# Fintel Alliance

**An AUSTRAC initiative**

## Annual Report 2018-19

**Australian Government**

**AUSTRAC**

**Fintel Alliance**

An AUSTRAC initiative

# Contents

# Year in review

Since its inception in 2017, Fintel Alliance has introduced an innovative approach to combating serious financial crime, initiating 49 operations, with 15 ongoing in the 2019-20 financial year.

Fintel Alliance has now expanded to 25 public and private sector partners, with three new private sector entities joining in 2018-19.

The knowledge and expertise of Fintel Alliance has continued to expand, with 77 personnel now assigned from the private sector, government and law enforcement communities.

Fintel Alliance was granted a modification under section 248 of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act). This modified section 123 (tipping off) of the AML/CTF Act to enable effective sharing of AUSTRAC information among partners.

Successful tailored operations involving Australia's Most Wanted and disrupting child sexual exploitation activities demonstrate the capabilities and effectiveness of Fintel Alliance.

## Highlights

**11** international collaborations

**Major input** into law reform processes to boost Fintel Alliance capabilities

Membership expanded from **22 to 25** private sector and government agencies

**131** intelligence products issued to law enforcement and intelligence partners

**320** investigations initiated through private sector partners

Contributed to the arrest of **108** persons of interest and the closure of accounts of over **90** high-risk customers

**87** potential victims identified or protected across all operations and over **2,500** credit card identities saved

## Fintel Alliance operations by theme (year-on-year)

● 2017-18    ● 2018-19

# Foreword AUSTRAC CEO

**Nicole Rose PSM**
Chief Executive Officer AUSTRAC

**The past 12 months have seen Fintel Alliance become a well-established part of Australia's anti-money laundering and counter-terrorism financing ecosystem and a maturing contributor to our efforts to disrupt serious and organised crime.**

Independently recognised as a global leader in public-private partnerships, Fintel Alliance harnesses the relationships AUSTRAC has established through its dual role as Australia's financial intelligence unit and AML/CTF regulator, to protect the Australian economy and community.

Fintel Alliance represents a leap forward, enabling partners to think differently about how to build and decentralise knowledge and capability, and act collaboratively to combat serious financial crime.

Over the period 2018-19, Fintel Alliance continued to consolidate and mature in its development and operations, through sharing financial intelligence between law enforcement and the private sector, to strengthen Australia's response to money laundering and terrorism financing (ML/TF).

## Adding value

Fintel Alliance seeks to go beyond law enforcement and judicial outcomes to look for preventative and interventional outcomes that deliver broader socio-economic benefits.

An ongoing challenge for Fintel Alliance is to demonstrate how its innovative approach to building intelligence and sharing information makes an impact.

The relationships developed between people who work closely together within Fintel Alliance are a major contributor to its success to date.

As you will see in the performance section of this report, we are expanding our ability to identify the effectiveness of some types of operations. In particular, this is through enhancing detection capabilities within Fintel Alliance partners. Beyond this, we will be introducing measures to further demonstrate value over time.

## Building trust

An essential ingredient to the ongoing success and effectiveness of Fintel Alliance is building and maintaining trust between partners.

Fintel Alliance partners agree that trust is underpinned by a shared intent and commitment to sharing information, while also acknowledging the importance of safeguards and protections of certain types of information.

Recognising that interactions between public and private partners in an intelligence context can at times limit effective collaboration, Fintel Alliance partners have supported efforts to identify future solutions in law, policy and process.

## Looking ahead

The Australian Government announced new funding of $28.4 million over four years for the Fintel Alliance as part of its 2019-20 Budget (commencing in July 2019). This funding will allow AUSTRAC to continue to expand Fintel Alliance operations.

We have an ambitious multi-year program that will strengthen Fintel Alliance by:

- expanding our direct intelligence support for Fintel Alliance through an increase in analyst resourcing

- augmenting AUSTRAC's money laundering and terrorism financing risk assessments to provide timely risk insights for industry and government partners

- delivering a structured reporting framework to give feedback to industry on the use of financial reporting information and intelligence

- establishing an operating platform for collaborative information sharing and intelligence development between partners

- advancing our analytics capabilities by integrating disparate and distributed data to maximise the alerting capabilities of Fintel Alliance.

