

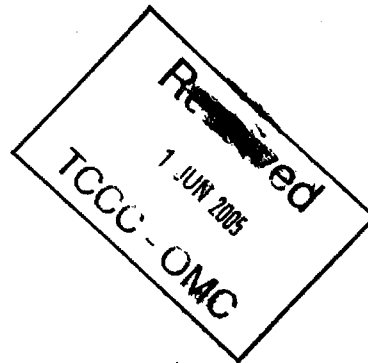


Australian Government
Australian Customs Service

Customs House
Australian Customs Service
Internal Affairs Unit
5 Constitution Avenue
Canberra City ACT 2601

1 June 2005

Federal Agent Fiona DRENNAN
Australian Federal Police
Transnational Crime Coordination Centre
Operations Monitoring Centre
2nd floor Drakeford Building
78 Northbourne Avenue
Canberra City ACT 2601



Dear Fiona,

Referral to the AFP under the Fraud Control Guidelines – Alleged leak of information

On 31 May 2005 an article titled 'Airport staff smuggling drugs' by journalists Martin CHULOV and Jonathan PORTER appeared in The Australian newspaper and referred to information from a Customs report.

Subsequent inquiries by Customs identified the report in question as possibly being a report that Customs Officer Caterina MAGNI, a supervisor at Air Border Security at Sydney Airport, had initiated in October 2003. The report was titled 'Sydney Airport Air Border Security Risk Analysis 2003' and was security classified as 'Highly Protected'. The report was not a formally commissioned document, but an initiative by MAGNI and her staff. The report identified and detailed serious security breaches and illegal activity by Sydney Airport employees.

As far as we can ascertain the report in question was not widely distributed throughout Customs, however, it was distributed to a number of individuals and was also reviewed by our Intelligence Branch. I am currently attempting to establish a distribution list for that report.

The journalists in their article mentioned that they had received a copy of the report and had also been receiving information from a Customs source.

A chronology of events leading up to the publication of the article in The Australian on 31 May 2005 is as follows:

- In February 2003 Customs Officers Caterina MAGNI and Allan KESSING of Air Border security at Sydney Airport (formally known as Tarmac) initiated and produced a report titled 'Threat Assessment of Airport Security Screening Personnel'. The report identified and discussed a number of threats posed by Sydney Night Patrol (SNP) security employees at Sydney Airport. This was not a formal Customs commissioned report, but rather a report by MAGNI and her staff on the security issues as they saw them. **(Attached at Flag 1)**
- In November 2003 Customs Officer Caterina MAGNI initiated and produced a report titled 'Sydney Airport Air Border Security Risk Analysis 2003'. The report detailed serious security breaches and illegal activity by Sydney Airport employees as seen by MAGNI and her staff. Again, this was not a formal Customs commissioned report, but rather a report by MAGNI and her staff on the threats and security risks at Sydney Airport as they saw them. **(Attached at Flag 2)**
- In January 2004 Customs Analyst Willie KWONG produced a report titled 'Airside Security Risk Assessment Sydney International Airport' following a tasking by the Director Passengers at Sydney Airport, John VALASTRO, to review the report produced by Caterina MAGNI in November 2003. **(Attached at Flag 3)**
- In July 2004 Customs Analyst Jess HEMMINGS produced a report titled 'Threat Assessment of SNP Personnel Working at Sydney International Airport' following a tasking by the Director Passengers at Sydney Airport, John VALASTRO, to review the report produced by MAGNI and KESSING in February 2003. **(Attached at Flag 4)**
- On 16 May 2005 Norm LIPSOM, a contract journalist for Australia Consolidated Press, telephoned the Customs Corporate Communications Branch in Canberra and spoke with Zoe AYLIFFE. He stated that he was writing an article on security at Sydney Airport for the 'Women's Day magazine in the wake of the CORBY case and the cocaine importation aided by baggage handlers and wanted to clarify a number of issues that he had received from a couple of sources within Customs. He refused to identify his sources, however, stated that they were current employees. He was told to forward his questions via email. **(Attached at Flag 5)**
- LIPSOM forwarded the email as requested listing the following questions:
 - Did a security group at Sydney airport called Tarmac (AKA Tango) exist?
 - What was its job?
 - Did it supply two reports, one in February 2003 and another in November 2003, warning about corrupt baggage handlers?

- Was Tarmac disbandoned (sic) after the CORBY arrest and if so, why?
 - Was there in fact video surveillance at the airport's sterile area, with a number of closed circuit cameras in hidden locations and others overtly placed?
 - Is there any security concern over the activities of aircraft cleaners and if so, what? **(Attached at Flag 5)**
- On 17 May 2005 AYLIFFE responded to the questions LIPSOM had asked. **(Attached at Flag 5)**
 - On 23 May 2005 an article by LIPSOM titled 'Fear of flying' appeared in the Women's Day magazine. LIPSOM mentioned in his article that he had received information from a law enforcement source who wished to remain anonymous. However, the information in the article suggests that the source had knowledge of the reports at flags 1 and 2) **(Attached at Flag 6)**
 - On 25 May 2005 Martin CHULOV, journalist for The Australian newspaper, telephoned Matt WARDELL at Customs Corporate Communications Branch and asked a number of questions about Operations Tempest and Berlap and also security at the Airport. Matt WARDELL provided a verbal response. **(Attached at Flag 7)**
 - On 31 May 2005 journalists Martin CHULOV and Jonathan PORTER published an article titled 'Airport staff smuggling drugs' in The Australian newspaper. **(Attached at Flag 8)**
 - On 31 May 2005 Simon LATIMER, Customs Corporate Communications Branch, forwarded me an email of a conversation Martin CHULOV had on talk back radio station 2GB on 31 May 2005. During the conversation CHULOV stated that his information was coming to him from two Customs sources who he had been in contact with over the last couple of weeks. **(Attached at Flag 9)**

It would appear from the circumstances that an unknown Customs Officer who had knowledge of the two reports listed at Flags 1 and 2 unlawfully provided information to Norm LIPSOM sometime between 16 an 23 May 2005. We do not believe that LIPSOM had a copy of the reports in question, however, we cannot be certain of that.

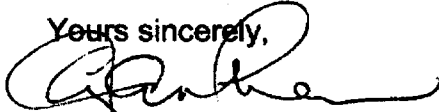
It would also appear from the circumstances that at least two Customs Officers who had knowledge of the two reports in question had unlawfully provided information to Martin CHULOV and/or Jonathan PORTER sometime between 25 and 31 May 2005. We also believe that an unknown Customs Officer had provided CHULOV with a copy of the report at flag 2; possibly one of the two Officers who had allegedly been in contact with him.

In accordance with the provisions of the Commonwealth Fraud Control Guidelines this matter has been brought to the attention of the Minister for

Justice and Customs and he has agreed that it be referred to the Australian Federal Police for investigation. **(Attached at Flag 10)** I have been informed that Federal Agent Lyn HOOD in Sydney will be handling the investigation.

I have been nominated the Customs contact for this investigation am more than happy to provide any assistance the AFP might require. I am contactable on telephone 02 6275 6322, mobile 0401145064 or email, geoff.lanham@customs.gov.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Geoff Lanham', written over the typed name below.

Geoff Lanham
Manager Internal Affairs