

# **Crime Interrupted**

## **An AFP and Casefile Presents podcast.**

### **Episode 4, Operation Beaufighter**

#### **Host – introduction**

The Australian Federal Police is Australia's national policing agency. Its aim? To protect Australians and Australia's way of life. The AFP works with Australian and international partners to combat cybercrime, online child sexual exploitation, transnational serious organised crime, fraud and corruption, and terrorism, espionage and foreign interference.

Recognising that money is the lifeblood of organised crime, AFP members target illegally obtained wealth. This includes tax fraud and money laundering.

Between July 2022 and June 2024, the AFP-led Criminal Assets Confiscation Taskforce or CACT, restrained over \$500 million in criminal assets, and AFP criminal investigation teams arrested 97 people for money laundering offences.

These are the real stories of the AFP.

Everyday people, doing legendary work.

Before we start, a word of warning that this episode discusses themes of suicide. Listener discretion is advised.

#### **Host**

Operation Beaufighter was a joint investigation by the Australian Federal Police and the Australian Taxation Office into Australia's largest tax fraud. Two businessmen set up a complex scheme to defraud the Australian taxpayer of over \$300 million.

Ben Wills-Johnson is a federal agent with the AFP, currently an acting team leader investigating foreign bribery and corruption. When Operation Beaufighter landed on his desk, it came from the Australian Taxation Office.

#### **Ben Wills-Johnson**

The offending itself had stopped by the time it was referred to us, but the ATO had done a lot of work in piecing together what had happened from a tax perspective, and in that they were relying obviously on all of the documentation that the players involved had lodged with that agency. The ATO was able to give us their case theory as to what they believe had happened and how it had happened. And it was then up to us to use our powers and resources to investigate the matter ourselves independently and determine what had happened from a criminal perspective. In all of these matters, the role of the AFP is to investigate what happened. And the role of the ATO is to provide a statement that sets out what effect that activity had on the tax base of Australia, essentially.

#### **Host**

Rosanna Celona is a Senior Forensic Accountant with the Australian Federal Police. With a job like Operation Beaupighter, someone with her skills is essential to its success.

### **Rosanna Celona**

It's one of those occasions where they required a forensic accountant to start looking at the money flow in the job and what was involved. And usually when that occurs, they'll request assistance and basically get tap on the shoulder and say, 'You're it, Rosanna.'

### **Host**

While the unusual financial activities of the offenders in Operation Beaupighter had already come to the attention of investigators, the case gathered momentum when the brother of an offender who we're going to call the Deal Broker, contacted the AFP with a strange tale of special deals and shelf companies moving money around the world. The company was run by his brother and another man who we are going to call the Trusted Elder because he presented as an elder statesman in business, and with that perception of him, came trust.

### **Rosanna Celona**

At that particular point in time, the brother had provided some banking documentation, so we could in fact start looking at the tracing quite early on and, in essence, also verify any truth that we could what the brother was alleging.

### **Host**

Ben flew to Hong Kong to meet with the brother.

### **Ben Wills-Johnson**

So, as luck would have it, when the money needed to come back when the Deal Broker and the Trusted Elder needed to buy their apartments, their boats, their cigars their many, many, many cars, the Deal Broker would contact his brother, send the brother an email with a coded message on it, which, when decoded, would tell him how much money he wanted to be brought back to Australia by telegraphic transfer and where that money was meant to go. Thankfully he printed the email off. He decoded the email. He wrote the result on the email, took it to the bank, requested the transfer, took the receipt of the transfer, stapled it to the email, and then filed it. This worked well for over a year, and the Deal Broker and the Trusted Elder essentially collected 60 million worth of assets in the fraud and the money laundering scheme. After, after a while, however, the brother started to become disgruntled. He was looking at the, the sheer amount of money and became concerned that his name was all over it and the Deal Broker's name was, was nowhere on this money. And he became legitimately concerned that if this was criminal proceeds, it would be him that would be in the sights of law enforcement. So he came forward and said, 'I'm concerned. I don't know what's going on. I want to talk to someone about this.' So that someone was me. I travelled over to Hong Kong a couple of times. I met with him. I engaged with him as a witness. He provided to me several boxes of these emails and telegraphic transfer receipts. And I spent a week in Hong Kong sitting on my bed in the hotel room putting it all together, and found that I was able to trace pretty much every cent that had started in Neumedix's Health's bank account in Australia and ended up back in Australia as shopping centres, Rolls Royces, powerboats, cigars and houses.

### **Host**

Neumedix, was a medical technologies company owned by the Deal Broker and Trusted Elder.

What the brother was alleging was that millions of dollars were being moved through bank accounts around the world and it came from a source that he felt the AFP and the ATO would be very interested in. What makes Operation Beaupighter intriguing was that the crime was committed by two men who had held trusted positions in the business world, positions that had already made them a lot of money, but they chose to commit fraud on a huge scale.