This program will support Fintel Alliance to become a fully professional public-private partnership that delivers meaningful outcomes for the wider community.

I look forward to reporting on the continued development and outcomes of Fintel Alliance next year.

**Nicole Rose PSM**
**Chief Executive Officer AUSTRAC**
November 2019

# Foreword Chair

**Roger Wilkins AO**
Chair, Strategic Advisory Board

**It is an honour to be the inaugural Chair of the Fintel Alliance Strategic Advisory Board. The last 12 months have seen a maturing of the way in which the Fintel Alliance operates. There have been notable contributions to combatting and preventing serious financial crime, which you will see in this report.**

Fintel Alliance is a unique initiative that brings a novel approach to preventing, combating and disrupting money laundering, terrorism and serious organised crime. We know that the lifeblood of organised crime is money and profit. We know that the private sector has critical intelligence and capabilities for identifying and helping to prevent and disrupt money flows. Fintel Alliance is building a partnership, or coalition, between public sector law enforcement and policy agencies, and private sector financial organisations to prevent, disrupt and 'choke off' the flow of illicit funds.

Fintel Alliance model is being replicated across the region and around the world. It is increasingly recognised as a crucial type of institution for leveraging intelligence and capability across public and private sectors. The support of the Minister for Home Affairs, the Hon Peter Dutton MP, the Australian Government and AUSTRAC CEO, Nicole Rose PSM, have been critical to the development of Fintel Alliance.

The government has made a very important investment in enhancing the capabilities of Fintel Alliance, and is reforming the law to remove impediments to its smooth operation. The government's investment reflects strategic priorities identified by the Board and by AUSTRAC. It effectively represents a 'step change' in the scope and capacity of Fintel Alliance.

The success of Fintel Alliance depends, and will depend in the future, not only on the government's support, but predominantly on the commitment of people and a level of trust, especially between the public and private sectors. That commitment and trust has certainly been evinced by public sector and private sector CEOs, and is increasingly evident at all levels of operations. But it is something that needs to be nurtured and encouraged and not taken for granted.

The Strategic Advisory Board has benefited from the commitment, candour and diverse insights of its members. It has been a pleasure and an education chairing the Board and I thank the members for their contributions over the year.



**Roger Wilkins AO**
**Chair, Strategic Advisory Board**
November 2019

# Overview

**In 2017, AUSTRAC launched Fintel Alliance, a world-first public-private partnership that brings together government, industry, academia and international partners to harness a new and collaborative approach to combat and disrupt money laundering and terrorism financing.**

Public-private partnerships are increasingly recognised globally as an effective and efficient way to combat serious financial crime. They are effective because parties are bound by a common objective, a desire to build trust, and a shared desire to enhance their knowledge and capabilities.

Fintel Alliance demonstrates effective collaboration through: improved access and use of financial intelligence; incremental uplifts in member capabilities; aligning resources to priority risks; and leveraging collective resources and expertise.

Fintel Alliance partners protect the Australian economy from criminal abuse and exploitation through sharing intelligence, and the development and sharing of knowledge, capability, systems and information.

In the 2019-20 Budget, the Australian Government announced new funding of $28.4 million to AUSTRAC over four years (commencing in July 2019) to continue and expand Fintel Alliance operations.

# Vision

**Fintel Alliance's vision is to adopt innovative approaches to fighting financial crime, through:**

- standing as a centre of excellence for financial intelligence to help shape standards and approaches and develop financial analysts across industry and government

- equipping industry to be the first line of defence against criminal exploitation, by sharing financial intelligence, risk models and insights to reduce criminal activity

- sharing information in real-time that is secure and targeted to ensure the right person has access to the right information when they need it

- helping expand AUSTRAC's international footprint into more regions and countries that represent value in terms of fighting financial crime, building capacity and facilitating innovative information exchange

- adopting new technologies and innovative ways to work with government and industry to improve our ability to detect and disrupt crime and drive positive change in the financial sector

# Role and functions

**Fintel Alliance is a public-private partnership between federal and state government intelligence and law enforcement agencies, private sector businesses and AUSTRAC – Australia's financial intelligence unit and anti-money laundering and counter terrorism financing regulator.**

Fintel Alliance partners foster a cooperative and trusting environment, working together to achieve the common objectives of combating and disrupting serious financial crime.

