



Our special investigations **collect evidence and intelligence** about criminal activity to **disrupt and deter criminal groups.**



Chapter 3

Investigations

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Aim

Special investigations, as approved by the ACC Board, are designed to disrupt and deter criminal groups by collecting evidence and intelligence about criminal activity. They may use coercive powers (examinations and notices) combined with other investigative tools including telecommunications intercepts, surveillance and controlled operations (operations to obtain evidence that may involve an ACC officer or a supervised civilian in acts or omissions that would, but for legal indemnity, constitute an offence).

Through our investigations, we discover, understand and respond to serious and organised crime threats to break the business of serious and organised crime.

Focus

During 2014–15, we had four approved special investigations:

- Targeting Criminal Wealth
- Highest Risk Criminal Targets
- Highest Risk Criminal Targets—Victoria
- Highest Risk Criminal Targets—South Australia.

Result

We achieved our aim by contributing to 44 disruptions to criminal entities. In addition, we achieved our key performance indicators of:

- producing useful intelligence that identified and provided insights into new and emerging threats
- filling intelligence gaps by identifying vulnerabilities and indicators of serious and organised crime
- informing and influencing hardening of the environment against serious and organised crime
- influencing or enabling the disruption, disabling or dismantling of serious and organised crime
- participating or coordinating collaboration in joint investigations and operations to prevent and disrupt serious and organised crime.

The arrests and charges resulting from our work in this and previous years resulted in 45 people being convicted this year.

Snapshot of our criminal investigations work in 2014–15



More than **\$1.96 billion** illicit drugs seized (estimated street value)



539 charges against **190** people



More than **\$175.7 million** precursor chemicals seized (estimated street value)



45 convictions



96 coercive examinations informed investigations



\$238.89 million assets restrained by the Criminal Assets Confiscation Taskforce



1469 intelligence products



\$81 million worth of assets forfeited or recovered



44 disruptions to criminal entities



\$34.5 million cash seized



23 criminal targets added to the National Criminal Target List



4333 automated alerts on significant criminal targets (new service this year)



Identified **112 previously unknown entities** laundering money



83% of stakeholders surveyed agreed we influence or enable the disruption, disabling or dismantling of serious and organised crime

Targeting Criminal Wealth

Context

Almost all organised crime is motivated by profit. Providing intelligence to identify and stop criminal money flows is one of the most effective ways to disrupt the activities of serious and organised crime networks and reduce the harm they cause. This broad special investigation into financially motivated crime brings together our work investigating money laundering, serious and organised superannuation and investment fraud, sophisticated tax evasion and confiscating criminal wealth.

Purpose

Through the Targeting Criminal Wealth (TCW) No. 2 special investigation we work with our partners to:

- deliver financial intelligence that identifies high value targets and provides new opportunities for law enforcement and regulatory partners
- build national knowledge of money laundering, nationally significant tax fraud and other financially motivated crimes
- help make Australia unattractive for abusive financial arrangements and money laundering
- reduce the impact of superannuation and investment fraud on the Australian community
- produce intelligence that contributes to whole-of-government policies and law enforcement decision-making.

The special investigation is approved until 30 June 2016.

Achievements

Discover and understand

Our efforts to discover and understand criminal profit through this special investigation this year continued to assist with achieving the objectives of other special investigations and operations, including by identifying and disrupting highest risk criminal targets (see page 71) and disrupting illicit drug markets (see page 88).

During the year we conducted 50 coercive examinations to investigate criminal activity and inform law enforcement, national security, regulatory and policy agencies around the country.

We added 11 criminal targets to the National Criminal Target List.

We produced 455 intelligence products, which we shared with partners through 1227 disseminations—building greater understanding of emerging issues.

Our Targeting Criminal Wealth special investigation continued to discover, and provide partners with, a better understanding of methodologies, groups and criminal targets. This year we identified 112 previously unknown criminal targets related to money laundering (**Eligo Task Force**).

We also identified and provided insights and produced intelligence products about emerging issues such as:

- movement of illicit funds both in Australia and overseas, including an analysis of the jurisdictions through which laundered funds pass as well as the methodologies used by serious and organised crime groups to move these illicit monies (**Eligo Task Force**)
- previously unidentified professional money laundering syndicates operating transnationally that impact on Australia, including their structures, the way in which they market their services to organised crime, and the identities of those offshore entities that control and direct the work of the syndicate (**Eligo Task Force**)
- simple and complex business structures and illegal business practices used to facilitate criminal activity and to hide the proceeds of crime (**Projects Astor and Patrobus**)
- legal and regulatory vulnerabilities associated with tax and secrecy haven jurisdictions being exploited by professional facilitators of criminal activity (**Project Patrobus**).

Respond

Our work to discover and understand criminal wealth and money flows enables effective prevention and disruption responses.