**Ben Wills-Johnson**

Prior to the offending that was referred to us, the Deal Broker had had a long history in the consulting and banking environment within Australia, predominantly New South Wales. And he had come up with a scheme that he had pitched to clients of consulting firms that he worked for. And then on seeing how lucrative that those schemes were for the clients, took the decision to basically go into business himself and become what we would describe as a facilitator of tax evasion through the process of being a promoter of tax evasion schemes. So he had taken that step to move away from the consulting world and to go into business for himself.

**Host**

The large-scale fraud and tax evasion began with a simple idea.

**Ben Wills-Johnson**

The Deal Broker approached one of the big four banks and pitched a scheme to them that would allow the bank to make a large profit in fees and interest, and would allow a customer of the bank to improve their cash flow. So the Deal Broker would go to the bank and say, 'Do you have a client who has a low cash flow, but some valuable assets?' And most banks do. So the bank would say, 'Yes, we have this major manufacturer based in New South Wales who is experiencing those difficulties.' The Deal Broker then agrees to establish a partnership with a subsidiary of the bank. That partnership borrows money directly from the bank. In this case, it's 200 million dollars. The partnership then purchases the factory from the manufacturer, allowing the manufacturer to have 200 million dollars directly in cash flow to alleviate the issues that they're having. Now the manufacturer still needs to have use of the factory they've just sold, so they lease the factory back from the partnership – which is commonly referred to as a sale and lease back agreement. They're very, very common in corporate Australia and all over the world. Perfectly legitimate way of doing business.

**Host**

And that's the thing about this case. Some of the components were legitimate... until they weren't. When the corporation set up by the Deal Broker purchased the 200-million-dollar factory, the lease-back arrangement serviced the loan, but there was a tax liability that the Deal Broker agreed to take on.

**Ben Wills-Johnson**

The partnership who now owns the factory, receives the leasing fees from the manufacturer and uses those leasing fees to then repay the principal and interest loan that they've received from the bank. So, so far nothing particularly complex or problematic. The partnership is invested in a factory and is receiving income in the form of leasing fees. The complication that the Deal Broker introduces to this scenario is the one that's required to take advantage of the tax laws as they existed at the time. He established a unit trust. And the units of the trust are split between the bank's subsidiary and Neumedix, which is owned by the Deal Broker and the Trusted Elder.

**Host**

The Trusted Elder was a man who had a long-established career in business which meant his name added a further level of trust to the deal. He had a convincing level of wealth and respectability. There was nothing to suggest their company, Neumedix, was anything but legitimate.

**Ben Wills-Johnson**

The splitting up of the units meant that the bank subsidiary was entitled to all of the profits of the partnership and Neumedix was entitled to all of the tax obligations of the partnership. Which meant that Neumedix agreed to pay all the tax for the partnership and the bank's subsidiary agreed to take all of the profits. The effect of that was the partnership itself didn't have to pay any tax on the income it was receiving through the leasing payments. So, it was effectively tax-free income for the bank subsidiary. Now, a great portion of that obviously had to go back to repaying the loan and interest. But effectively, if you remove a tax obligation from any company, you're increasing their profit by 30 percent; straight away, that's the actual effect of evading taxes. And you increase your profit by 30 percent because that's the corporation tax rate. Now none of that is fraudulent. All of that is allowed under Australian tax law.

**Host**

But here's where things begin to get murky. With everyone profiting from the loan of 200 million dollars – the bank, the company that sold the factory, and the tax-free subsidiary paying off the loan – the onus was on Neumedix to pay the taxes. Or in this case, avoid them. Any close look at Neumedix would ring alarm bells.

**Ben Wills-Johnson**

Where the fraud comes into it is the way that Neumedix dealt with the tax obligations it was now required to pay. So, on paper, Neumedix had a bill to the ATO each year of 30 percent of the income the partnership was receiving. So Neumedix needs to find a way for any of this to be profitable, they need to lower their tax obligations. Neumedix itself was what we would call a medical technologies company. It had its websites, it had an office, it had employees – not many of them – but to all intents and purposes it was constructed to look like a going concern. They had a fellow who identified himself as a professor. He wasn't. He admitted to me that his degree was from the internet, and his one qualification was in TAFE qualification from the 1960s, I think. So, Neumedix itself purported to have a medicine that could cure amongst other things, cancer, HIV, dengue fever and a range of other maladies. And this was an invention made by the professor, and it consisted essentially of tea-tree oil that had been extracted and aerosoled and also, he turned it into a skin cream that he said could cure all sorts of things. Really difficult claims to back up. And I guess you wouldn't attempt to do this unless you had some way of convincing everyone that this invention was legit. And this is why we have the Trusted Elder at the head of the company. So the Trusted Elder had been around for a long time. He was a property developer. In fact, owned a lot of property around Queensland, the Gold Coast in particular. He always dressed in immaculate suits, and he drove around in a Rolls Royce. So, through the appearance and trappings of wealth, and his longevity in business in Queensland, he was used as the face of Neumedix. And without him and without the Deal Broker who himself was trusted within the finance industry and consulting world, none of this would have been able to take place, is my opinion.