Participants agree that the key guiding principles that underline their cooperative arrangements include:

- recognising the importance of promoting a genuine culture of trust, partnership, and cooperation between partners to achieve shared Fintel Alliance objectives

- consulting on the strategic priorities and plans of Fintel Alliance

- sharing information in accordance with agreed information-sharing arrangements.

Fintel Alliance is a partnership and does not create legally binding obligations on members. Fintel Alliance does not have any impact or affect ongoing legal and compliance obligations of participants under the AML/CTF Act.

# Operational strategy

In 2019, Fintel Alliance developed an operational strategy for 2019-22 outlining key initiatives and strategic enablers, as well as how it will achieve desired outcomes and measure success.

The 2019-22 operational strategy provides:

- a clear statement of the shared vision of Fintel Alliance, which is to adopt innovative approaches to fighting financial crime

- an outline of the strategic objectives required to expand Fintel Alliance and build on its successes to date

- identification of the key enablers necessary to meet the strategic objectives

- an outline of the agreed key initiatives and time frames

- continued enhancement and consolidation of the governance framework that incorporates effective processes for strategy, performance measurement and risk management components.

# Organisational structure and governance

**Fintel Alliance is a strategic initiative of AUSTRAC, and its activities are subject to the oversight of the AUSTRAC Governance Committee and the AUSTRAC CEO.**

To operate effectively as a public-private partnership, Fintel Alliance has a three-tiered governance structure.

