ensure that catch statistics were being accurately supplied so as to maintain resource management integrity.

Initially it was argued before a judge and a judgement was made in favour of the AFP, but WA State Fisheries appealed to the Full Federal Court.

The Full Federal Court held in favour of the State Fisheries. This has cast doubt on all investigations where it is necessary to execute a search warrant to obtain records from either State or Federal departments.

Detective Superintendent Hanlon said that he felt that it is a most significant piece of Australian case law because it not only challenges the validity of executing Commonwealth warrants, it also challenges the powers of State police.

On April 19 the matter went before the full bench of the High Court of Australia. Superintendent Hanlon says that this issue has generated intense interest from all Australian police services and the judgement yet to be handed down will affect law enforcement at every level in Australia. □