**Host**

So how did Neumedix try and lower their tax obligation from the 200-million-dollar purchase of the factory and the subsequent leasing agreement?

**Ben Wills-Johnson**

If we get back to the tax obligations that Neumedix had, they needed to lower those. So the scheme that was created by the Deal Broker was this. They advertised on the internet; they were looking for inventors, preferably doctors, who had an invention that they wanted to further fund so that they could develop, manufacture and distribute whatever it is that they had created. Not surprisingly Neumedix got a lot of responses from various doctors and professors and tinkerers from around the world. And they settled on inventions that they decided to invest in. There was a genetic test for colon cancer developed by a British doctor. There was a cancer vaccine that was being developed by an Australian doctor. There was a surgical clip that was being developed by a New Zealand engineer, I guess you would call him. He wasn't a doctor. He had no medical training at all, but he had invented a plastic clip that he said could be clipped onto the spine of a human and alleviates spinal injuries.

**Host**

The Deal Broker and the Trusted Elder offered these three men around a million dollars each to further develop their ideas.

**Ben Wills-Johnson**

None of the products were even close to even being proof of concept; they were simply ideas that the doctors had had that were they're trying to develop further. In return for the money Neumedix got the rights to market the finished products across various regions in the world, and the inventors themselves, they weren't going to profit enormously from their own inventions after taking Neumedix's money.

**Host**

It was here the complex money trail began because the inventors weren't actually paid by Neumedix, but rather another company called Athena Health, which was set up in the Cayman Islands, a well-known tax haven.

**Ben Wills-Johnson**

On paper the money flowed not from Neumedix Australia, but a company called Athena Health registered in the Cayman Islands. On all of the contracts that the inventors signed, they were assigning the rights to their intellectual property over to Athena Health, Cayman Islands. Athena Health, Cayman Islands was a shell company, didn't really exist other than on paper, and was constructed in such a way that investigators such as myself find it very difficult to discover who is the actual legal owner of the company. So, if you think of Athena Health simply as an empty shell whose only purpose is to obfuscate the link between Neumedix and the inventors. So on paper, the inventors sell the rights to their inventions to Athena Health. Athena Health pays them the million dollars, and the inventors get on and continue to develop their ideas.

**Host**

So for the cost of around three million dollars, Neumedix and Athena Health purchased the intellectual property of three medical inventors. The next step was to get a false valuation on these inventions.

**Ben Wills-Johnson**

Athena Health then employs a company called Karkalla based in Hong Kong to provide them with a estimate as to what these inventions might be worth on the open market. Karkalla is again another shell company, doesn't exist, had a website but didn't exist physically at any stage. Karkalla presented itself as a medical IP valuation firm, but in fact it was run by the Deal Broker and the Trusted Elder. They put together valuations. And they essentially plucked figures out of the air. For the cancer vaccine, they imagined, okay, well, a vaccine that stops the entire world from getting cancer would probably be worth a few billion dollars. They put that on paper, put in a few graphs, a few pie charts, a few rows of figures, and told Athena Health, Cayman Islands that the invention they had purchased for 1 million was in fact worth 2 billion dollars. Athena Health then entered into an agreement with Neumedix Australia to sell the inventions to Neumedix Australia for the now inflated valuation provided by Karkalla. So Neumedix was buying the inventions for billions of dollars rather than the two to three million dollars that had actually been paid to the inventors. So on paper, Neumedix Australia owns the intellectual property rights to all of these inventions and the rights to commercialise those inventions once the doctors and inventors come up with a finished product.

**Host**

This is the point where the scheme takes advantage of tax laws in Australia.

**Ben Wills-Johnson**

To encourage research and development in Australia the ATO allows accelerated depreciation of medical intellectual property. So what that means to a normal person is if Neumedix purchases an invention for a billion dollars, it is allowed to depreciate the value of that invention down to call it half a billion dollars over the course of one or two years. As there's no income coming into Neumedix Australia, the loss in the value of the medical IP can be claimed as a loss on your tax returns, which means out of thin air, Neumedix Australia now has a loss of whatever figure that they decide to make up. And lo and behold, unsurprisingly, the figure that they made up was pretty much the same as what their tax obligations were through their partnership with the bank's subsidiary.

