



Uniting Church in Australia
SYNOD OF VICTORIA AND TASMANIA

Justice and International Mission Cluster
29 College Crescent
Parkville Victoria 3052
Telephone: (03) 9340 8807
jim@victas.uca.org.au

Committee Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

E-mail: economics.sen@aph.gov.au

**Submission of the Synod of Victoria and Tasmania, Uniting Church in Australia to the Senate Standing Committees on Economics for the inquiry into foreign investment proposals
20 March 2020**

The Synod of Victoria and Tasmania, Uniting Church in Australia, welcomes the opportunity to provide a submission to the inquiry into foreign investment proposals. The focus of this submission is on the term of reference considering 'the extent to which the risk that foreign investment proposals are being used for money laundering is examined'.

The Synod believes there is strong evidence that it remains too easy for foreign nationals to launder illicit funds through Australia, especially through the purchase of real estate properties. By addressing this issue, the Australia Government offers one less place for organised criminals and corrupt business people and government officials to shift stolen funds to. Australia is an attractive location for criminals to shift money to if they can do so, as we have a stable financial system meaning the laundered money will be secure for the criminals to benefit from.

The Synod strongly requests that the Committee recommend that the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* be amended so that designated non-financial businesses and professions (DNFBPs) named in the Financial Action Task Force international standards have an obligation to report suspicious transactions to AUSTRAC. Further, such businesses should have a duty not to be a party to or facilitate any transactions where there is an obvious risk of money laundering or where the funds involved are likely to be the proceeds of crime. The businesses that should be captured in the amendments include real estate agents concerning the buying and selling of property, lawyers, accountants, notaries and company service providers.

The FATF has stated that:¹

DNFBPs should be required to take appropriate steps to identify and assess their money laundering and terrorist financing risks (for customers, countries or geographic areas; and products, services, transactions or delivery channels). They should document those assessments in order to be able to demonstrate their basis, keep these assessments up to date, and have appropriate mechanisms to provide risk assessment information to competent authorities and self-regulatory bodies. The nature and extent of any assessment of money laundering and terrorist financing risks should be appropriate to the nature and size of the business.

¹ FATF, 'International Standards on Combating ML and FT & Proliferation; The FATF Recommendations', 33.

The Synod has taken a long interest in the need to reduce corruption in Australia and globally. Corruption does real harm to people, holds back development and undermines confidence in government and public institutions. In 2014 the meeting of 400 representatives of the Synod resolved:

14.7.19.3. The Synod resolved:

(a) To continue its support for action by the Commonwealth Government to combat corruption,

both in Australia and internationally; and

(b) To request the Commonwealth Government:

- (iii) To extend Australia's anti-money laundering/counter-terrorism financing laws to cover designated non-financial businesses and professions named in the Financial Action Task Force international standards, and specifically to real estate agents in relation to the buying and selling of property, dealers in precious metals and stones, lawyers, accountants, notaries and company service providers;*
- (iv) To require a bank or other financial institution which assesses that funds it is dealing with have a high risk of being associated with money laundering to refuse to deal with the funds unless instructed otherwise by the appropriate Australian law enforcement agency;*
- (vii) To share information automatically with the relevant foreign authorities when a foreign politically exposed person purchases property or transfers funds to Australia unless the Australian authorities have some reason to carry out a prosecution of the person themselves and sharing the information would compromise that prosecution, or if the Australian Government has reasonable concerns the information is likely to be misused to carry out human rights abuses;*
- (ix) To establish a dedicated unit within the Australian Federal Police to investigate money and assets stolen from foreign governments and shifted to Australia by politically exposed persons and to seek to return the stolen assets where possible;*
- (x) To establish a national unexplained wealth scheme to combat the ability of organised criminals to profit from their crimes, where unexplained wealth provisions are not limited by having to prove a predicate offence;*
- (xi) To implement an effective non-conviction based confiscation and restraint mechanism to deal with criminal assets transferred from overseas to Australia; and*

(c) To write to the Prime Minister, the Attorney General, the Leader of the Opposition and the Shadow Attorney General to inform them of this resolution.