In particular, during 2014–15 the work of our Targeting Criminal Wealth special investigation contributed to enhanced national effort against national criminal wealth activities by:

- applying ACC powers and specialist intelligence collection and analysis capability to generate intelligence, proceeds of crime and targeting opportunities for us and our partner agencies, with a concerted emphasis on identifying criminal wealth and predicate offences (for example illicit drug trafficking) by ‘following the money’
- providing a value-added contribution to operations undertaken by our partners regarding high risk criminal targets involved in money laundering activities
- providing a framework to support effective national action in relation to criminal wealth, in particular through our task force arrangements, which ensure sharing of operational information and intelligence, and facilitate multi-jurisdictional operations
- referring 88 entities to the Criminal Asset Confiscation Taskforce with an estimated value of offending of \$80.81 million.

Prevention

During 2014–15 intelligence derived from the Targeting Criminal Wealth special investigation resulted in the following preventative outcomes:

- **Improved professionalism of the alternative remittance sector.**
 - We are working collaboratively with the Australian Transaction Reports and Analysis Centre (AUSTRAC), as the regulator of the alternative remittance sector, and the Australian Federal Police, to continue to engage with the alternative remittance sector, encourage greater professionalism, and harden the environment against serious and organised crime infiltration.
- **Contributed to law and policy reform initiatives and prevention strategies.**
 - We are a member of the international Five Eyes Law Enforcement Group Proceeds of Crime Working Group (see page 127 for more on the Five Eyes Law Enforcement Group). The Proceeds of Crime Working Group meets regularly to discuss and coordinate ways of leveraging the collective work of the agencies involved. With serious and organised crime and the flow of illicit funds a true international phenomenon, this collaboration is particularly important.
 - We provided case studies for consideration by the Proceeds of Crime Working Group and the international Financial Action Task Force.⁴ The case studies increase partner agency understanding of money laundering methodologies used by serious and organised crime groups. Topics included the criminal exploitation of legislative and regulatory vulnerabilities to facilitate money laundering in Australia, and the systematic non-compliance with Australia's anti-money laundering/counter-terrorism financing regime, to facilitate large-scale money laundering of profits from organised crime activities such as illicit drug importation, manufacture and distribution.
 - We contributed a submission to a review of Australia's international anti-money laundering/counter-terrorism financing regime by the international Financial Action Task Force (see page 126).

Disruption

Our work under this special operation also led to responses that disrupted serious and organised crime, including:

- \$34.36 million cash seized
- \$238.2 million worth of assets restrained
- \$52.5 million worth of assets forfeited or recovered

4 The international Financial Action Task Force is an inter-governmental body established in 1989 by the ministers of its member jurisdictions. Its objectives are to set standards and promote effective implementation of legal, regulatory and operational measures for combatting money laundering, terrorist financing and other related threats to the integrity of the international financial system.

- \$65.9 million worth of tax assessments issued
- 33 criminal entities disrupted
- \$381.2 million estimated street value of illicit drugs seized
- 350 charges against 146 people
- 24 people convicted.

Development and use of intelligence

The work of this special investigation incorporates the work of three multi-agency national task forces—the Eligo National Task Force, the Criminal Assets Confiscation Taskforce and Project Wickenby.

We provide nationally significant strategic intelligence that contributes to whole-of-government policies and law enforcement decision-making about money laundering, nationally significant organised tax fraud and other financially motivated crimes.

The ACC-led **Eligo National Task Force** was established in late 2012 to respond to the high risk of money laundering through the alternative remittance sector and informal value transfer systems. Eligo involves AUSTRAC and the Australian Federal Police, and also receives support from other Commonwealth, state and territory partners.

Through its activities to tackle money laundering, Eligo’s investigative strategy of following the money once again revealed organised crime activities, such as drug trafficking, that are the source of the illicit funds being laundered. This enables us to also disrupt these activities, including the following highlights:

- **\$1.6 million in cash and 257 kilograms of drugs seized, with an estimated street value of \$230 million**—We identified an organised crime syndicate involved in money laundering, controlled by an Australian based in Hong Kong. The syndicate was involved in large-scale domestic drug trafficking and laundering proceeds of crime from Australia to Asian financial hubs as part of the process of money laundering. Syndicate members were also collecting cash from other drug trafficking groups in Melbourne and Perth. Over several months we worked with the Western Australia Police and the Australian Federal Police to arrest 10 people on serious drug and money laundering offences, and seize a total of more than 257 kilograms of border controlled drugs and approximately \$1.61 million in cash. This total includes:
 - 50 kilograms of crystal methylamphetamine (ice) in June 2015, with an estimated street value of \$50 million. This was part of an ongoing Eligo investigation into a large serious and organised crime syndicate comprising Hong Kong and Chinese nationals who were involved in the importation and distribution of border controlled drugs and associated money laundering. This resulted in the arrest of a Hong Kong national and another man on drug related offences.