**Host**

And this is how the tax fraud came about.

**Ben Wills-Johnson**

So through the payment of three million to three doctors and inventors, Neumedix Australia magically was able to offset the tax obligations they had from the income they'd received through application of the losses on the medical IP. And that's it. That's the scam. There's nothing further than that. It requires the three innocent inventors. It requires a bank to suspend disbelief, I guess and go into partnership with a company that on paper has tax losses of billions of dollars and no income. But at the end of the day, it's simply a shuffle of paper and figures that are made up and attributed to medical technology.

**Host**



In Operation Beaufighther, the offenders were paid a lot of money by the bank through which the deal was done.

### **Ben Wills-Johnson**

Now, in return for all of this chicanery, Neumedix Australia, obviously, within the terms of the contract and the partnership was able to collect a fee and to put it simply, the fee over the course of the life of these arrangements was about 60 million dollars. So through all of this process, the end result was Neumedix Australia was owed 60 million dollars by the bank. The bank paid of course, and that's where the tax fraud morphs into a money laundering scheme. Neumedix Australia could have just taken the money into their bank accounts, claimed it as fees from their business, paid tax on it and then they wouldn't have had to engage in the money laundering scam. But they didn't want to do that. They wanted to keep all the money for themselves. So, they sent the money offshore, it travelled around the world, got itself clean, came back into the bank accounts of the Deal Broker and the Trusted Elder for the purchase of luxury goods and assets.

### **Host**

From the moment the case had come to the AFP, it was Rosanna Celona's job to trace the movement of the money. Copies of the documents handed over by the Deal Broker's brother were passed on to her.

### **Rosanna Celona**

Well, I like to start from a point, you know, and sometimes in relation to what we obtained from the brother was really only the money that was landing in Hong Kong because there were the bank accounts which he controlled. So that was really the third or fourth step in the money trace. But that was the starting point, so you would look at that and that's one side because we had the bank accounts. Then you look into the other Australian bank accounts. And then we will start requesting those documents from the banks and having a look at that. And we've got a system in Australia called the AUSTRAC. They collect a lot of data in the AML regime that we have in place in Australia and there's equivalent around the world. So, I was able then also to conduct further searches and identify the banks that were in the UK, and then once we got the UK bank accounts, we can see that money then going to the Hong Kong bank accounts. And then on forwarded. That was the early days. Then it added further jurisdictions as the time went past.

### **Host**

To a forensic accountant, the very movement of the money from the UK to Hong Kong to Dubai was in itself suspicious.

### **Rosanna Celona**

The total amount was somewhere in the vicinity of 63 odd million. But what was really evident in this is that they have documentation as to explaining why they're moving money to a bank account in UK. And that was basically, that's the finance company. That's a finance company that is lending us the money to buy these IPs. And so what you expect to see is, when you see the money payments, so the, you might have the documentation for an explanation, but there was no finance in fact in place. And in its totality, it then gets moved to the Hong Kong bank account. So there was no what you expect the finance company to do, there was no other sources of money coming in there. There was only this one source of funds coming in. So, you

know, finance company just wouldn't have the one client. You expect to see other clients' money going in there. And also an array of different type of company bank accounts in the same name. So while they set up all this appearance of explaining the money movement, doing that tracing and following that money tells you a different story, and that's what we're after. We want to see is there truth there? And if the financial tracing will confirm that.

### **Host**

While Rosanna studied the movement of the money, she discovered a new transaction in the Isle of Mann, another well-known tax haven.

### **Rosanna Celona**

For me that particular moment occurs when you find something out from the tracing that no one else has actually picked up in the investigation and that's a real, *wow, I've done my job* because you've uncovered something. And in this case, it was uncovering money that went to Isle of Man, and that was the tracing. Why did it go there? Who is that person and how does that person fit in to this whole scheme that's been put in place? And it had a few light bulb moments for other people around when they saw it because that came in after we first started it. So, we're still doing the tracing and we haven't got the bank accounts from Dubai yet. So, and this money went from Dubai across. So, we hadn't identified that link at that point in time. So they've already gone in, they've got it all planned out, who they're arresting and who's involved. And then you had this little person on the side, which just finished the picture, really, on the money side of it.

### **Host**

Ian Durrand is a senior constable with the AFP. Operation Beaufighter was his introduction to Ben's unit.

### **Ian Durrand**

Within my first week, Ben explained to myself and another new member who would also come into the team about how Beaufighter worked. He had a whiteboard and he drew a number of symbols and words and arrows, and as he was explaining it to myself and this other member, our mouths, I think they were actually open in shock that such nonsense could exist.

### **Host**

For Ian, the case hit a nerve; the two offenders were successful businessmen but chose to use their knowledge of the system to rot it.

