

PARLIAMENTARY JOINT COMMITTEE ON LAW ENFORCEMENT INQUIRY INTO FINANCIAL RELATED CRIME SUBMISSION

Background

On 5 March 2014, the Parliamentary Joint Committee on Law Enforcement (the Committee) initiated an inquiry into financial related crime.

On 20 March 2014, the Northern Territory Police (NTP) were invited to make a submission to the inquiry with specific regard to the identified terms of reference.

Terms of Reference

The Committee will examine the effectiveness of current Commonwealth law enforcement legislation and administrative arrangements that target serious and organised financial related crime including money laundering and identity fraud.

The committee will examine:

- a) the character, prevalence and impact of financial related crime in Australia;
- b) the methods and practices used by the perpetrators of financial related crime (including the impact of new technologies);
- c) the involvement of organised crime;
- d) in relation to money laundering—the large number of high denomination banknotes in circulation;
- e) in relation to identity fraud—credit card fraud in particular
- f) the operation and effectiveness of Commonwealth legislation, administrative arrangements and law enforcement strategies;
- g) the role of the Australian Crime Commission and the Australian Federal Police in detecting financial related crime;
- h) the interaction of Commonwealth, state and territory legislation and law enforcement activity;
- i) the extent and effectiveness of relevant international agreements and arrangements; and
- j) the need for any legislative or administrative reform;
- k) any related matters.

Northern Territory Police Submissions

The NTP submissions will focus on the following identified 'Terms of Reference':

(a) The character, prevalence and impact of financial related crime in Australia –
The types of financial related crimes that affect the Northern Territory (NT) are consistent with those which occur nationally. The NTP have identified anecdotal increases in financial crimes exploiting vulnerabilities associated with Indigenous Entities.

(b) The methods and practices used by the perpetrators of financial related crime (including the impact of new technologies) – International crime groups have used open source information to specifically identify and targeted vulnerable groups in Indigenous communities (Nhulunbuy), using traditional advance fee inheritance scams. In January 2014, the NTP were advised that between ten and twenty individuals had paid funds via Western Union, in anticipation of receiving inheritance funds. Further investigations undertaken by the NTP Fraud Squad revealed that the individuals had been specifically targeted from remote homelands with accumulated losses totalling \$70,000, with all funds being paid to overseas locations (India). The methodologies used by these crime groups was a combination of open source analysis, using internet search engines as well as targeted calls to identify Indigenous groups in regional outstations.

(c) The involvement of organised crime – The NTP has received information from our partner Law Enforcement and Intelligence Agencies that organised crime groups are specifically targeting the vulnerabilities and poor governance issues associated with some Indigenous Entities.

(g) The role of the Australian Crime Commission and the Australian Federal Police in detecting financial related crime; – Consideration to value add some of the research and intelligence activities undertaken by the Australian Crime Commission (ACC), and specifically the National Indigenous Intelligence Task Force (NIIFT), in an attempt to quantify the suspected loss in Indigenous Entities nationally. Once an accurate picture of the criminal misconduct associated with Indigenous Entities can be established, the adequacy of resources can be assessed.

(h) The interaction of Commonwealth, state and territory legislation and law enforcement activity; – The Momcilovic appeal to the High Court has raised some pertinent questions with regard to statutory interpretation and constitutional law, when there is an overlap between Commonwealth and State Offences. From a practical level, this raises issues with the appropriateness of an investigative authority, particularly in complicated fraud investigations involving Commonwealth regulated entities receiving multiple revenue streams from State and Federal bodies.

(j) The need for any legislative or administrative reform; – Consideration to better facilitate the interaction and processes between the National and State Regulators and National and State Law Enforcement. Consideration needs to be also given to State Legislation, particular with regard to the regulation of

sophisticated entities that are incorporated associations. An argument exists that significant entities, some of which have accumulated assets exceeding \$60,000,000, are lacking the regulatory framework as specified under the *Associations Act NT*. Given the overlap of misconduct investigations undertaken by Regulatory and Law Enforcement Agencies a legislative framework supported by a complimentary business model could be considered to better facilitate outcomes and streamline resources.