1. Money laundering through real estate in Australia

In 2004 Walker estimated \$651 million worth of laundered funds were invested in Australian real estate annually.²

Investments into Australian real estate do not need FIRB approval for:³

a new (or near-new) dwelling purchased from a developer that holds a new (or near-new) dwelling exemption certificate that allows the developer to sell dwellings in the specified development to foreign persons.

² John Walker, 'The extent of money laundering in and through Australia in 2004', Criminology Research Council, 2004, <www.criminologyresearchcouncil.gov.au/reports/200304-33.pdf>

³ Foreign Investment Review Board, 'Residential Real Estate – Exemptions. Guidance Note 4', 1 July 2017, 2, https://firb.gov.au/sites/firb.gov.au/files/guidance-notes/04_GN_FIRB.pdf

Without other parties to such transactions, such as the real estate professionals, lawyers and accountants that facilitate such purchases, having any obligation to assess the risk that such purchases may be for money laundering and having to report suspicious transactions to AUSTRAC, the exemption would appear to open a significant loophole for money laundering into Australia.

The purchase process is advertised to foreign nationals as simple with benefits⁴ including the ease of government approval, the availability of speciality mortgage broker finance, stable housing market and the strong consumer protections available.

There is a significant risk of money laundering through real estate professionals that have set up Chinese based offices to attract Chinese investment into Australian property if the real estate businesses in question do not have significant anti-money laundering processes in place. For example, McGrath Limited ancillary services include home loans⁵ and an 'Asia Desk'⁶ which provides specialised services to facilitate the purchasing process for Asian buyers. It states that the Asia Desk has assisted in over \$345 million worth of sales.⁷

Woobuyers operate the website 'woobuyers.com.au' which advertise their skills in attracting Chinese buyers through their "Woobuyer strategists", direct marketing channels, social media marketing (including through Weibo), hotline services, and targeting to high net worth individuals.⁸ They arrange "roadshows" for groups of overseas buyers to inspect properties and their network includes real estate partners, accountants, bankers, migration agents, media and lawyers to facilitate transactions.

The Australian Financial Review raised money laundering concerns in 2019 about a 32-year-old Chinese national Bo Zhang who had purchased six houses in Mosman worth \$37 million. He did not live in any of them. He also bought a further \$1.2 billion of hotel, apartment and retail developments in Sydney and on the Gold Coast.⁹

The Australian Financial Review also reported on a \$13 million house in Wolseley Road, Piper Point in July 2019. Brian O'Neill, the middle son of ousted PNG prime minister Peter O'Neill, was living in the property. The property was held in the name of Theophilus Constantinou, a close associate of Peter O'Neill.¹⁰

There are state regulations that impact on the money-laundering risks associated with foreign buyers. The NSW Government introduced updated fraud prevention guidelines for the real estate industry in October 2012. These guidelines were introduced to combat identity fraud and scams in the industry.¹¹ The guidelines provide a set of practices and procedures for agents to confirm the identity of vendors or their appointed representatives, as well as a list of possible fraud warning signs and proof of identity checklist.¹² The guidelines were developed following two publicised incidents in 2010 and 2011 that resulted in properties sold in WA without the knowledge and consent of the lawful property owners.¹³

⁴ <https://www.homeloanexperts.com.au/non-resident-mortgages/buyers-guide/>

⁵ JP Morgan, Bell Potter, Luminis Partners, 'McGrath Initial Public Offering', 2015, 58.

⁶ <https://www.mcgrath.com.au/services/asia-desk>

⁷ <https://www.mcgrath.com.au/services/asia-desk>

⁸ <http://www.woobuyers.com.au/chinese-real-estate-services>

⁹ Edmund Tadros, Angus Grigg and Neil Chenoweth, 'Dirty money spotlight on estate agents', *The Australian Financial Review*, 11 November 2019.

¹⁰ Angus Grigg, Lisa Murray and Jonathan Shapiro, 'Son of ousted PNG PM living in \$13m Sydney waterfront home', *The Australian Financial Review*, 11 July 2019, 3.

¹¹ AUSTRAC, 'Strategic analysis brief Money laundering through real estate', https://www.austrac.gov.au/sites/default/files/2019-07/sa-brief-real-estate_0.pdf

¹² Ibid.

¹³ Ibid.