### **Ian Durrand**

I was infuriated that people with knowledge and access to publicly listed companies and to banks and the know-how to do so, which they generated over the course of their careers in the finance industry, how they could be allowed to just manufacture money from nothing. When you go to work every day and you look after your family and you pay your taxes, to see these people earning money hand over fist for what amounts to absolutely no benefit to anyone, is infuriating. I think at that very moment when I understood how this particular matter was working was the very moment that I decided that fraud and corporate crime were my *raison d'être* for being in the AFP.

### **Host**



Ian was tasked with investigating the third man with the bank account in the Isle of Man whose connections to the case were there, but they were harder to pinpoint.

### **Ian Durrand**

There was another gentleman who was insinuated in involvement in it as well. And he would be what we would call the numbers man. He was mainly responsible for working out the interest rates and the treatment for depreciation and all kinds of other mathematical equations and algorithms to determine how things would work and how the publicly listed company and the bank could have some comfort about the efficacy of the scheme being the sale and lease back transaction through the trust. So I was tasked by Ben with looking into any conduct and any evidence that was held as a result of search warrants executed in Queensland and New South Wales and a number of premises, including business premises and residential premises.

### **Host**

Rosanna was at one of those search warrants and found a single document that suggested a link between this associate and the scheme under investigation.

### **Rosanna Celona**

They were aware of that person's existence. They knew that he was in the picture. But they had painted him somewhat as a different role – that he was holding some assets for our Deal Broker. So even though the assets weren't in the Deal Broker's name or entities associated with him, that was the case theory. So they were aware of him, but they had got his role wrong or wasn't quite right. And basically, the reaction that the associate had when those papers were served on him and saying that, 'We believe you hold these assets on behalf of the Deal Broker,' and he was in total shock and adamant that, 'No, these are my assets!' So when you see that reaction, you go, *well, he's definitely not holding it for the Deal Broker*. And there's another story here. And the beauty was that when he had that reaction, I had already found a piece of paper at his premises that indicated that I think he holds a bank account on the Isle of Man. There was no other documentation in his premises to provide any further details at that point in time. We definitely weren't talking peanuts. It was a healthy 6.6 million dollars?

### **Host**

When Rosanna found that single piece of paper during the search warrant on the associate's house, sometimes, it's the smallest details that can be the most damning. This one was around an Australian Anti-Money Laundering or AML requirement.

### **Rosanna Celona**

Because of our AML requirements, and banks have to ask the question when you open up a bank account, what is the source of the funds? And in handwritten notes, to answer that question, the associate had put there the sale of IP, intellectual property. And so, well, we got that connection, and we got the connection of the whole scheme's about was all about intellectual property and the purchase of this intellectual property, which didn't in fact exist. And here he is, putting that the source of money was the sale of intellectual property. And then we just have to go, 'Okay, we've got the bank account. Let's go and see how that money got in there.' And we're able to backtrack. We went and paid a visit to his accountant, which told the story.

### **Host**

Operation Beaufighter always had two sides – the criminal and the civil. When the man associated with the two offenders was found to have 6.6 million dollars in his bank account in the Isle of Man, traced back to the fraud and money laundering case, there wasn't enough evidence of his involvement to warrant criminal charges, but the civil side was another matter. But the finding also had a ramification for Rosanna's work on the case. Initially, she was involved in gathering evidence for the criminal charges.

### **Rosanna Celona**

I honestly believe if I wasn't at that warrant executed at the associate premises, we never would have uncovered that 6.6 million dollars. That was that exciting moment when we got back, and I remember going into Pennie's office and saying, 'I think there's 6.6 million in the Isle of Man. She goes, 'Well, we need more evidence.' I go, 'The accountant – we have to go to the accountant. Hold on, I think if I rummage through all that stuff we just seized, there might be some reference to who the accountant was.' And we identified the accountant, and off we went. We executed a warrant a few days later. So once I started going down that track, I was getting away from the criminal aspects of the job and really looking closely at this Isle of Man and tracing those funds. So the focus had changed and as a result of all the work I had done in relation to tracing the money, well I swore the affidavit to restrain those assets, that particular bank account. So once you do that in a civil matter you cannot go back.

### **Host**

So, now that she was no longer working the criminal side, Rosanna used her forensic accounting skills to assist the civil litigation.

### **Rosanna Celona**

This is where some of our legislation is fantastic is that you don't necessarily have to charge someone criminally to go after their assets.

### **Host**

Pennie Snowden who Rosanna mentioned earlier, was at that time, the Deputy General Counsel for Proceeds of Crime Litigation in New South Wales Command in the AFP. The origins of the taskforce Pennie joined came from a government election promise.