- 90 kilograms of methylamphetamine seized in Perth in October 2014, with an estimated street value of \$63 million. Subsequent warrants provided intelligence on importation and distribution methodologies. Intelligence now suggests the seizure relates to a wider international network targeting Australia. Six people were arrested.
- 117 kilograms of crystal methylamphetamine (ice) seized in Melbourne in July 2014. Our investigations into a group of Chinese nationals involved in bulk cash movement out of Melbourne led to one of Australia's largest post-border seizures of ice. Four suitcases containing the ice were located in an apartment in the inner-city. The estimated street value was \$117 million. Four Taiwanese nationals were arrested for drug-related offences and the investigation also resulted in four arrests for money laundering.



This is a significant impact on the illicit drug trade in Australia.

Richard Grant APM, ACC National Manager Operations and Investigations

- **‘Super-lab’ discovered and 30 kilograms of methylamphetamine seized, with an estimated street value of \$4.7 million**—Financial investigations discovered a suspected link between members of the Comanchero outlaw motor cycle gang and a clandestine laboratory on a semi-rural New South Wales property, which an associate of key Comanchero members had bought for \$1.42 million in cash. We worked with the NSW Police Force Gangs Squad to execute warrants at the property, discovering a large-scale functioning clandestine laboratory and subsequently also seized more than 30 kilograms of methylamphetamine, methylamphetamine oil and some 450 other items mainly related to manufacturing drugs. Three people were arrested and charged.

Proceeds of crime

Through our Targeting Criminal Wealth special investigation, through **Project Astor**, we target proceeds of crime by working collaboratively with the Australian Federal Police and Australian Taxation Office through the **Criminal Assets Confiscation Taskforce** (CACT) as well as by working with state and territory agencies.

We contribute to a proactive approach by helping to generate and prioritise organised crime targets for proceeds of crime action, and providing strategic advice on illicit money flows affecting Australia.

This year we referred 88 entities to the CACT with an estimated value of offending of \$80.81 million.

Overall achievements for the CACT in 2014–15 were:

- \$237.9 million assets restrained
- \$52.4 million assets forfeited
- \$95.3 million tax liabilities raised.

Other highlights relating to our proceeds of crime work include:

- **approximately \$1.79 million worth of property being restrained** from an accused Gold Coast drug trafficker who had previously been highly resilient to traditional law enforcement action (as a result of collaboration with the Queensland Crime and Corruption Commission)
- **a voluntary settlement of \$3.2 million in outstanding tax** following action against an extreme risk criminal target with links to the New South Wales nightclub industry (this related to an ACC-led project in 2012 to examine this target's criminal and legitimate business and enterprise structures)
- **tax assessments of more than \$9.1 million and \$3.2 million** (and penalties) against two directors of an alternative remittance business based in Sydney, following an Eligo referral. This was significant in terms of hardening the alternative remittance sector against serious and organised crime, and the business has now closed down.

Tax crime

Our **Project Wickenby** joint investigation with the Australian Taxation Office began in 2004 and grew to include unprecedented Australian and international inter-agency cooperation in a long-term investigative strategy against offshore secrecy haven arrangements. Other agencies involved were the Australian Securities and Investments Commission, AUSTRAC, Commonwealth Director of Public Prosecutions, and the Attorney-General's Department. Through Project Wickenby we gathered intelligence to disrupt and deter tax fraud of national significance, advance proceeds of crime aspects of partner investigations, and recommend ways to enhance the legal and regulatory environment.

Wickenby highlights this year included restraining orders issued for in excess of \$100 million worth of assets located in Australia and overseas. The Supreme Court of South Australia issued the restraining orders following applications by the Australian Federal Police Commissioner in his capacity as Proceeds of Crime Authority. We assisted the Australian Federal Police with developing the application and providing some support during the litigation phase. This matter is ongoing in the civil Courts.

SPOTLIGHT ON...

Project Wickenby lasting legacy

The cross-agency task force for Project Wickenby has played a pivotal role in the Australian Government's fight against tax evasion, avoidance and crime. The task force has focused on wealthy individuals who use complex offshore structures to evade tax and hide and conceal assets.

The legacy of this decade-long project is becoming clear. As the largest tax evasion investigation in Australia's history, Wickenby broke new ground. It shifted the way the community perceived tax crime and forged unprecedented partnerships across government agencies and tax administrations, both domestic and international.

From 2004 to 30 June 2015, Wickenby achieved:

- \$2.297 billion raised tax liabilities
- \$985.67 million in outstanding revenue recouped
- 4520 audits and reviews completed
- 76 people charged with serious offences
- 46 people convicted for serious offences.

The very close working relationship between Project Wickenby agencies (Australian Taxation Office, ACC, Australian Securities and Investments Commission, AUSTRAC, Commonwealth Director of Public Prosecutions, and the Attorney-General's Department) has underpinned Wickenby's success.

Wickenby's successes and lessons learnt will continue to bolster the fight against tax crime well into the future.



Reform opportunities

During the year we contributed to reviews of Australia's international anti-money laundering/counter-terrorism financing regime, including:

- participating in multi-agency meetings in late July and early August 2014 with the assessment team from the International Financial Action Task Force conducting the mutual evaluation of Australia's anti-money laundering/counter-terrorism funding regime
- providing advice and case studies that highlight vulnerabilities inherent in Australia's anti-money laundering/counter-terrorism financing regime to assist the statutory review of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*
- contributing to policy and law reform discussions in various forums including the Anti-Money Laundering Interdepartmental Committee.