Due to this legislation, in NSW real estate professionals require that a client provide a driver's licence as verification of identity. They also request to know who the beneficial owner is, but do not undertake due diligence to verify beneficial ownership.

NSW requires people to register to participate as a bidder in an auction. By contrast, anyone in Victoria can join in on an auction without any requirements to reveal identity before purchase. Bidders can be identified on request.¹⁴

The WA Government has strengthened the real estate industry's verification of identity practice. The practice recommends that conveyancers and other property professionals take reasonable steps to verify the identity of their clients and confirm their clients' authority to give instructions when dealing with a particular property.¹⁵

2. Corporate service providers and money laundering in Australia

Shell companies with straw directors to conceal the real owners of the company can be used as vehicles for money laundering by foreign people purchasing real estate.

Research by Findley, Nielson and Sharman found Australian corporate service providers were near the top of corporate service providers in terms of being willing to set up an untraceable shell company even when there was a significant risk the company in question would be used for illicit purposes.¹⁶ Such shell companies can be used by foreign nationals to conceal their identity and ownership of assets in Australia.

There are Australian businesses that offer a service to provide Australian 'straw' nominee directors for foreign nationals seeking to invest in Australia, like ABN Australia.¹⁷ As stated on their website, they assist foreigners in hiding their identities as directors and controllers of companies registered in Australia:

Maintain your personal privacy – clients are often in a position where it is unwise for their name to appear on the corporate registers of a company, especially where such registers are available to be viewed via a basic company search. We can provide you with a Resident Director as well as registered office and business address – which will help to protect your reputation, other business interest, current employment, family & associates.

The company's registered office address is the address of the nominee director service. The Synod is not aware of any cases where the services of ABN Australia has been used to carry out money laundering into Australia.

3. Case studies of possible money laundering associated with foreign investment into Australia

Below are some examples of where people accused of corruption may have transferred assets to Australia. Without direct access to their financial affairs, it is difficult to be definitive about where the funds for the Australian assets came from. Each of the cases may have involved money laundering.

¹⁴ <https://www.consumer.vic.gov.au/housing/buying-and-selling-property/buying-property/buying-property-at-auction>

¹⁵ AUSTRAC, 'Strategic analysis brief Money laundering through real estate', https://www.austrac.gov.au/sites/default/files/2019-07/sa-brief-real-estate_0.pdf

¹⁶ Michael Findley, Daniel Nielson and Jason Sharman, 'Global Shell Games: Testing Money Launderers' and Terrorist Financiers' Access to Shell Companies', Centre for Governance and Public Policy, Griffith University, 2012, 21.

¹⁷ <https://www.abnaustralia.com.au/business-services/nominee-director>

Two Chinese Nationals

On 31 October 2019, the Australian Federal Police (AFP) issued a media release stating they had restrained \$17.3 million of assets related to two Chinese nationals.¹⁸

The media release stated that Operation Gethen had restrained \$50 million in assets since the 2017 signing of a Joint Agency Agreement with the Chinese Ministry of Public Security. Operation Gethen followed a 2017 request from the Chinese Ministry of Public Security for AFP assistance to identify two Chinese nationals suspected of laundering proceeds of crime in Australia. Chinese authorities believe the money was raised in China through real estate and bank loan fraud.¹⁹

The AFP alleged that the two Chinese nationals moved about \$23 million of fraudulently-obtained funds from China since late 2012. The allegedly criminally obtained funds were used to purchase numerous properties in Melbourne and Tasmania. These included:²⁰

- A newly constructed mansion in Mont Albert, Melbourne;
- Three new residential units in Box Hill, Melbourne;
- Commercial property in Blackburn, Melbourne; and
- Over 3,000 acres of farmland at Musselroe Bay on Tasmania's north-east coast.