### **Pennie Snowden**

In 2010, the government had made an election commitment to tackling serious and organised crime. And one of the facets of that was to really pursue taking the profit out of crime. They wanted to really focus on proceeds of crime work. And the model that they'd come up with was based on actually the Criminal Assets Bureau in Ireland, but to have all of the relevant streams and professional skills co-located within the one agency. So the task force, it was going to be led by the AFP co-located within the AFP, but bring together skills of AFP investigators, forensic accountants, lawyers, the ACIC, and the ATO all working within the one task force so that the relevant skills could really be aligned and all focused in the one direction.

### **Host**

Putting a stronger focus on removing the proceeds of crime from criminals makes a lot of sense.

### **Pennie Snowden**

People can't be seen to be profiting from fraud and criminal activity. Even if they're prosecuted, but they still get to keep their ill-gotten gains then you're not really having a fully deterrent effect. There was some defendants where it was obvious that they were willing to do some jail time as long as they still had their assets and their toys when they came out, as long as the family members still got to enjoy the fruits of that criminal lifestyle and the trappings that went with it.

**Host**

The taskforce was the perfect landing place for Operation Beaufighter.

**Pennie Snowden**

It required forensic accounting to trace the assets and really work through both the money laundering aspects that had been done in an attempt to disguise the transactions, but also to then trace through and locate the assets. It was very apparent it was going to be large scale litigation by any measure, so it was sort of perfect for trialling that first model of having your lawyers in house. The work had previously been done by the Commonwealth Director of Public Prosecutions but the focus was always really on the prosecution rather than the asset confiscation, and there was a recognition that if you wanted to be truly effective in deterring serious and organised crime, you had to remove the money, that profit making element, which is what was driving these sophisticated financial crimes. So there needed to be that focus on the assets. It needed to be from the beginning, and it needed to be seen as an important limb of the action that was being taken against the defendant. Not just an adjunct to a prosecution once that prosecution had been completed.

**Host**

The investigators of Operation Beaufighter traced some of the assets that had ended up in Dubai. While there is a formal process to retrieve the assets, it can take some time. Fortunately for the team, there was a power under the Proceeds of Crime Act that allowed the courts in Australia to make an order for repatriation of the assets. They just needed to have someone in Australia with access to the Dubai bank accounts who would comply with that order.

**Pennie Snowden**

It aligned perfectly because there was an employee who had been probably quite trusted and used to transfer a lot of the flows of funds, and he still had access to the accounts, and he was within the jurisdiction. So we were able to get this order that ordered him to access those accounts and repatriate the funds back to Australia. That was really significant. It had never been done before at that time, and it was a really streamlined way of ensuring that assets got returned. I think in the past, probably there would have been a feeling that those assets were gone and probably deliberately placed in a jurisdiction that wasn't going to be as ready to recognise tax offending as we are here.

**Host**

As the civil case came together, the asset confiscation component presented some unique problems. Both offenders were lavish with their spending which meant that the proceeds of crime list was very long.

**Pennie Snowden**

They found an incredible range of assets from personal lifestyle assets through to commercial business type of assets, and it really was a journey for us in this new task force and learning how to properly manage those assets, and what needed to occur because even though this, the proceeds of crime regime had been around for many, many years, those provisions really hadn't been tested. They'd never done a case like this. They'd never had the sort of asset management issues that then presented themselves in this matter. So under the Proceeds of Crime Act, there's a provision to appoint the official trustee in bankruptcy as the formal manager of assets. Because the focus here was getting to the assets at the outset before they could be dissipated, we had to work through all of those things.

### **Host**

Because of the size and scale of the asset seizures, it presented the AFP and its partners with some logistical challenges, particularly in terms of managing and maintaining the seized assets over a period of many years.

### **Pennie Snowden**

The co-conspirators had your luxury mansions, just the most ostentatious sort of waterfront homes. And they had several other holiday homes and pieces of property as well. There were Rolls Royces, there were BMWs, there were Lamborghinis, every sort of brand of luxury car that you can think of, it was picked up in this case. So they had to hire flatbed trucks to load them on. They had to arrange the insurances in advance. They had to hire suitable premises that were undisclosed so that they couldn't be targeted, but where vehicles of this cost and value could be properly stored pending the final outcome of the proceedings. They had to be maintained for years, so someone would have to start the cars and keep them turning over so that they just didn't go to rack and ruin. I don't think any of us really had an idea at that stage of just the logistical arrangements that needed to be put in place.

### **Host**

During the long investigation and subsequent court cases, Ben stepped aside from the case. Ian took it on.

### **Ian Durrand**

He basically said, 'Who wants Operation Beaufigther?' And as I was already working on an aspect of Beaufigther, it seemed logical, so I put my hand up and said, 'I'll take it.' And from there, I put the matter through court, which took quite a while, four trials we ended up having.