Looking forward

Funding for Project Wickenby ceased in June 2015. Recognising the need for Commonwealth agencies to continue to work together to combat serious financial crime, the Government announced the new multi-agency Serious Financial Crime Taskforce in May 2015. The taskforce will align the priorities and resources of Commonwealth law enforcement and regulatory agencies to target the highest risk priorities through an intelligence-led approach.

Our role will include producing a biennial Financial Crime Risk Assessment to help prioritise the taskforce's work. We will also generate leads and information about criminal targets through our unique intelligence collection and analysis capabilities.

Through our Targeting Criminal Wealth special investigation, we will continue to focus on high-risk domestic 'front' businesses (including alternative remittance and informal value transfer businesses) involved in money laundering. This will enable us to develop intelligence on the highest risk criminal targets and work with partners to develop strategies to address the threats posed by these businesses.

We will also continue to engage with industry to:

- increase the resilience and accountability of sectors that highest risk criminal targets use for money laundering
- explore strategies to encourage greater private sector involvement to increase the capacity of law enforcement to disrupt criminal finances.

To continue to support criminal wealth intelligence analysis as part of the Criminal Asset Confiscation Taskforce, we will improve the ACC's ability to discover, understand and respond to irregular illicit money flows and financial assets.

We will enhance the National Criminal Target List by identifying serious and organised crime entities, through collecting and analysing intelligence related to the creation and retention of their criminal wealth.

TCW performance scorecard 2014–15

TCW aim	How we achieved this aim	TCW contribution to ACC's key performance indicators		
		Discover	Understand	Respond
<p>Deliver financial intelligence that identifies high value targets and provides new opportunities for law enforcement and regulatory partners.</p> <p>Build national knowledge of money laundering, nationally significant tax fraud and other financially motivated crimes.</p> <p>Help make Australia unattractive for abusive financial arrangements and money laundering.</p> <p>Reduce the impact of superannuation and investment fraud on the Australian community.</p> <p>Produce intelligence that contributes to whole-of-government policies and law enforcement decision-making.</p>	Produced strategic and other intelligence products, which we shared with partner agencies.	✓	✓	✓
	Disrupted global money laundering and drug networks, seized cash and drugs, identified emerging issues and previously unknown criminal targets.	✓	✓	✓
	Supported improved professionalism in the alternative remittance sector.			✓
	Contributed to reviews to understand vulnerabilities.		✓	✓
	Contributed to investigations and prosecutions relating to tax fraud and tax evasion.		✓	✓
	Produced intelligence on the methodologies of previously unknown international professional money laundering syndicates and their operations in Australia and internationally.	✓	✓	✓
	Improved understanding of threats linked to legal and regulatory vulnerabilities in various financial sectors.		✓	
		Achieved	Achieved	Achieved

Note: This table summarises achievements against the aim of this special investigation and aligns those achievements to ACC key performance indicators: Discover, Understand, Respond. Some work meets all three indicators while some activities are appropriately targeted to just one or two indicators. Success in achieving ACC key performance indicators is measured against the collective achievement across all special investigations and operations.

Highest Risk Criminal Targets

Context

The highest risk serious and organised crime entities pose a threat to Australia's national interests. Most operate across one or more state borders and have international links. They have a significant influence over illicit commodity markets. They are also involved in diverse legitimate sectors to facilitate their criminal activities. The ongoing risk presented by the highest risk serious and organised crime entities underscores the importance of a nationally coordinated intelligence and investigative response.

There are also close links between the work we do under this special investigation and the work under our Targeting Criminal Wealth special investigation because following the money often informs and enables us to respond to, and disrupt, other criminal activities such as illicit drug trafficking (see page 62).

Purpose

Through the Highest Risk Criminal Targets (HRCT) No. 2 special investigation, we work with our partners to:

- identify, detect and disrupt the highest risk serious and organised crime entities which represent the greatest threat in each jurisdiction and nationally
- reduce the threat posed by the highest risk criminal targets
- enhance national understanding of the serious and organised crime environment.

Key areas of focus this year included highest risk serious and organised crime entities involved in criminal finances, illicit markets, firearms and enabling activities.

This special investigation is due to run until 30 June 2016.

Achievements

Discover and understand

Our work to discover and understand the highest risk criminal targets enables effective responses.

During the year we conducted 40 coercive examinations, generating intelligence our partners could act on regarding serious and organised crime targets that represent the greatest threat and risk nationally.

We added 12 criminal targets to the National Criminal Target List.

We produced 994 intelligence products, which we shared with partners through 2523 disseminations—building greater understanding about:

- known and previously unknown entities involved in serious and organised crime
- methodologies used in relation to illicit drugs
- illicit firearms trafficking
- activities of entities on the National Criminal Target List
- criminal enterprises of the Rebels Motor Cycle Club (see *Spotlight on Attero National Task Force* on page 78)
- the illicit tobacco trade
- laundering proceeds of crime.