Eremas Wartoto

Eremas Wartoto is a politically connected Papua New Guinean businessman. In 2011, PNG Taskforce Sweep charged Mr Wartoto with the misappropriation of \$5 million.²¹ Mr Wartoto was charged over the "payment of K7.9m [\$3.2 million] of RESI [Rehabilitation Education School Infrastructure] funds allocated for Kerevat NHS [National High School]".²² On the 30 August 2011, Mr Wartoto was charged; but then obtained an Australian foreign skilled workers visa and fled to Queensland on the 3 September 2011.²³ He was charged with two counts of misappropriation of property of Papua New Guinea in contravention of section 383(1) (a) of the *Criminal Code Act 1974* (PNG). Mr Wartoto claimed that he was 'too ill' to travel back to Port Moresby, even though he frequently travelled internationally within the two year period that he was in Australia.²⁴

On 30 August 2012, PNG authorities issued a restraining order to cover property owned by Eremas Wartoto in PNG.²⁵

On 24 April 2013, Papua New Guinea made a 'Mutual Assistance Request' to the Australian Federal Police, asking for assistance in registering a 'Foreign Restraining Order' that was made in 2012 against Mr Wartoto under the *Proceeds of Crime Act 2005* (Papua New Guinea).²⁶ On the 26 May 2013, the District Court of Queensland registered the Foreign Restraining Order over Mr Wartoto's five Australian properties and four bank accounts believed to be associated with Mr Wartoto.

¹⁸ Australian Federal Police, '\$17.3m restrained in AFP investigation into Chinese nationals allegedly laundering proceeds of crime', Media Release, 31 October 2019.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Sarah Elks and Rowan Callick, 'Property of PNG fugitive seized', *The Australian*, 15 May 2013.

²² Sam Koim, 'Investigation Taskforce Sweep June 2013 Report', *Post Courier*, 2 August 2013, 46.

²³ Nick McKenzie & Richard Baker, 'Alleged PNG crime boss on 457 visa wanted over theft of \$30m', *The Age*, 10 May 2013; and Affidavit filed in Brisbane by the Commissioner of the Australian Federal Police, District Court of Queensland, 7 May 2013 (number BD 1440/2013).

²⁴ Nick McKenzie & Richard Baker, 'Alleged PNG crime boss on 457 visa wanted over theft of \$30m', *The Age*, 10 May 2013.

²⁵ Affidavit filed in Brisbane by the Benjamin Ross Moses for the Commissioner of the Australian Federal Police, District Court of Queensland, 6 May 2013.

²⁶ Affidavit filed in Brisbane by the Commissioner of the Australian Federal Police, District Court of Queensland, 7 May 2013.

The PNG authorities had stated they believed Mr Wartoto engaged in “asset protection measures” in relation to his Australian assets to prevent these being seized under the PNG *Proceeds of Crime Act 2005*. These asset protection measures included the registration of second mortgages over Australian properties in favour of Litia Ilam and Louisah Wartoto as Trustees of the Wartoto PNG trust, which the PNG authorities believed was under the effective control of Mr Wartoto.²⁷

The Australian Federal Police (AFP) lodged a successful application to have Mr Wartoto’s property seized.²⁸ The AFP’s application to the court was under section 35 of the *Mutual Assistance in Criminal Matters 1987* (Cth) requesting that the Official Trustee in Bankruptcy take custody and control of the property.²⁹

The five properties in Queensland owned by Mr Wartoto in Queensland are in:

- Bentley Park, bought for nearly \$250,000 in February 2004. Eremas Wartoto jointly owned it with Louisah Wartoto and the Westpac Bank provided the mortgage. The mortgage was cancelled on 9 July 2010. The property was gifted to Eremas Wartoto Pty Ltd on 22 June 2010.
- Edmonton, bought for over \$500,000 in September 2007. The ANZ bank provided a mortgage. A second mortgage was provided by Litia Ilam and Louisah Wartoto as Trustees of Wartoto PNG Trust on 23 November 2012.
- Cairns, bought for nearly \$600,000 in April 2010. Jointly owned with Louisah Wartoto. The ANZ bank provided the mortgage.
- Cairns, bought for over \$400,000 in November 2010. The ANZ Bank provided the mortgage on the property. A second mortgage was provided by Litia Ilam and Louisah Wartoto as Trustees of Wartoto PNG Trust on 23 November 2012.
- Mount Sheradan, bought for over \$500,000 in January 2011. The ANZ Bank was the mortgagee. A second mortgage was provided by Litia Ilam and Louisah Wartoto as Trustees of Wartoto PNG Trust on 23 November 2012.

