

Taking the profit out of crime

Law enforcement's capacity to take the profit out of crime has been boosted by the creation of the Criminal Assets Confiscation Taskforce, led by the AFP.

Follow the money and you will find the crime.

AFP Manager of Criminal Assets Ian McCartney says that organised crime is estimated to cost the Australian community between \$10 and \$15 billion a year and the Government has recognised that dealing with the problem requires a new national response.

"Organised criminal enterprises are sophisticated businesses driven by huge profits that come from a wide range of criminal activities," he said.

"Attacking the financial base of crime is crucial to enhancing our understanding of organised criminal activity and developing strategies to disrupt it. A key objective is to remove the profits from these crime types and prevent the use of these profits for further criminal activity."

AFP Operation Girra was an example of this and began as a financial analysis of funds being remitted overseas.

"This financial analysis was crucial in initiating an investigation which resulted in the seizure of 250 kilograms of cocaine and the arrest of three people in March 2008. The AFP restrained more than \$1.5 million in properties and cash held in bank accounts and a further

\$720,000 in cash forfeited," Commander McCartney said.

The Commonwealth has long sought to deprive people of the proceeds and benefits of crime, as well as prevent the reinvestment of profits into further criminal ventures.

The primary criminal assets confiscation tool available for federal law enforcement has been the *Proceeds of Crime Act (POCA)*, which was introduced in 1987. This legislation was amended and enhanced in 2002 to enable Commonwealth agencies to pursue criminal and civil actions where profits are being derived from crime.

Additional legislative amendments now enable federal law enforcement to target unexplained wealth—that is, where the total wealth of an individual exceeds their lawfully acquired wealth.

Since 1987, more than \$210 million worth of assets have been confiscated by the Commonwealth as a result of proceeds of crime action.

Australia's anti-money laundering and counter terrorist financing regime has also been undergoing change over the past several years. This has included the introduction of new legislation to enable

Australia to meet its international obligations to combat money laundering and terrorist financing.

The AFP has certainly played its part in delivering initiatives that target the illicit cash. The value of assets restrained under POCA following AFP investigations has exceeded \$146 million since 2006.

In 2008 the AFP launched *Money: the new DNA*, an internal awareness campaign to highlight and promote the importance of financial investigation across all crime types.



Building on the impetus of this, the AFP is developing an organisation-wide Financial Investigations Strategy to promote the use of financial intelligence and financial investigative skills aimed at better targeting criminal assets and proceeds of crime.

And now the Australian Government has stepped up its attack on organised crime with the introduction of the *Commonwealth Organised Crime Strategic Framework* in November 2009 and the *National Organised Crime Response Plan (NOCR)* in 2010, which have defined Australia's approach to fighting organised crime. The Government's focus is on increasing and strengthening the collaboration of agencies at all levels through multi-jurisdictional collaboration and by identifying and pursuing the vast profits being

made by criminal syndicates through their illegal activities.

A key element of the NOCRP is the implementation of multi-agency approaches to detect, investigate and prosecute organised crime networks. The Criminal Assets Confiscation Taskforce, which commenced in January 2011, represents one such multi-agency approach.

Within the Taskforce, the AFP has joined forces with the Australian Crime Commission (ACC), the Australian Taxation Office (ATO) and the Commonwealth Director of Public Prosecutions (CDPP) in a focused and committed effort to identify and remove the profits derived from criminal activity.

The Taskforce forms part of the AFP's Serious and Organised Crime

Portfolio and is managed from AFP National Headquarters in Canberra. Regional teams are located in Sydney, Melbourne, Brisbane, Perth and Canberra, so the Taskforce is able to target criminals anywhere in Australia.

The AFP has committed its existing Financial Investigations Teams to the Taskforce, which are comprised of specialists such as forensic accountants and financial investigators, all of whom are trained in locating concealed criminal wealth in Australia and overseas.

02: Minister for Home Affairs Brendan O'Connor, AFP Manager of Criminal Assets Ian McCartney, Commissioner Tony Negus and Attorney-General Robert McClelland after the official launch of the Criminal Assets Confiscation Taskforce in Brisbane.



Taskforce gets off the ground

The Criminal Assets Confiscation Taskforce was officially launched in March 2011 by the Minister for Home Affairs Brendan O'Connor, Attorney-General Robert McClelland and Commissioner Tony Negus.

The Commissioner reiterated that one of the most effective methods of disrupting and dismantling organised crime syndicates is to remove their financial base.