## AUSTRAC committee structure

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                        AUSTRAC
                          CEO
                           │
    ┌──────────┬───────────┼───────────┬──────────────┐
    │          │           │           │              │
Governance  AUSTRAC     AUSTRAC    Audit and Risk  Fintel Alliance
Committee   Consultative Privacy    Committee      Strategic
            Group        Consultative              Advisory
                         Committee                 Board
    │                                                 ▲
 ┌──┬────────┬────────┬────────┬────────┐             │
 │  │        │        │        │        │          Fintel
AUSTRAC  AUSTRAC   Compliance Finance  Executive   Alliance
Health   Capability Triage   and       Leadership Experts
and      Enhancement Board   Resourcing Group     Group
Safety   Program            Sub-       Workshop      ▲
Committee Board             committee                │
            ▲                                      Fintel
            │                                      Alliance
         Data and                                  Working
         Information                               Group
         Governance
         Working
         Group
```

## Strategy Advisory Board

The Fintel Alliance SAB was established by the AUSTRAC CEO. The SAB ensures Fintel Alliance remains focused on its mission, and provides advice to the AUSTRAC CEO on its strategic direction.

Board members represent diverse views and interests from across industry, government and academia. It ensures the CEO receives advice that is relevant, wide-ranging and broadly representative of Fintel Alliance partners.

The inaugural and current Chair of the SAB is Mr Roger Wilkins AO.

## Experts Group

The Fintel Alliance Experts Group comprises senior representatives from each Fintel Alliance partner. It provides advice and endorsement of Fintel Alliance's operations and projects, and acts as a point of contact between the Operations Hub, the Innovation Hub and the SAB.

The Experts Group is co-chaired by AUSTRAC and a participating industry member.

## Working Group

The Fintel Alliance Working Group conducts a monthly forum for staff who work in the Operations Hub.

This forum provides feedback and advice on operation selection, establishes analyst teams, discusses new and emerging trends and methodologies, and reviews the progress of operations.

# Capabilities

## Operations Hub

The Operations Hub is a set of physical spaces where Fintel Alliance partners collaborate, exchange and analyse information and intelligence in real-time, to create new analysis and intelligence products.

## Innovation Hub

The Innovation Hub is where Fintel Alliance partners collaborate, co-design and test new and innovative technology solutions to augment the operational requirements within the Operations Hub.

## Risk assessment program

In September 2018, the Minister for Home Affairs, the Hon Peter Dutton MP, announced $5.1 million in funding over three years from the Proceeds of Crime Act to expand the resources and capacity of AUSTRAC's Risk Assessments team.

AUSTRAC, with the assistance and contribution of Fintel Alliance partners and broader industry, has committed to producing eight ML/TF risk assessments over the next three years:

• banking services sector – up to four ML/TF risk assessments

• gambling services sector – two ML/TF risk assessments

• remittance services sector – two ML/TF risk assessments.

## Influencing policy development

In 2018-19, Fintel Alliance contributed to the AML/CTF reform processes led by the Department of Home Affairs in response to the recommendations arising from the Report of the Statutory Review of the AML/CTF Act, Rules and Regulations (2016).

# Information-sharing arrangements and privacy

**Fintel Alliance has established a Members' Protocol, which details the agreed information-sharing arrangements between government and non-government members.**

As Fintel Alliance is a conglomerate of public and private sector partners, it does not usually 'collect' information under its own initiative. Rather, information, including personal information, is collected by individuals in the course of performing their daily functions in accordance with their own governing legislation (for public partners) or business operations (for private partners). Information is then shared within Fintel Alliance in accordance with the agreed information-sharing arrangements in the Protocol.

Fintel Alliance Partners agree that information disclosed to them within Fintel Alliance will only be used for the purposes for which the information was provided. Under the Protocol, each partner agrees that it is responsible for ensuring there is no mishandling or inappropriate use (including unauthorised copying, reproduction and storage of any kind) or disclosure of information they access within the Fintel Alliance.

The Protocol requires all Fintel Alliance partners to comply with their privacy obligations under applicable privacy legislation and with any common law confidentiality obligations.

Public sector Fintel Alliance partners are also required to adhere to the secrecy provisions of the relevant legislation that governs their functions and activities. They may only disclose and share information (which may include personal information) in accordance with any restrictions imposed by their governing legislation.

Staff from participating Fintel Alliance partner organisations must obtain an appropriate security clearance before they can be seconded into the Operations Hub.

AUSTRAC ensures that any personal information collected is dealt with responsibly and respectfully by Fintel Alliance, in  accordance with its legal obligations under the AML/CTF Act, the *Financial Transaction Reports Act 1988,* and the *Privacy Act 1988.*

AUSTRAC is bound by the Australian Privacy Principles (APPs). Schedule 1 of the Privacy Act outlines 13 binding principles that govern the way AUSTRAC collects, stores, uses, and discloses personal information.

The Privacy Act also requires agencies and entities bound by the APPs, including AUSTRAC, to have a privacy policy for handling and managing personal information. AUSTRAC's privacy policy outlines AUSTRAC's practices for the handling and management of personal information and also covers the Fintel Alliance.

This privacy policy outlines how personal information (including, where relevant, any sensitive information) is collected by AUSTRAC and/or the Fintel Alliance, and how that personal information is stored, used and disclosed.