The two Cairns apartments – in Esplanade Cairns City and in Mcleod Street Cairns City – were put on the market in September 2015. The Esplanade unit sold for \$420,000, \$155,000 less than Mr Wartoto purchased it for in 2010. The Mcleod St unit, meanwhile, was being advertised for “offers over \$314,000” in May 2016 – \$101,000 less than Mr Wartoto purchased it for in 2010.³⁰

Eremas Wartoto went on trial in PNG in February 2016.³¹ In 2017 he was sentenced to 10 years in prison with hard labour.³²

Jeffery Yakopya

Jeffery Yakopya, the former assistant secretary in the PNG National Planning and Monitoring Department, was arrested by Taskforce Sweep after allegedly approving a K1,975,006 (\$0.89

²⁷ Affidavit filed in Brisbane by the Benjamin Ross Moses for the Commissioner of the Australian Federal Police, District Court of Queensland, 6 May 2013.

²⁸ Sarah Elks and Rowan Callick, ‘Property of PNG fugitive seized’, *The Australian*, 15 May 2013.

²⁹ Application filed in Brisbane by Commissioner of the Australian Federal Police, District Court of Queensland, April 26 2013 (number BD1440/2013).

³⁰ Dominic Geiger, ‘Cairns property listed as belonging to alleged fraudster being sold’, *Cairns Post*, 3 May 2016, <http://www.cairnspost.com.au/news/cairns/cairns-property-listed-as-belonging-to-alleged-fraudster-being-sold/news-story/d455d58a545563c0134dc34ed13114ea>

³¹ <http://www.looppng-sb.com/content/australian-federal-agent-gives-evidence-wartoto-trial>

³² ‘10 years jail for PNG businessman Wartoto’, Radio New Zealand, 24 June 2017, <https://www.rnz.co.nz/international/pacific-news/333682/10-years-in-jail-for-png-businessman-wartoto>

million) variation claim lodged on behalf of Sarakolok West Transport Ltd (SWT).³³ These funds were on top of an alleged K7.9 million (\$3.6 million) paid to SWT, a company owned by Eremas Wartoto.³⁴ Taskforce Sweep has alleged that Mr Yakopya has misappropriated a total of K16.575 million (\$7.5 million).³⁵ He has been committed to stand trial.³⁶ Jeffery Yakopya owned one property in Queensland, in Bentley Park, bought for over \$400,000 in November 2009.

In December 2016 Jeffery Yakopya was found guilty of paying his own company K5 million to build three Bailey bridges in the Komo-Margarima district, Hela province. Only one bridge was built. He was sentenced to nine years in prison with hard labour by the Waigani National Court.³⁷

Paul Tiensten

Paul Tiensten was the former Minister for National Planning and Monitoring for PNG and the Member of Parliament for Pomio. In September 2011 he fled to Brisbane after being summoned by Taskforce Sweep to answer questions over misappropriation of funds at the Department of Planning, and upon returning to PNG was subsequently arrested.³⁸ Paul Tiensten was charged and committed for trial over the alleged misappropriation of funds from this department, after allegedly diverting funds of approximately K3.4 million (\$1.5 million) from Mesu Investment Limited intended for the Karalai Plantation Rehabilitation to his family company Tolpot Services Limited.³⁹

Paul Tiensten was also charged concerning dishonestly approving a government grant of approximately K10 million (\$4.5 million) to facilitate the set up an airline called 'Travel Air', owned by Eremas Wartoto, despite the money having been earmarked for rural air freight subsidies.⁴⁰ He was convicted on this charge, and Judge Gibbs Salika said that Mr Tiensten had used his "political muscle" to force the grant through.⁴¹ He was sentenced on 28 March 2014 nine years in prison with hard labour, but four years of the sentence was suspended if he repays the money.⁴²

In April 2015, a further three years was added to his prison sentence by the National Court in relations to the use of over one million US dollars of funding that was intended for the rehabilitation of a plantation in East New Britain. He was found guilty of one count of official corruption, one count of obtaining goods by false pretence and one count of misappropriation.⁴³

In 2008, Wu Shih-tsa, a businessman from Singapore, testified in a Taiwan court that six PNG officials had received part of a \$19 million bribe, including Paul Tiensten. Paul Tiensten denied knowledge of the bribe. Paul Tiensten was also accused of a \$90 million fraud involving

³³ Sam Koim, 'Investigation Taskforce Sweep June 2013 Report', *Post Courier*, 2 August 2013, p. 46.

