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Dr Jacqueline Dewar  
Committee Secretary  
Parliamentary Joint Committee on the Australian Crime Commission

Dear Dr Dewar

**Inquiry into the future impact of serious and organised crime on Australian society**

I refer to your letter dated 14 December 2006 inviting submissions to the inquiry, addressing some or all of the terms of reference.

The following response has been provided by Mr Tim Heffernan, a senior solicitor from this Office:

***'Future trends in serious crime activities, practises and methods and their impact on Australian society.'***

*In recent years fraud offending has seen an increase in what has loosely been described as 'identity theft' or 'identity fraud'. Our experience is that in most cases this is a misdescription as the offending behaviour most frequently seen involves the concoction of fictitious identities rather than the assumption of a person's identity. The prime targets for this form of offending are banks and credit providers, particularly those who conduct business electronically. With the increased availability of low document loans and credit card facilities it has become a relatively easy matter for an offender to make an application for a personal loan or credit card with a significant credit facility either over the telephone, by facsimile or online. The application can be supported by forged documents as to the applicant's employment and financial status. The credit worthiness of an applicant is frequently determined by 'credit scoring' the application at a central office of the bank concerned, and only minimal verification checks are made with respect to the supporting documentation and personal details of the applicant. Such a scenario is common and it is easy to see how banks and credit providers can be susceptible to highly organised offending of this kind. In South Australia there have been at least three large fraudulent schemes of this kind in recent years. In one case the scheme was coordinated by interstate organised criminals and involved multiple levels of co offenders coaching loan applicants, providing forged documents, setting up fictitious employers and verifying applicant's 'employment' details when telephoned by the bank. In all three cases the offenders were able to offend for a prolonged period of time without detection.*

*There are any number of variations of this offending limited only by the imagination of the offenders and the credulity of the potential victims. In most cases the relative anonymity afforded by electronic banking and communications is used to advantage by the offenders. This type of offending can be difficult to prove and is investigated and prosecuted at great expense to the community. In our view the trend for this offending is likely to continue. A real question of policy is raised for prosecutors and police as to the extent to which scarce public resources can be devoted to any but the most serious cases of this type of offending, when frequently the victim bank's own risk management decisions have contributed to their vulnerability in these matters. If a bank is on notice that it is vulnerable to such offending because of less than perfect internal procedures associated with increasingly fast and easy access to loans and credit, it may be that the public interest in investigating such offences is lessened if they do not make efforts to reduce their own exposure to the risk of offending.'*

Thank you for the opportunity to provide submissions to the inquiry.

Yours sincerely



**Stephen Pallaras QC**

Director of Public Prosecutions