Respond

During 2014–15 our work developing and sharing intelligence under the Highest Risk Criminal Targets special investigation initiated operational activity and outcomes.

Responses under our Highest Risk Criminal Target special investigation this year included:

- 11 criminal entities disrupted
- 189 charges against 44 people
- 21 people convicted
- \$1.58 billion estimated street value of drugs seized
- \$175.7 million estimated street value of precursor chemicals seized
- \$29.4 million worth of tax assessments issued
- \$530 000 tax recovered
- \$730 000 worth of assets restrained
- \$166 000 cash seized.

This special investigation incorporates the work of several projects including Iceberg, Rosencrantz, Macrobust and Kardinia as well as the Attero National Task Force.

The **Attero National Task Force** concluded in December 2014. Prior to this, in October 2014, two people were charged with importing a commercial quantity of a border controlled precursor, following the controlled delivery of 30 kilograms of pseudoephedrine, with an estimated street value of almost \$10 million, to a Sydney business premises. This was the result of a multi-agency Attero investigation led by the Australian Federal Police. For a full review of the Attero National Task Force, see the *Spotlight on Attero National Task Force* on page 78.

Both **Project Iceberg** and **Project Rosencrantz** operate within our Fusion capability, which brings together specialist people, tools and data from more than 20 Commonwealth, state and territory agencies to develop insightful intelligence. Through these projects we continued to develop leads, provide information and intelligence to our partners for further action and improve understanding of methodologies used by serious and organised crime groups including the following examples.

New criminal methodologies

Project Iceberg discovers new targets involved in serious and organised crime by exploiting the widest possible range of data holdings, particularly financial records.

This year through Project Iceberg we produced 86 information reports that provided new information to our partners, helped them better understand criminals' methods and created opportunities for them to respond. This included six reports identifying new target networks that were added to the National Criminal Target List. These networks were not previously known to law enforcement.

In addition, through **Project Iceberg**:

- We generated a unique national picture of the nature and extent to which transnational criminal networks exploit Australian company structures to disguise money laundering, tax evasion and illicit drug importations. This includes the identification of seven transnational criminal networks, comprising foreign nationals who regularly travelled to Australia. These networks are likely to have collectively laundered more than \$39 million disguised as legitimate financial transactions. As a result, the Department of Immigration and Border Protection will investigate the leads we generated and review the stance on visa conditions for certain travellers.
- Our work resulted in the seizure of illicit drugs and the development of risk indicators to help partners proactively identify high risk international consignments. For example, drawing on the collective resources of **Project Iceberg** and **Project Astor**, we used data matching to identify fraudulent identities, which led to the seizure of eight kilograms of methylamphetamine. Other drug seizures informed by Project Iceberg intelligence included 5.7 kilograms of crystal methylamphetamine (ice) and close to three kilograms of cocaine.
- We identified suspicious transactions revealing possible trade-based money laundering and tax/GST fraud. The activity involved a previously unknown criminal network operating across Australia and overseas. We added the criminal network to the National Criminal Target List and shared intelligence about its activities with partner agencies, including the Australian Federal Police and the Australian Taxation Office.

- We supported a Department of Immigration and Border Protection border investigation by providing new avenues of enquiry regarding a cohort of foreign nationals involved in criminal activities in Australia. This investigation provided new insights regarding visa and migration fraud methods, particularly the use of identity crime as an enabler of these activities. These investigations are ongoing.
- We developed new methods of data ingestion (compiling and processing data) and analysis that allow us to work smarter and faster, and spend more time generating high quality analytical outputs for referral to partner agencies. These efforts have reduced the time required for bulk data analysis by 97 per cent, leading to considerable time and cost savings.
- We continued to provide intelligence support to Taskforce Pharos, which identified hard-to-detect corruption within the Australian Customs and Border Protection Service (ACBPS). Taskforce Pharos was established by the ACBPS in November 2013. We worked with the Australian Commission for Law Enforcement Integrity and ACBPS representatives, to support Taskforce Pharos by drawing on the specialist information and systems made available via Fusion. Based on this work, we provided intelligence to partners, relating to specific or general corruption threats.

New criminal targets, monitoring and alerts

Project Rosencrantz monitors and improves understanding of Australia's most significant serious and organised criminal risks.

We launched an automated alerting service in August 2014, through our National Target System. This service monitors all entities on the list and automatically reports new activities to relevant partners.

Since the launch, we have provided automated alerts to relevant partners regarding more than 4333 financial transactions, company events or travel movements, linked to entities on the National Criminal Target List.

“

The alert enabled us to implement a number of controls. We appreciate the timeliness of the advice—this is an excellent example of the value of this alerting service.