³⁴ 'Sweep team arrest two more', *The National*, 3 January 2012; and Sam Koim, 'Investigation Taskforce Sweep June 2013 Report', *Post Courier*, 2 August 2013, 46.

³⁵ 'Investigation Taskforce Sweep 2013 Report', *Post Courier*, 2 August 2013.

³⁶ Sam Koim, 'Investigation Taskforce Sweep June 2013 Report', *Post Courier*, 2 August 2013, 46.

³⁷ Sally Pokiton, 'Public servant sentenced to 9 years in jail', *Loop*, 29 December 2016, <http://www.looppng-sb.com/png-news/public-servant-sentenced-9-years-jail-49144>

³⁸ Liam Fox, 'Ex-minister arrested on return to PNG', *ABC News*, 17 November 2011.

³⁹ 'Tiensten in custody on second charge', *Post Courier*, 18 November 2011; and Sam Koim, 'Investigation Taskforce Sweep June 2013 Report', *Post Courier*, 2 August 2013, 46.

⁴⁰ Liam Fox, 'PNG businessman up on yet more fraud charges', *ABC News*, 21 May 2013; and Sam Koim, 'Investigation Taskforce Sweep June 2013 Report', *Post Courier*, 2 August 2013, 46.

⁴¹ Rowan Callick, 'PNG gets moving on scourge of corruption', *The Australian*, 2 December 2013, 9.

⁴² 'Tiensten jailed', *Papua New Guinea Post Courier*, 31 March 2014; and Rowan Callick, 'Ex-PNG minister gets nine years' jail', *The Australian*, 1 April 2014, 7.

⁴³ 'Former PNG minister gets 3 more years in jail', *Radio New Zealand*, 17 April 2015, <http://www.radionz.co.nz/international/pacific-news/271445/former-png-minister-gets-3-more-years-in-jail>

executives of four landowner associations in Gulf province, in which funds were released by the National Planning Office to the groups for infrastructure projects that were never built. The case failed for procedural reasons.⁴⁴

Paul Tiensten's wife Julie Tiensten owned one property in Queensland, in North Quay Brisbane City, bought for nearly \$600,000 in May 2009. The contact address for Julie Tiensten on purchase of the property was a property owned by Eremas Wartoto in Edmonton. The North Quay Brisbane City property was sold on 14 November 2013 for over \$450,000.

General James Hoth Mai Nguoth

General James Hoth Mai Nguoth served as the Sudan People's Liberation Army's (SPLA) chief of staff from May 2009 until being dismissed and replaced by General Paul Malong Awan in April 2014. Before that post, General Hoth Mai served as Deputy Chief of Staff for Logistics. Even as a senior official in the SPLA, his salary was never more than approximately US\$45,000 per year.⁴⁵

On 1 October 2014, the Nguoth Oth Mai (the son of General Hoth Mai's 23-year-old son) became the owner of 7-8 Wiringa Close, Narre Warren North for \$1.5 million.⁴⁶ Nguoth Oth Mai was studying in China until mid-December 2013. When The Sentry visited the home in August 2016, a BMW 316i used by one of Hoth Mai's daughters was parked in front of the house.⁴⁷

It does not appear to be publicly known how General Hoth Mai's family have access to the wealth used to purchase the assets they owned in Australia.