"By taking the profit out of crime, not only do we remove the perceived benefit and financial gain associated with criminal activities, we also prevent the reinvestment of profit into further criminal ventures," he said.

"The commitment of all agencies involved will continue to strengthen our ability to target criminals where it hurts."

The ATO has committed five tax officers to Taskforce teams who will provide financial analysis support for Taskforce investigations. The ATO will also provide support through dedicated auditing staff who will, where the ATO considers appropriate, act on matters referred by the Taskforce.

The ACC will co-locate six officers within the Taskforce and provide ongoing support through its Money Laundering determination and the National Criminal Intelligence Fusion Centre. Through Fusion Centre intelligence gathering, the ACC will identify targets and provide the Taskforce with strategic advice on money flows that impact on Australia.

The CDPP will continue with its legislated responsibility to commence and carry on litigation under the *Proceeds of Crime Act 2002* as well as support the Taskforce with ongoing advice.

The Taskforce will work in partnership with state, territory and international law enforcement agencies, extending its reach not only nationally but globally.

The activities of the Taskforce build on previous successes and the Strategic Framework by:

- Employing a dynamic, innovative approach to criminal asset confiscation with intelligence, operations, legal, policy and other resources from the participating agencies all working together.

Follow the money trail

In September 2009, the AFP and the Australian Crime Commission, supported by the Australian Transaction Reports and Analysis Centre (AUSTRAC), initiated a strategy targeting the flows of illicit funds in and out of Australia. The investigations conducted under this initiative targeted alternative remittance businesses facilitating illicit money movements on behalf of organised crime syndicates. Using financial services operating outside or parallel to the regulated banking and financial sector, alternative remittance businesses are able to move funds from one geographic location to another.

Alternative remittance businesses are recognised as a high-risk component of the financial sector, vulnerable to abuse for criminal purposes. The absence of a sound paper trail, weak customer due diligence and risk management systems, can contribute to increased opportunities for money laundering.

Under the strategy, the focus of law enforcement action has been on coordinated, strategic strikes against those remittance businesses suspected of facilitating money movements on behalf of organised crime.

AFP Manager Criminal Assets Commander Ian McCartney said that the collaborative efforts with the ACC and AUSTRAC have been crucial to the success of these investigations. Also critical were the AFP intelligence resources seconded into the ACC multi agency Financial Intelligence Assessment Team based in Canberra. The team comprises the ACC, AFP, Australian Securities and Investments Commission, AUSTRAC, ATO, Centrelink, Australian Customs and Border Protection Service and the Department of Immigration and Citizenship.

"The proactive short-term nature of the investigations has resulted in an effective method to disrupt organised money laundering activity, creating a more hostile environment for this type of activity," he said.

"The investigations have reinforced in the minds of our investigators the importance of following the money and utilising financial intelligence to disrupt organised criminal activity."

"This strategy has resulted in cash seizures in excess of \$13.9 million since October 2009, and the arrest of 10 persons for money laundering."



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- Utilising a proactive intelligence-led approach for the identification of potential criminal asset confiscation matters.
- Focusing on the development of the most effective and appropriate enforcement strategy in each case. This may be by way of proceeds of crime action, application of taxation remedies by the ATO, and other Commonwealth processes such as debt recovery action and/or recovery through relevant state and territory or foreign law enforcement agencies.

The collaborative nature of the Taskforce will ensure that the expertise, knowledge and legislative mandate of each agency is fully exploited.

Recent AFP operational successes

- **2009: Operation Adduce**
A joint investigation with the Australian and New South Wales Crime Commissions into a criminal syndicate believed to be involved in the importation, manufacture and distribution of drugs. The AFP seized approximately \$7.8 million believed to be the proceeds of the drug offences. Three people were charged with money laundering offences.
- **2010: Operation Mawson**
An AFP investigation, supported by AUSTRAC and the ACC, targeting funds being remitted out of Sydney to Vietnam. In

03: AFP officers stand next to some of the more unusual confiscated items. 04: AFP Commissioner Tony Negus shows Minister for Home Affairs Brendan O'Connor inside a seized car.



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March 2010 more than \$9 million in cash was seized and four people were arrested for money laundering offences.

- **2011: Operation Hypnos**
An AFP investigation, supported by the ACC, targeting a syndicate laundering large quantities of Australian currency by depositing company cheques into various Sydney-based bank accounts. Search warrants resulted in \$800,000 in cash being seized by the AFP, with two people arrested and charged with money laundering offences.