Barry Adams, Director Intelligence, Crime and Corruption Commission, Queensland

Cross-jurisdictional collaboration

Through **Project Macrobust** we contribute to the state-based Joint Analyst Groups, which bring together analysts from the ACC, jurisdictional police and other Commonwealth and state-based partner agencies. They ensure collaboration between agencies and jurisdictions. The Joint Analyst Groups provide a shared understanding of serious and organised crime threats and emerging issues at the jurisdictional level. (For more details, see page 116.)

The Joint Analyst Groups continue to build on the collective national expertise and knowledge of the highest threat serious and organised crime in Australia, through the development and disclosure of intelligence reports and assessments to stakeholders. Over the last 12 months 161 intelligence products were disclosed to partner agencies. These assessments informed stakeholders of changes in the serious and organised crime environment and movement within criminal markets, in relation to the highest risk targets, and informed intelligence or operational responses by stakeholders against these targets.

For example, this year we assisted our partners and produced intelligence products regarding:

- an emerging threat to Victoria posed by illicit firearms sourced from the 'darknet'
- possible corrupt activities of some Australian security businesses and employees
- understanding of active serious and organised crime entities with a presence in partner jurisdictions, through the National Criminal Target List (this was also through **Project Rosencrantz**)
- the illicit tobacco trade and maximising opportunities to disrupt this trade
- vulnerabilities of change of name processes exploited by organised crime.

Illicit firearms and firearms trafficking

Through **Project Kardinia** we provide intelligence on illicit firearms and firearms trafficking to assist state police agency investigations. The firearms trace dataset includes some 1.8 million firearm transactions and importation records, dating back to the late 1800s. We provide online firearms tracing and information on how firearms are moved from legitimate to illicit markets to support active investigations. We also provide on-the-ground support when requested to attend significant firearms seizures. This project operates within our Fusion capability.

This year we responded to 540 firearm trace requests, disseminating 302 responses with information.

In addition:

- we informed and influenced discussions on firearms policy through our contribution to the Firearms and Weapons Policy Working Group, led by the Attorney-General's Department, and the National Firearms Program Advisory Group, led by CrimTrac
- we helped improve the quality and consistency of firearms identification templates in the CrimTrac-led National Firearms Identification Database
- we attended international forums including the United Nations Program of Action on Small Arms and Light Weapons—this forum discussed new and emerging firearms technologies, particularly emerging manufacturing techniques.

State-based joint organised crime responses

Through our Highest Risk Criminal Targets special investigation we support the work of the Victorian Joint Organised Crime Task Force, the New South Wales Joint Organised Crime Group and the Western Australia Joint Organised Crime Task Force, which was launched in June 2015.

This year the New South Wales Joint Organised Crime Group results included:

- the discovery of 1917 kilograms of 3,4-methylenedioxymethamphetamine (MDMA), with an estimated street value of \$651 million, and 849 kilograms of ice, with an estimated street value of \$849 million, in a shipping container arriving in Australia—six people were charged
- the seizure of 218 kilograms of pseudoephedrine, with an estimated street value of \$165.7 million, and the subsequent arrest of one person
- the seizure of 88 kilograms of heroin, with an estimated street value of \$33 million, and 21 kilograms of methylamphetamine, with an estimated street value of \$21 million—two people were charged
- the seizure of 17.5 kilograms of cocaine, with an estimated street value of \$5.7 million, and the arrest of one person.

This year the Victorian Joint Organised Crime Task Force results included:

- the seizure of approximately 24 kilograms of heroin, with an estimated street value of \$9 million, eight kilograms of amphetamines, \$86 000 in cash and a sawn-off shotgun—nine people were charged
- the seizure of 50.12 kilograms of methylamphetamine, with an estimated street value of \$23.18 million, four litres of methylamphetamine, 2.6 kilograms of cocaine and \$220 000 cash—seven people were charged. This was the result of direct support to the Eligo Task Force following three operational referrals (see page 65 for more on Task Force Eligo).

Proceeds of crime

Sometimes the outcomes of our work continue to play out years after specific projects conclude.

For example, **Project Dinghy** ran from March 2012 to July 2013, with the aim of enhancing understanding about two Queensland-based targets on the National Criminal Target List, who had links to Balkan serious and organised crime.

Through this project, we made eight referrals to the Criminal Assets Confiscation Taskforce (see page 66).

These referrals resulted in three Australian Taxation Office reviews and the issuing of tax assessment notices with total liability raised (tax, penalties and interest) of \$21.3 million.

These matters are now subject to objections and action to recover the debt.

SPOTLIGHT ON...

Attero National Task Force



The Attero National Task Force has strengthened Australia's efforts to combat the national serious and organised crime threat presented by the Rebels outlaw motor cycle gang, which had proved highly resilient to traditional law enforcement.

The ACC Board established the Attero National Task Force in June 2012 and it concluded in December 2014. Attero combined the resources, skills and reach of the Commonwealth, states and territories to use a range of tactical, operational and strategic measures in a national response. We established a successful framework for a truly unified effort against the Rebels in both Australia and New Zealand. This included joint information sharing and management structures comprising traditional law enforcement partners as well as Commonwealth agencies and an international partner, and a coordination framework underpinned by a Joint Agency Agreement.