Onn Mahmud

The Australian press reported in 2013 that Onn Mahmud, the brother of the then chief minister of Sarawak in Malaysia, had a property portfolio of Sydney commercial and residential property worth an estimated \$100 million.⁴⁸ In one deal, Mr Onn sold an apartment development site in Sydney's Potts Point, 10 Wylde Street⁴⁹, for \$15.5 million in 2007, realising a profit of \$10.8 million.⁵⁰

Onn Mahmud founded the Regent Star company in Hong Kong in the 1980s. As director of Archipelago Shipping, the monopoly for timber exports from Sarawak, Mr Onn was in a position of power that no purchaser of timber could circumvent. The Bruno Manser Fund alleged that whoever wanted to buy tropical wood from Sarawak had to pay a commission to Onn's Regent Star at a fixed price per cubic meter.⁵¹ Only then was it approved for export. With its aggressive logging, Sarawak by this time had become the world's largest exporter of tropical wood. More than 10 million cubic meters were leaving the state annually, and the ancient rain forest of Borneo was being devastated.⁵² The primary consumer for Sarawak's timber was Japan. At the beginning of 2007, the tax authorities in Tokyo discovered that nine Japanese shipping companies had allegedly been making annual payments of millions of dollars to Regent Star in Hong Kong. The companies had been transporting timber from Sarawak to Japan since the

⁴⁴ Rowan Callick, 'Ex-PNG minister gets nine years' jail', *The Australian*, 1 April 2014, 7.

⁴⁵ The Sentry, 'War Crimes Shouldn't Pay', Sept 2016, 46.

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Mark Baker, 'Tycoon dodges millions in land tax', *The Sydney Morning Herald*, 23 April 2013.

⁴⁹ <http://www.smh.com.au/world/catch-him-if-you-can-the-mysterious-escape-of-malaysias-second-richest-man-20130427-2ildf.html>

⁵⁰ Mark Baker, 'Tycoon dodges millions in land tax', *The Sydney Morning Herald*, 23 April 2013.

⁵¹ Bruno Manser Fonds, 'Rain forest robbery. How Sarawak's Chief Minister became a billionaire. Tong tara', March 2011, 4.

⁵² Ibid. 4.

beginning of the 1980s. The Bruno Manser Fund reported that tax authorities came to the conclusion that the kickbacks were for the government in Sarawak.⁵³

Regent Star was initially found in 2007 to have received RM32 million kickbacks from Japanese shipping companies. However, an appeal tribunal reversed the findings a year later, ruling that the monies paid for "brokerage services" to Onn Mahmud's firm were legitimate and could be written off as tax rebates.⁵⁴

Yeo Jiawei

Yeo Jiawei, accused of money laundering, used a Seychelles-based company for a series of purchases in Australia.⁵⁵ Yeo was sentenced to 30 months in prison in December 2016 by Singapore's district court for witness tampering during a Singaporean investigation into alleged laundering of funds stolen from Malaysia's 1MDB state development fund.⁵⁶ He was sentenced to another 54 months in prison on 12 July 2017 for money laundering and cheating after having pleaded guilty to the charges.⁵⁷ The two sentences are running concurrently.

The court, in that case, heard that Yeo had acquired \$6 million of Australian property while allegedly playing a central role in the illicit movement of S\$23.9 million (\$22.6million) of 1MDB funds when employed as a wealth manager at BSI Bank Singapore.⁵⁸

Yeo Jiawei's foray into Australian property began with a \$1.3 million oceanfront apartment in Surfers Paradise, which he bought in 2014 direct from a collapsed developer.⁵⁹

The Guardian Australia reported that Yeo is a director of a Seychelles-registered company that then paid a further \$6.9 million for commercial properties in Broadbeach, a year later.⁶⁰

The Guardian reported that the Australian Federal Police were examining whether money illegally taken from Malaysia's 1MDB state development fund has shifted into Australia.⁶¹

In September 2015, a Seychelles-registered company called Connect Capital Global Investments Limited registered with the Australian Securities and Investments Commission as a foreign company. The company lodged documents showing its local agent is Australian Taxation Accountants in Surfers Paradise, which provides its registered office.⁶²

⁵³ Bruno Manser Fund, 'Rain forest robbery. How Sarawak's Chief Minister became a billionaire. Tong tara', March 2011, 4. See also Luke Hunt, 'Taib Madmud's Really Excellent Retirement', *The Diplomat*, 7 March 2014, <http://thediplomat.com/2014/03/taib-mahmuds-really-excellent-retirement/>

⁵⁴ Joseph Sipdan, 'Taib as TYT would be as powerful as Dr M, says Rafizi', Malaymail online, 25 February 2014, <http://www.themalaymailonline.com/print/malaysia/taib-as-tyt-would-be-as-powerful-as-dr-m-says-rafizi>

⁵⁵ Joshua Robertson, 'Banker caught up in Malaysian 1MDB scandal went on \$8.2m Gold Coast property splurge', *The Guardian*, 13 January 2017, <https://www.theguardian.com/australia-news/2017/jan/13/banker-caught-up-in-malaysian-1mdb-scandal-went-on-82m-gold-coast-property-splurge>

⁵⁶ Ibid.

