

TAX BUSTS ARE PRIORITY ONE



A special report on Fraud and General Crime by Paul Lewer. Pictures by Sen. Const. Mark Robson.

THE value of fraud successfully prosecuted by the AFP's Fraud and General Crime Branch in the Eastern Region more than tripled to \$34 million in the 11 months to April 22 this year.

The figure includes all fraud cases from the branch completed by the Director of Public Prosecutions during the period.

Senior officers say the increase — up from \$11 million in the previous period — is, to a great extent, due to the efforts of the Region's Special Crime Squad in busting tax frauds and a new system of prioritising investigations.

The Fraud and General Crime Branch, Eastern Region, has been headed by Superintendent Allan Sing since 1986. Sitting high above his 'beat' on the 25th floor of the AFP's offices in Goulburn Street, Sydney, Mr Sing has definite views on crime targets.

"There were six people handling tax evasion when I took over and now we have 50, including full time staff seconded from the Australian Taxation Office, lawyers from the Director of Public Prosecutions and data processors," he said.

"The impact of tax evasion and welfare fraud on the national economy is much greater than most people realise. Our officers are dealing with highly organised tax evasion which we describe as 'the second tier' of organised crime, above prostitution, gambling and drugs."

Mr Sing, an officer with more than 20 years experience in the AFP and the New South Wales Police, said he had seen a drop in public standards. "People are less scrupulous than they used to be. Tax minimisation and evasion have spawned an industry which owes its parasitic existence to the desire of business people to minimise, avoid and evade their rightful tax liability," he said.

"Bribery and corruption have become trendy, particularly at the international business level, where 'sweeteners' in the form of secret commissions are commonplace in an effort to gain an advantage."

Weapons Against Fraud

The Fraud and General Crime Branch is split into three squads — Major Crime, Special Crime and General Crime — and the total strength of detectives is 96. There is also a force of six officers in



Superintendent Allan Sing

Newcastle and an Operations Co-ordination Centre based in Sydney. The Newcastle team recently received a group commendation from the previous AFP Commissioner, Major General Ronald Grey, for high output and quality of work.

The Major Crime Squad deals with protracted inquiries such as long term welfare frauds, the General Crime Squad takes on shorter term response work and the Special Crime Squad concentrates on tax fraud.

"The work of the General Crime Squad should not be overlooked," Mr Sing said. "If there were a major fraud on a bank today and a suspect was held, that person would be handed over to the General Crime Squad. The quality of the

Squad's work is as high as the others but it is not as long term.

"Part of the strategic plan drawn up by this Branch in 1986 was to prioritise our work to concentrate on fraudulent income tax schemes and sales tax fraud.

"Tax fraud is a key result area. Overall, the Branch is very selective in the 'quality' of the jobs it takes on and the 'quality' of the arrests amply demonstrates the worth of that policy. We have an innovative and creative planning strategy. "We believe we are at the cutting edge of major fraud investigation techniques."

Allies Against Crime

Across-the-board involvement is a feature of the Branch's tax investigations. "The investigations are managed by a joint committee that meets monthly and includes representatives from the Director of Public Prosecutions, the Australian Taxation Office and the Australian Customs Service," he said.

"We operate a system of identifying the areas where proofs need to be gathered and go about collecting those proofs of evidence systematically. The overall direction is determined by those monthly committee meetings. That is part of the prioritisation system.

"The investigations in this area are run under a multi-component team concept. The teams are made up of officers from the AFP, the DPP and the ATO with the addition of electronic data programmers.

"Tax fraud is not our only concern of course — multiple welfare frauds are a growth area, for example — but there has been an increasing trend to large-scale tax fraud," he said.

New Strategies

"In future as part of the overall strategy plan we will be dedicating more resources to recovering assets by using the Proceeds of Crime Act. The use of this Act will be intensified by the AFP because one of the best ways to hurt the criminal is through his pocket.

"We are working in conjunction with the DPP and Tax in this area. We are also constantly reviewing our electronic data processing systems to fine-tune our strategies for the future. There is, of course, close liaison with the NSW Police Fraud Squad and the Corporate Affairs Commission.

"Part of our strategy is to intensify the targeting of large-scale tax evaders and money launderers by using the conspiracy and defrauding provisions of the Crimes Act. The Mutual Assistance in Criminal Matters Act, currently pending, will also be a great tool for law enforcement. [The Act will cover international co-operation with Australia on criminal matters].

"We are constantly reviewing our training needs and liaising with the training staff in Canberra. Our detectives are encouraged to do external studies, such as law, accountancy and criminology," he said.

PINCHING THE WELFARE CHEATS

"THE value of welfare fraud successfully prosecuted and stopped is running at about \$2 million a year," Acting Inspector Bob Moodie (Major Crime Squad) said.

"Most of our inquiries are for multi-claim welfare frauds involving at least \$200,000 and we always have about four cases running simultaneously with four to six possible offenders. If it wasn't so serious you could almost say welfare fraud provides the bread and butter of this area because it gives us up to 70% of our work.

"We concentrate on conspiracy. This type of crime has always been with us and although the welfare authorities have tightened up the system there are still loop-holes."

Mr Moodie, an 18-year police veteran, said the welfare cases being investigated ran into millions of dollars and the Major

BANKRUPTING THE BUSINESS OF CRIME

"COMPANIES can achieve a massive market advantage by not paying sales tax of 20% to 30% and it is that practice by unscrupulous businessmen which provides the bulk of our work," Detective Sergeant Peter Baxter (Special Crime Squad) told "Platypus".

The squad is taking the fight to the unscrupulous. "The projected recovery value of taxation assessments issued following investigation by us in the past two years is expected to exceed \$45 million dollars soon," Mr Baxter said.

"At present a total of \$8.2 million is in the process of being recouped. We have tax cases across the board involving a myriad of products such as alcoholic beverages, soft drinks, amusement machines, video recorders and cars; in fact any product attracting a sales tax can be the subject of a Special Crime Squad investigation.

"The Special Crime Squad has existed in its current form since 1986. The original unit was set up with six officers in 1982 and now our officer strength is 31 with 14 support staff.

"The importance of the support staff cannot be stressed enough, particularly those from the Director of Public Prosecutions and the Australian Taxation Office and we couldn't exist without our computer operators," he said.



Acting Inspector Bob Moodie

Crime Squad had a very close liaison with the Department of Social Security Benefits Control Section. Liaison with of-



Detective Sergeant Peter Baxter

Mr Baxter, a 15-year AFP veteran, began his police career in England. He said the involvement of organised crime in tax evasion was a disturbing one.

"Organised criminals are all businessmen of one form or another and 'black' money is laundered through businesses. Those behind a number of the laundering operations we investigate are known to be involved in the criminal milieu."

Mr Baxter said that although operations could run for years, the Squad gave value for money to the Government, a sentiment supported by the Squad's commanding officer, Inspector Ross Bannister.

"We are helping recoup the Government millions of dollars which would otherwise have been lost and crime in this area is always expanding," he said.

Officers from the Director of Public Prosecutions was also close.

"This Squad, with 39 officers, is unusual in that it also does most of its own surveillance because the unit designated for surveillance work is generally tied up with other priorities."

The Medicare fraud workload had been lifted because the Health authorities now had their own investigators.

Mr Moodie said his officers had recently been involved in work outside their normal area.

"The case involves alleged pirate copying of videos. Video outlets in Sydney and the South Coast have been raided and 1300 videos seized. Several people have been questioned and the investigation could go interstate."