### **Host**

While the huge array of assets was being maintained by the official trustee, in taking on the biggest fraud case seen to date in Australia, the AFP and its partners were playing the long game. The four trials and the civil components took the best part of a decade.

### **Ian Durrand**

We had two offenders who were charged with a conspiracy to cause a loss. There was also a money laundering charge. So we had two accused persons in the conspiracy.

### **Host**

A fair way into the joint trial an issue arose where the Trusted Elder was excused. The trial then went ahead with just the Deal Broker who was found guilty.

**Ian Durrand**

Subsequent to that, the DPP decided it was in the public interest to prosecute the Trusted Elder, so another trial was laid down. That trial commenced the year after the guilty verdict on the Deal Broker, but within the first week, one of the jurors came into the jury room with a printout of an internet search he had done in relation to the entities involved in the matter after the Crown opening, so you're not allowed to do that. You're not allowed to look at open-source information because it's prejudicial. A jury is required to make a verdict only upon the information provided by the court. So, that jury was discharged due to juror misconduct. Then another trial was set down for a few months later. That trial went through its full life but was abandoned because the jury were unable to find a verdict. So then we had another trial which was the fourth trial and that again went through its full life.

**Host**

At the end of this trial the Trusted Elder received a guilty verdict. Meanwhile the Deal Broker had been remanded into custody to await sentencing.

**Ian Durrand**

When he was found guilty, his Honour immediately remanded him into custody. And that was the only time that I saw the Deal Broker lose his veneer of self-confidence. So in that instance, he was immediately remanded into custody to await sentencing which I imagine was quite a shock for him on that day. In the case of the Trusted Elder, because he resided in Queensland and in the household, it was him and his wife, and because of his advanced age as well, His Honour allowed bail to continue to allow the Trusted Elder to go and get his affairs in order prior to being remanded into custody.

**Host**

On the day of sentencing in a Sydney court, the Trusted Elder didn't turn up.

**Ian Durrand**

Everyone was there except for the Trusted Elder, and proceedings commenced. His Honor asked the defence representative where his client was. No one knew where the Trusted Elder was. Court was adjourned for thirty minutes to allow inquiries to be made. Reconvened, no one still knew where he was. His Honour then issued a bench warrant for the Trusted Elder.

**Host**

Ian had a bad feeling about the absence.

**Ian Durrand**

I then went back to my office and I made inquiries with the Queensland Police in the local area to where the Trusted Elder lived. Now he lived in a very large home with a very high fence and it was a security fence. It took quite a while to get in and it wasn't until around 4pm that the police were able to gain access to his premises. They found the Trusted Elder and his wife passed out in the garage. The Trusted Elder and his wife were in hospital for quite some time, an extradition process was then undertaken, which resulted in myself and another member flying up to Brisbane to take custody of the Trusted Elder and return him to Sydney for sentencing.

**Host**

Given the relative newness of the crime type, and the fact that it was the biggest fraud case on record, the Deal Broker's sentence was originally 11 years and 6 months. In an ironic twist, the Commonwealth appealed the sentence as being too lenient and the Deal Broker appealed it as being too harsh.

**Ian Durrand**

Initially it was an 11 years and six months, I think, which was the head sentence. With sentencing, there's a head sentence and then there's a non-parole period, the date at which they may be eligible for parole depending on their conduct in jail. So that sentence was appealed by the CDPP as being inadequate for the offending and the value of the offending, the lack of remorse, and the efforts undertaken to obfuscate the criminality. That appeal was heard in conjunction at the Court of Criminal Appeal with the Deal Broker's appeal against his sentence and conviction. The Deal Broker, even in his sentencing remarks to the court, refused to believe that he had done anything wrong, and railed against the justice system, the criminal code, the ATO, the AFP. He just completely convinced himself that he had done nothing wrong, and he was the subject of a witch hunt from the Australian government for the sole purpose of taking his financial assets, which was just a ridiculous proposition. The evidence against both the accused persons was overwhelming – still the largest fraud in Australian history. So it was a good moment because historically society and the courts tended to, in my view, look at, fraud against the Commonwealth as a victimless crime. And I have very strong views on why that's not the case. So it was quite encouraging that the appeal against the length of sentence was successful for the DPP and the Deal Broker had an additional two to three years added to his head sentence.

**Host**

In the end, the Deal Broker was sentenced to 11 years' jail, later increased to 14 years on appeal. In his sentencing remarks, the judge said, 'One can have sympathy for the position of the offender. He finds himself broke, professionally ruined and incarcerated. He was a person who had much to lose and he has now lost it. The consequences for him and his family are severe. However, his situation is not a product of circumstances but of a conscious decision on his part to pursue a dishonest and fraudulent tax scheme on a large scale. He engaged in the conduct the subject of the offences while holding an unshakeable belief in his intellectual superiority to all those around him and the ATO. It was his undoing.'