⁵⁷ Grace Leong, '1MDB probe: Former BSI banker Yeo Jiawei gets 54 months' jail for money laundering, cheating', *The Straits Times*, 12 July 2017, <https://www.straitstimes.com/business/banking/1mdb-probe-former-bsi-banker-yeo-jiawei-found-guilty-of-money-laundering-cheating>

⁵⁸ Joshua Robertson, 'Banker caught up in Malaysian 1MDB scandal went on \$8.2m Gold Coast property splurge', *The Guardian*, 13 January 2017, <https://www.theguardian.com/australia-news/2017/jan/13/banker-caught-up-in-malaysian-1mdb-scandal-went-on-82m-gold-coast-property-splurge>

⁵⁹ Ibid.

⁶⁰ Ibid.

⁶¹ Ibid.

⁶² Yeo was a director of Connect Capital Global Investments Limited. Ibid.

The next month Connect Capital paid \$2.4 million for four retail premises in the ground floor of a building in Broadbeach.⁶³

In December 2015 the company paid almost \$3.4 million for a further two retail premises nearby in Broadbeach, rented. Four days later, Connect Capital paid just over \$1 million for a neighbouring shopfront in the same building.⁶⁴

The Guardian reported that a spokeswoman for Australian Taxation Accountants said the company had no idea of Yeo's legal travails. The spokeswoman said it was a "shock" to hear of his conviction and further charges.⁶⁵

The Guardian reported that the Australian Federal Police had not been in contact with Australian Taxation Accountants in relation to any of the properties owned by Connect Capital, according to a spokeswoman for the accountancy firm.⁶⁶

The Guardian reported that Yeo's \$1.3 million apartment purchase in 2014 was directly from the developer, Juniper Group, which had fallen into receivership in 2012. Developers of large projects routinely obtain "exemption certificates" to allow them to market off-the-plan apartments to overseas buyers.⁶⁷

Yeo's conviction in Singapore related to attempts to conceal his ties to Malaysian businessman Jho Low and hide his wealth, which grew by \$23.9 million over just 15 months while he was a wealth manager at BSI.⁶⁸

Yeo denied wrongdoing throughout his trial, including the prosecutor's claim that he received "secret profits" from a 1MDB money-laundering scam.⁶⁹

Taib family

In 2015 the Bruno Manser Fonds issued a report alleging that the Taib family from Malaysia had been able to launder millions of dollars into Australia through the purchase of the Hilton Hotel in Adelaide.⁷⁰ Abdul Taib Mahmud was Chief Minister of Sarawak from March 1981 to February 2014. Abdul Taib Mahmud had been the subject of significant allegations of corruption and human rights abuses.⁷¹

⁶³ Ibid.

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Ibid.

⁷⁰ Bruno Manser Fonds, 'The Adelaide Hilton Case. How a Malaysian politician's family laundered \$30 million in South Australia' September 2015.

⁷¹ Luke Hunt, 'Taib Mahmud's Really Excellent Retirement', *The Diplomat*, 7 March 2014, <https://thediplomat.com/2014/03/taib-mahmuds-really-excellent-retirement/>; Global Witness, 'Inside Malaysia's Shadow State', 19 March 2013, <https://www.globalwitness.org/en/campaigns/forests/inside-malaysias-shadow-state/>; and Global Witness, 'Japanese companies buying tropical timber linked to illegal logging, human rights abuses, and rainforest destruction in Malaysia' 9 September 2013, <https://www.globalwitness.org/en/campaigns/forests/inside-malaysias-shadow-state/>

Dr Mark Zirnsak
Senior Social Justice Advocate
Synod of Victoria and Tasmania
Uniting Church in Australia
Phone: (03) 9340 8807
E-mail: mark.zirnsak@victas.uca.org.au