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Dear Ms Beverley

INQUIRY INTO THE CAPABILITY OF LAW ENFORCEMENT TO RESPOND TO MONEY LAUNDERING AND FINANCIAL CRIME.

Thank you for the opportunity for the Western Australia Police Force to make submission to the Parliamentary Joint Committee on Law Enforcement.

- a) The scale and forms of money laundering and financial crime in Australia, including their effect on the community and the economy, the types of criminal activities they fund, the methods employed by serious and organised crime, and emerging trends and threats.**

The WA Police Force has identified several trends including:

1. *Money Laundering Organisations:* These organisations act for persons and syndicates involved in criminal enterprises by transacting the movement of money and property for receipt of commission.
2. *Professional Enablers:* *Skilled professionals* in obfuscation techniques aid others laundering money to avoid detection.
3. *Complex Financial Structures:* These structures blend legitimate and illegitimate funds to be blended creating significant obstacles to detection.
4. *Evolving Money Laundering Typologies and Methodologies:* Recent Western Australia Police Force investigations have revealed various methodologies, such as:
 - a. Laundering of cash through the Labour Hire, Construction, and Market Gardening Sectors: This method, involving unregistered remitters poses a significant threat to the national economy through a criminal framework which is promoting tax evasion and facilitating the laundering of illicit cash.

In a joint partnership between the WA Police Force Taskforce Mercury, Australian Taxation Office and RevenueWA, it was identified a specialist workforce of approximately 800 skilled workers were paid in cash, which resulted in a conservative tax revenue loss of between \$25 to \$32 million per annum derived from a methodology capable of laundering approx. \$100 million cash per annum.

- b. *Bulk Cash Movements to the Eastern States:* Criminal networks continue to use well-established methodologies to provide and move bulk cash to the Eastern States, where it is laundered. Examples include;
 - i. Two New South Wales residents were charged with Western Australia property laundering offences after the seizure of \$2,087,325 cash destined for the Eastern States.
 - ii. A Western Australia resident was charged with property laundering relating to the seizure of \$1.8 million cash on route to Victoria. Evidence gathered identified the likely recipient of the cash was a Melbourne resident who had applied for a remittance registration pursuant to Division 3 of the Anti-Money Laundering Counter Terrorism Financing (AML/CTF) legislation.
 - iii. A WA Police Force investigation identified cash being moved interstate through an underground remittance network using encrypted communication platforms to advertise cash collections on 'group chats'.
- c. *Online Gambling Platforms:* An emerging methodology in Western Australia involves the use of a newly termed phrase – micro-laundering - through unregistered online gambling platforms. The methodology relies upon the use of 'mule accounts' sold to money laundering facilitators by international students and residents on bridging visas to earn money.
- d. *Trade Based Laundering:* As noted the purchase of luxury goods with illicit cash and their subsequent trade (largely off shore) is a continuing methodology observed in Western Australia. Another targeted police operation identified illicit cash suspected to be from prostitution in Western Australia, was laundered through the purchase of an estimated \$4.2 million worth of luxury watches. The cash was then sent off shore through mail services.
- e. *Smurfing:* The depositing of large amounts of cash into ATMs in Western Australia to launder cash was a significant methodology employed by organised crime networks operating in Western Australia up until 2022. As a direct result of the WA Police Force investigations, financial institutions changed their processes, reducing the amount of cash that could be deposited. This process change resulted in the method becoming almost redundant.

b) Australian AML/CTF legislation as well as comparison with other jurisdictions and the international standards set by the Financial Action Task Force.

The current AML/CTF regime, through the Australian Transaction Reports and Analysis Centre, provides significant intelligence for the WA Police Force to disrupt and prosecute money laundering offenders.

c) Proposed ‘tranche two’ reforms to extend the existing AML/CTF legislation to services provided by lawyers, accountants, trust and company service providers, real estate agents and dealers in precious metals and stones and implications for law enforcement.

In January 2024, the WA Police Force contributed two de-sourced case studies to the Australian Transnational, Serious and Organised Crime Committee detailing evidence relevant to the ‘tranche two’ reforms. These case studies provided evidence of the involvement of lawyers, accountants, trust and company service providers, real estate agents, and dealers in precious metals and stones as facilitators/enablers of property and money laundering in Western Australia.

d) Whether existing criminal offences and law enforcement powers and capabilities are appropriate to counter money laundering, including challenges and opportunities for law enforcement, such as those relating to emerging technologies.

1. *Evolving Technology*: Rapid advancements and more complex methodologies engaged by criminal syndicates involved in criminal activities provides challenges to law enforcement staff to stay contemporary with offender methodology.
2. *‘Darknet Services’*: Increased offender ability to conduct attacks utilising vector database services such as Malware, distributed denial-of-service attacks and ransomware.
3. *Layering Through Legitimate and ‘Mule Accounts’*: Investigating and prosecuting these requires significant resources.

e) The effectiveness of collaboration, coordination and information sharing between Commonwealth agencies, including law enforcement, and with authorities in other jurisdictions and the private sector.

1. *Significance of Knowledge and Experience*: The sharing of knowledge and experience of current trends in other jurisdictions is critical for contingency planning and achievement of mutual goals.
2. *Interagency Activity*: Facilitates joint operations and intelligence sharing.
3. *Mutually Beneficial Partnerships*: The WA Police Force has developed partnerships with government and private sectors to identify methodologies and networks.
4. *Membership to Various Working Groups*: The WA Police Force is part of multiple government and private sector working groups and taskforces, including (but not limited to) the Phoenix Taskforce, Fintel Alliance, Kubera Taskforce and the Australia Law Enforcement Money Laundering Working Group.

f) The role and response of business and other private sector organisations, including their level of awareness, assistance to law enforcement, and initiatives to counter crime.

1. *Education and Informing Strategies*: Community engagement and media campaigns on prevention strategies and reporting lines.
2. *Intelligence Sharing*: The WA Police Force and banking institutions share intelligence under the Fintel Alliance protocols. The WA Police Force Representative recently briefed banks at banking sector *Intelligence Interbank*, strengthening these partnerships.

g) The operation of unexplained wealth and assets recovery legislation, the Criminal Assets Confiscation Taskforce and the Confiscated Assets Account.

The WA Police Force focuses on crime use, crime derived, and drug trafficker asset seizure pursuant to powers under the *Criminal Property Confiscation Act 2000*. An enduring partnership with the Western Australia Corruption and Crime Commission provides an avenue to refer unexplained wealth cases.

h) Any related matter

Nil.

Yours sincerely

KYLIE WHITELEY APM
DEPUTY COMMISSIONER

8 August 2024