



AUSTRALIAN  
CRIMINAL  
INTELLIGENCE  
COMMISSION

# SUBMISSION

## Legal and Constitutional Affairs Committee inquiry into Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 [Provisions]

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### INTRODUCTION

The Australian Criminal Intelligence Commission (ACIC) welcomes the opportunity to provide a submission to the Inquiry into Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 [Provisions].

The ACIC's purpose is to protect Australia from serious criminal threats by collecting, assessing and disseminating intelligence and policing information. Critically, the agency supports whole of government decision-making and posture across operational practice, policy, regulatory and legislative environments. The agency is Australia's national criminal intelligence agency with a focus on the transnational serious and organised crime (SOC) threat environment and its impact on Australia.

SOC is a national security threat that impacts Australia's security and stability. Criminal networks targeting Australia are increasingly transnational and do not respect state or national borders. They are highly agile, well-funded and adopt new technology at pace to advance their criminal enterprises.

The **ACIC is supportive of the Australian Government's proposed reforms to Australia's AML/CTF regime (Tranche 2)**, which will expand the regime to include certain high-risk services provided by lawyers, accountants, trust and company service providers, real estate professionals and dealers in precious metals and stones. The ACIC notes these reforms seek to improve visibility of, and capability to, counter professional facilitators enabling money laundering.

### Money laundering impacting Australia

The ACIC assess that the intent and capability of SOC groups to launder proceeds of crime will continue to pose a **very high threat** to Australia into the foreseeable future.

Measuring the scale of money laundering in Australia is challenging due to its hidden nature. The Australian Institute of Criminology's (AIC) 2024 [Impacts of money laundering and terrorism financing: Final report](#) found that identified measures of the true global or national scale of

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money laundering remain elusive. However, the AIC found that money laundering can increase crime levels, impact the profitability and reputation of the financial sector, lead to artificial increases in prices, harm the economy, negatively affect the public sector, and be used to help finance terrorism and further criminal ventures.

While acknowledging the true scale and impact of money laundering is difficult to quantify, estimates of the cost of SOC to Australia and value of illicit drugs consumed provide some indicators:

- SOC is estimated to have cost Australia up to \$60.1 billion in 2020-21, including up to \$43.7 billion in direct costs and up to \$16.4 billion in prevention and response costs.
- The ACIC estimated the street value of the four major illicit drugs consumed in Australia for 2023 was \$12.4 billion and, therefore, associated illicit proceeds laundered were likely to be in the billions of dollars.
- Money laundering is a criminal enterprise in and of itself with illicit wealth generated through payment of commissions to professional money laundering organisations (MLOs) to move criminal proceeds around the world. The AIC estimated SOC groups paid up to \$829.6 million in commissions in 2020-21, highlighting the significant profits that can be generated from the business of money laundering.

ACIC intelligence identifies SOC groups using established money laundering channels to store and move proceeds of crime, as well as professional facilitators (such as lawyers, accountants and real estate agents) to obfuscate illicit wealth.

The strategic operating context is evolving. Economic shifts, jurisdictions of risk and the rapid development of technology continue to shape the Australian money laundering environment, posing significant challenges for intelligence, law enforcement and regulatory agencies.

### Money laundering is a critical enabler of SOC business models

Professional money laundering organisations launder funds for a broad range of SOC activities and groups, allowing them to convert proceeds of crime into useable funds, property and other assets. In doing so, SOC access their financial benefit from illicit activity.

Money laundering is not a victimless crime – it has real world impacts. Criminals seek to take advantage of businesses and professionals to launder money which enables them to increase their profits through reinvestments and fund further criminal activity including, but not limited to: drug trafficking, cybercrime, victim-based crime, such as human trafficking, and corruption. SOC use of professional facilitators enhances its ability to launder money and concurrently undermines Australia's judicial processes, economy and safety.