In doing so, Attero significantly enhanced our ability to discover, understand and respond to the threat posed by the Rebels, providing a successful model for future collaborative work. Attero produced timely operational intelligence products as well as tactical intelligence that supported nationally agreed collection requirements, and operational and strategic activity.

The task force monitored more than 400 inward and outward travel movements of Rebels members, enhancing our ability to collect intelligence on the Rebels' overseas activities and networks—noting their expansion and increased activity in Europe, South-East Asia, North America, Central America and Australasia.



Nationally coordinated bulk data analysis of the Rebels membership against data held by several Commonwealth agencies also assisted with discovering leads for further enquiry.

Attero comprised all state and territory police agencies as well as the Australian Federal Police, Australian Customs and Border Protection Service, Australian Taxation Office, Australian Securities and Investments Commission and AUSTRAC.

National Task Force Morpheus, established in September 2014, will build on Attero's success and broaden the focus to all outlaw motor cycle gangs that pose a risk to our community (see page 95).

Significant operational outcomes include:

- **21 coercive examinations that established various avenues of enquiry and enhanced existing knowledge of the Rebels nationally**
- **4149 Rebel members, nominees or associates arrested or reported**
- **5756 charges laid**
- **520 search warrants executed**
- **86 firearms and 60 other weapons seized**
- **30 kilograms of pseudoephedrine seized, with an estimated street value of almost \$10 million (Attero-Cirrostratus)**
- **21 taxation audits resulting in total liabilities identified and raised exceeding \$16.3 million and more than \$3.3 million tax collected**
- **19 797 task force reports provided**
- **97 ACC disseminations of intelligence**
- **\$776 793 fines recovered**
- **25 summons issued**
- **18 notices to produce documents issued**
- **43 successful administrative prosecutions with fines exceeding \$235 000 for non-lodgement of taxation returns.**

Looking forward

Over the next 12 months our Highest Risk Criminal Targets special investigation will focus on working with partner agencies to develop and implement strategies that address the greatest threats posed by highest risk targets, both national and international, impacting Australia.

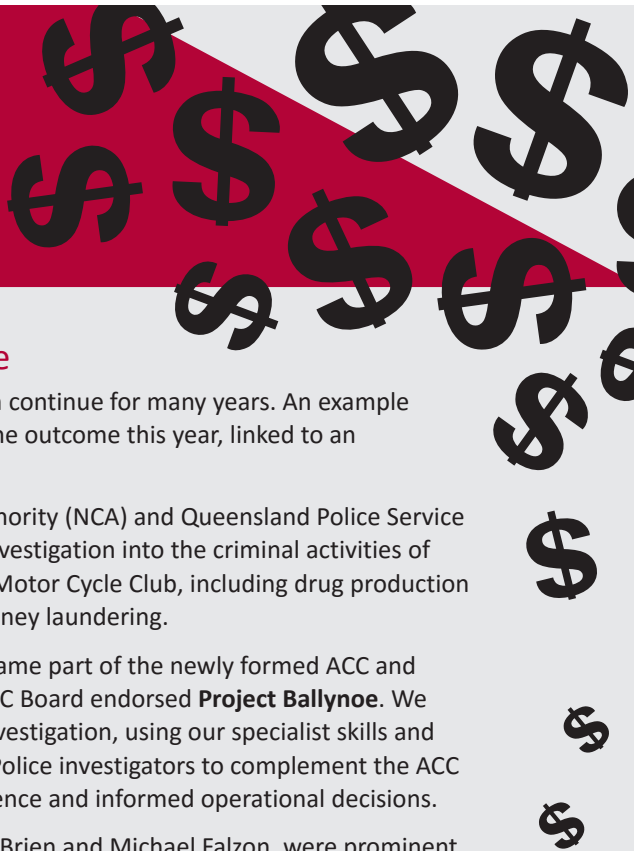
HRCT performance scorecard 2014–15

HRCT aim	How we achieved this aim	HRCT contribution to ACC's key performance indicators		
		<i>Discover</i>	<i>Understand</i>	<i>Respond</i>
Identify, detect and disrupt the highest risk serious and organised crime entities which represent the greatest threat in each jurisdiction and nationally. Reduce the threat posed by the highest risk criminal targets. Enhance national understanding of the serious and organised crime environment.	Produced a range of intelligence products, which we shared with partner agencies.	✓	✓	✓
	Identified previously unknown criminal targets and emerging threats.	✓	✓	✓
	Improved understanding of highest risk crime target group structures, activities and methodologies.	✓	✓	✓
	Contributed to investigations, including through our coercive powers, leading to arrests and seizures of cash, drugs and firearms.	✓	✓	
		Achieved	Achieved	Achieved

Note: This table summarises achievements against the aim of this special investigation and aligns those achievements to ACC key performance indicators: Discover, Understand, Respond. Some work meets all three indicators while some activities are appropriately targeted to just one or two indicators. Success in achieving ACC key performance indicators is measured against the collective achievement across all special investigations and operations.