The Trusted Elder at 73 years of age, was sentenced to ten years and three months' imprisonment for tax fraud and money laundering. After the trials, the proceedings for the criminal assets confiscation would take several more years to be completed.

**Pennie Snowden**

It ran for the best part of ten years in terms of the asset proceedings. And there were multiple applications for special leave to appeal to the High Court. The High Court didn't provide that leave in each of those instances, but there were multiple applications, so multiple appeals, multiple attempts to take it to the High Court on various aspects, and that final confiscation order, because it leveraged in this case off the conviction that was obtained that followed the prosecution outcome. So it was almost waiting for the six years or so until the criminal proceedings were finalised. And then the appeals that ran from that, and then the final civil confiscation aspect started.



**Host**

For Rosanna, as a forensic accountant, she wonders about the motivations behind the crime types featured in Operation Beaupfighter. After all, the perpetrators were wealthy and successful before they began this kind of activity.

**Rosanna Celona**

That's what this is all about, isn't it? It's excess, greed, but it's about how can I do this that I'm not a criminal. So they've got, this air about it, this sophistication. *I'm a financier, or I'm, I'm an entrepreneur. Look how much money I earn.* But it's all a facade. And this wasn't the first structure that they put in place. They did little ones. See how they went with it until, *we're getting in the big game now.* It is greed. But it's also that prestige and that social standing that they want and they're trying to get. And money, unfortunately, is something that everybody looks up to. Oh, you must be successful, look at the car he drives or look at the house they live in. It's on possession. It's unfortunately that's what we put people on pedestals if they have all these great assets and possessions.

**Host**

Even though Operation Beaupfighter was greatly aided when the brother of the Deal Broker came forward, the actions of the company had already come to the attention of the Australian Tax Office. Ian has nothing but praise for the ATO's diligence.

**Ian Durrand**

It's not just the AFP, it's a whole of government. This matter and many other matters I've been involved with were referrals from the Australian Tax Office. So obviously the Australian Tax Office is not a law enforcement agency. The tax office noticed that the company formed by the Deal Broker and the Trusted Elder, was carrying massive losses from offshore and didn't appear to have any assets and wasn't creating or manufacturing or doing anything, and had brought those losses back on shore which was available to them as an Australian registered company to be liable for profits made offshore to some extent but more particularly there were certain circumstances which allowed that Australian company to bring its losses obtained offshore back into the Australian entity's financial concerns. In this particular case, as a result of that audit, which was proven in the court, was that documents were falsely created in order to make the tax office go away, but the tax office didn't go away. In these kinds of investigations, the ATO is quite often staffed by highly intelligent and dedicated people who do their best to protect Commonwealth revenue from fraudulent activity. And this is one such case.

**Host**

For Pennie, at the end of the decade of court proceedings and appeals, it was professionally satisfying to see the confiscated assets finally sold off and the money returned to the Commonwealth where it could do more good for more people.

**Pennie Snowden**

Yeah, we followed the outcome and always noted with interest where you'd see sales of some of the jewellery and things like that coming up, in various cases because, yeah, it was a large part of the team's working life over years. So there was that attachment and that sort of interest to see how it all played, played out. It was very satisfying in terms of feeling that we were

getting a return for the community and that that money would be put to, to good use. So yeah, certainly it always felt good getting to report up the line that another couple of million had been deposited into the confiscated assets account because of the hard work of the team. That was, yeah, it was that thing of being able to sort of point to a really tangible outcome for all the hard work that had gone in. So it was satisfying.

### **Host**

And for Ben Wills-Johnson, the great result reinforced the importance of teams like his.

### **Ben Wills-Johnson**

When people join the police, they generally don't join because they want to investigate white collar crime. They want to kick in doors and lock baddies up. And that's all well and good. I was the same when I joined the AFP back when I was 27. I worked in drug investigations. I did a lot of work chasing cocaine smugglers around the world and I never would have considered myself to be someone who might be interested in financial crime or particularly tax fraud. However, I fell into it through my work in investigating money launderers for drug syndicates, and I gradually morphed over into tax crime, and by that stage, I was completely enamoured in the crime type. It was fascinating to investigate. It's not all about spreadsheets and bank records. Through my work, I've travelled all over the world investigating crimes like this. I deliver training in various parts of the world and across the country to various agencies. It gives you a broader scope of experience. In drug crime it's easy to prove that drugs are criminal. It's more difficult to prove that tax evasion is criminal. So when you gain experience, you gain opportunity to do the sorts of things that I've been able to do.

### **Outro**

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