Professional facilitator involvement with SOC exists on a spectrum ranging from unwitting to complicit. Expanding the scope of the AML/CTF Act can increase the personal risk to those facilitating criminality and help deter negligent professional facilitators from becoming unwitting criminal facilitators. Limiting the ability for SOC groups to launder proceeds of crime and to fund their activities is a key strategy to disrupting their operations and reducing the harm they can cause.

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### Case studies: professionals facilitating SOC activities

The ACIC offers the following case studies relating to the legal and real estate professions to demonstrate the importance of regulating certain high-risk services as proposed by the Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 [Provisions].

Further, AIC research<sup>1</sup> shows that the real estate sector is especially vulnerable to exploitation and a target of SOC groups. The AIC notes that SOC groups laundering via the real estate sector launder more money than groups targeting the gambling, financial or any other sector. Other AIC research<sup>2</sup> has shown that SOC groups involved in trafficking multiple drug types—which increases their profitability and resilience to disruption—are more likely to launder money through the real estate market.

#### Case Study 1

A former lawyer representing a senior SOC figure was arrested and charged with a range of offences for their alleged conduct in aiding their client with a criminal venture.

The SOC figure allegedly used their confidential legal contact calls to their lawyer to direct their criminal syndicate to supply a commercial quantity of illicit drugs. It is alleged they used coded messages to communicate with outside associates listening in to the calls with the knowledge of the lawyer.

#### Case Study 2

A criminal lawyer who has been the subject of numerous corruption and money laundering allegations has provided legal services and likely facilitated criminal activity for SOC groups.

ACIC intelligence suggests this lawyer has likely used an inappropriate relationship with a police officer to access sensitive police information, including advance information about police raids, and provided this to SOC entities for a fee.

#### Case Study 3

A lawyer who has acted as a defence solicitor for SOC actors has received large and structured cash deposits amounting to hundreds of thousands of dollars into their legal practice trust account without submitting any required reports to the Australian Transactions Reports and Analysis Centre (AUSTRAC).

ACIC intelligence indicates this lawyer has also produced false invoices, provided sensitive information about law enforcement to their SOC clients, and misrepresented themselves to law enforcement to enquire about investigations.

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<sup>1</sup> [Money laundering and the harm from organised crime: Results from a data linkage study](#)

<sup>2</sup> [Enablers of illicit drug trafficking by organised crime groups](#)

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### Case Study 4

Firms providing conveyancing and property sales services to foreign buyers purchasing Australian real estate can be exploited by serious and organised crime entities. In one case, organised criminals made reoccurring cash deposits into a law firm's accounts to commingle it with legitimate money before purchasing property.

### Case Study 5

A real estate agent was identified as having familial links to a target involved in drug importations. Intelligence revealed the individual used the business accounts and transactions, as well as property purchases, to launder money and that the real estate agency owner was aware and complicit in this activity.

## Importance and benefits of AML/CTF reform

Strong regulations create a deterrent for negligent behaviour, for both complicit and unwitting professionals, and assist to harden the environment to criminal exploitation. The proposed reforms will improve the ACIC's capacity to combat SOC groups' use of professional facilitators to carry out money laundering.

The proposed reforms will improve the intelligence base available to:

- identify professional facilitators within the newly AML/CTF regulated industries
- identify money laundering activity of SOC groups exploiting these industries to launder funds
- understand the methodologies of SOC groups laundering through the newly AML/CTF regulated industries
- provide insights to Government and partner agencies in relation to the exploitation of these industries by SOC
- target intelligence collection to provide partner agencies with disruption opportunities against SOC money laundering offending.

The similar requirements imposed under the *AML/CTF Act 2006* upon banks, remittance agencies and other designated services have provided insight into SOC money laundering. Regulation of Tranche 2 cohort could similarly assist in the identification of professional facilitators in those industries to further the ACIC's ongoing work to understand and counter SOC use of money laundering to support their criminal enterprises.