CASE STUDY

Project Ballynoe



Time to pay the price of crime

The ripple effect of our investigations can continue for many years. An example is the record \$28 million proceeds of crime outcome this year, linked to an investigation that began 13 years ago.

Back in late 2002 the National Crime Authority (NCA) and Queensland Police Service launched Operation Mayflower, a joint investigation into the criminal activities of the Rockhampton chapter of the Rebels Motor Cycle Club, including drug production and trafficking, firearms offences and money laundering.

Soon after, in January 2003, the NCA became part of the newly formed ACC and the investigation continued under the ACC Board endorsed **Project Ballynoe**. We played a significant role in this lengthy investigation, using our specialist skills and capabilities, and seconding Queensland Police investigators to complement the ACC team. We gathered and analysed intelligence and informed operational decisions.

Key targets of the investigation, James O'Brien and Michael Falzon, were prominent in the Rockhampton chapter of the Rebels. They were 'embedded in the community' and 'ruled by fear and intimidation' according to Detective Sergeant Marc Hogan who worked on the investigation.¹

In 2008, James O'Brien was convicted of trafficking methylamphetamine and sentenced to 14 years imprisonment. The next year his business partner and fellow Rebel, Michael Falzon, was also convicted and sentenced to 10 years.

Along with drugs, weapons, cash and other items seized at the time, investigators found a photo of O'Brien in front of \$3 million in cash—drug money previously buried on Falzon's rural property.

In 2011 the investigation received the Robert Falkner Memorial Award for *Outstanding Investigation—Australia* at the 2011 International Outlaw Motorcycle Gang Investigator's Association conference in the United States. The award recognised 'exceptional law enforcement efforts in combating outlaw motorcycle gangs...a triumph of good over evil'.

That 'triumph' continued this year, with the Queensland Supreme Court ordering O'Brien and Falzon to pay \$28 million, in the state's highest ever proceeds of crime outcome. The amount reflects the value of the proceeds derived from their drug trafficking operation.

This outcome shows that ultimately, crime does not pay and that law enforcement will continue to work together to remove the profit motive for organised crime, however long it takes.

1 'Outlawed', Paula Doneman, *Queensland Police Journal*, December 2010/January 2011, page 33.

Highest Risk Criminal Targets— Victoria

Context

The ACC Board authorised this state-specific special investigation on 4 September 2013. It provides special support to Victoria Police investigations through ACC coercive powers, to improve existing ACC and Victoria Police intelligence holdings and collect evidence on the nature and extent of the serious and organised crime threat to Victoria.

Our Highest Risk Criminal Targets—Victoria special investigation is due to run to 30 June 2016.

Purpose

We work with Victoria Police to:

- enhance understanding of the nature, extent, activities, methodologies and identities of highest risk criminal groups and their impact on the Victorian and national community
- reduce the threat posed by the highest risk crime groups operating in or impacting on Victoria
- increase knowledge and understanding of highest risk criminal targets and their impact on Victoria.

Achievements

Our work to discover and understand the highest risk criminal targets in Victoria enables effective responses.

During the year we held six coercive examinations to inform partner agency investigations and fill identified intelligence gaps about highest risk criminal target activity across Victoria and in other jurisdictions.

The examinations provided:

- breakthrough intelligence of a criminal network and operations
- specific, targeted intelligence, which significantly advanced investigations and established other useful avenues of inquiry.

Work under this special investigation also facilitated cross-jurisdictional intelligence sharing.

Highest Risk Criminal Targets— South Australia

Context

The ACC Board authorised this state-specific special investigation on 4 September 2013. It supports the collection of evidence and intelligence about specified criminal activity by entities identified as highest risk criminal targets impacting on South Australia.

This state-specific special investigation is one way in which we support South Australia Police. It complements the work of our Highest Risk Criminal Targets special investigation (see page 71) and Outlaw Motor Cycle Gangs special operation (see page 94).

Our Highest Risk Criminal Targets—South Australia special investigation is due to run to 30 June 2016.

Purpose

We work with South Australia Police to:

- enhance understanding and increase knowledge about the nature, extent, activities, methods and identities of highest risk crime groups and their impact on the South Australian and national community
- reduce the threat posed by the highest risk crime groups operating in or impacting on South Australia.

Achievements

We provide support to our state-based stakeholders under the most appropriate authorised investigation or operation, to enhance the intelligence holdings on, and identify evidence relating to, the nature and extent of the serious and organised crime threats to South Australia.

The Highest Risk Criminal Targets—South Australia special investigation was not used this financial year. Instead, activities related to highest risk criminal targets in South Australia were carried out under the authority of our Highest Risk Criminal Targets special investigation and Outlaw Motor Cycle Gangs special operation.

However, our Highest Risk Criminal Targets—South Australia special investigation remains an important tool for supporting our South Australian stakeholders, and continues to be actively considered when assessing the best means by which we can provide state-specific support.