# Outcomes and program of work

**Fintel Alliance develops financial intelligence capabilities to combat and disrupt, intervene or counteract crimes and threats to Australia's domestic and international interests.**

Alliance focuses on operations that take advantage of the public-private partnership's capabilities, can benefit from early access to law enforcement, and leverage the concentration of resources and rapid access to data, analytical and investigative tools.

Fintel Alliance operations produce intelligence outcomes, including:

- publicly available intelligence products such as activity alerts, typologies, and methodology reports designed for industry to review and incorporate into their detection capabilities
- targeted intelligence reports to assist investigations by law enforcement agencies and contribute to the broader intelligence knowledge pool about a specific crime type or threat
- improved and faster detection capabilities by reporting entities.

Fintel Alliance partners have committed their collective resources and intelligence capabilities to a set of agreed priority themes that will deliver effective, improved and faster financial intelligence outcomes.

## Principle themes of operation

| Theme | Types of matters |
|---|---|
| Crimes affecting the most vulnerable | Children, the elderly, disabled persons. Integrating Fintel Alliance's capabilities to support the Australian Centre to Counter Child Exploitation. |
| Exploitation of government revenues | For example, frauds committed upon government payments and Australia's revenue. |
| Networked and complex financial crime | Criminals exploiting multiple businesses, e.g. money mules, account layering, tax evasion, phoenixing, black economy. |
| Nationally significant taskforces and important campaigns | For example, Australia's Most Wanted, illicit drugs, transnational crimes, firearms. |
| Responding to regional and community harms | Making an impact by assisting to address localised crime and addressing regional programs and collaboration with international partners. |
| Technology and sophistication | Responding to the most challenging and complex laundering activities, through innovative approaches to data and intelligence. |

# Performance

## Measuring Fintel Alliance performance

**The Fintel Alliance is a collaborative environment, not a law enforcement agency. Accordingly, reporting on its achievements and successes will generally be qualitative in nature, because the focus is primarily on non-judicial outcomes. Nevertheless, there are underlying quantitative indicators established to measure operations, activities and outcomes.**

Collecting and reporting on meaningful and measurable data aligned to the principle themes is essential.

Metrics are agreed by Fintel Alliance partners and form the basis of the Alliance's basis of its monitoring and reporting system. These metrics not only measure the workloads involved, but will also form the narrative that illustrates how Fintel Alliance is meeting long-term objectives.

The objectives of Fintel Alliance are set in the vision statement (page 12). The following is a high-level assessment of the progress to date against the primary objectives of the Fintel Alliance.

## Centre of excellence for financial intelligence

Since 2015, several models of public-private financial information-sharing partnerships have evolved in jurisdictions such as the United Kingdom, Singapore, Hong Kong and Canada. Our international peers regard Fintel Alliance as the benchmark in seconded tactical resourcing business models.

The creation of Fintel Alliance was the catalyst for developing a dedicated Financial Intelligence Analyst Course. This was in response to plans to develop a shared approach to building skills, capability and tradecraft to understand, prevent, detect and disrupt financial crime.

## Equipping industry to combat criminal exploitation

Each year, industry reports an increasing number of financial transactions to AUSTRAC, and in recent years this has been most apparent in the large volume of reported suspicious matters. All information may in time be of significant benefit to investigative and intelligence efforts. However, it is the quality and relevance of information that lends itself to its ability to be 'actioned'. The more actionable intelligence, the more effective industry becomes as a first line of defence.

Without increased and more timely transfer of knowledge from the public sector, industry efforts will be lessened. Fintel Alliance has made some headway into pushing contemporary information to impacted businesses, but more is required to ensure an enduring capability is in place.

## Sharing secure and targeted information in real-time

This long-term objective relies on legislative, system and process reforms that recognise current and future information and data challenges within an increasingly interconnected public and private information-sharing model. The recommendations contained in the Report of the Statutory Review of the AML/CTF Act, Rules and Regulations, tabled in the Australian Parliament in 2016, remain an important step to simplifying and enhancing, where appropriate, information-sharing outcomes, including with the private sector.

Fintel Alliance has made substantial contributions to the proposed legal framework as part of the AML/CTF reform processes. Fintel Alliance has also contributed advice for a modification to the 'tipping-off' provisions of the AML/CTF Act.

## Support the expansion of AUSTRAC'S international footprint

Fintel Alliance, through AUSTRAC, contributes regularly to international forums including the Financial Action Task Force, Asia/Pacific Group on Money Laundering and the Egmont Group of Financial Intelligence Units, promoting the benefits of public-private partnerships.

AUSTRAC and Fintel Alliance have been developing a  program of collaboration with international counterparts in the Southeast Asian region. This program has already enabled intelligence exchanges relating to international bribery and corruption, child exploitation and drug trafficking.

## Adopt new technologies and innovative ways to work

**The Innovation Hub currently has two priority projects in progress, which will create a foundation for further innovations.**

The projects are:

- building a secure information-sharing and collaborative analytics environment that supports the flow of information between Fintel Alliance partners, while protecting commercial and privacy obligations
- automated alerting capabilities – developing a set of integrated capabilities where detection and reporting of intelligence matters moves to real-time.

# Evaluating achievements to date
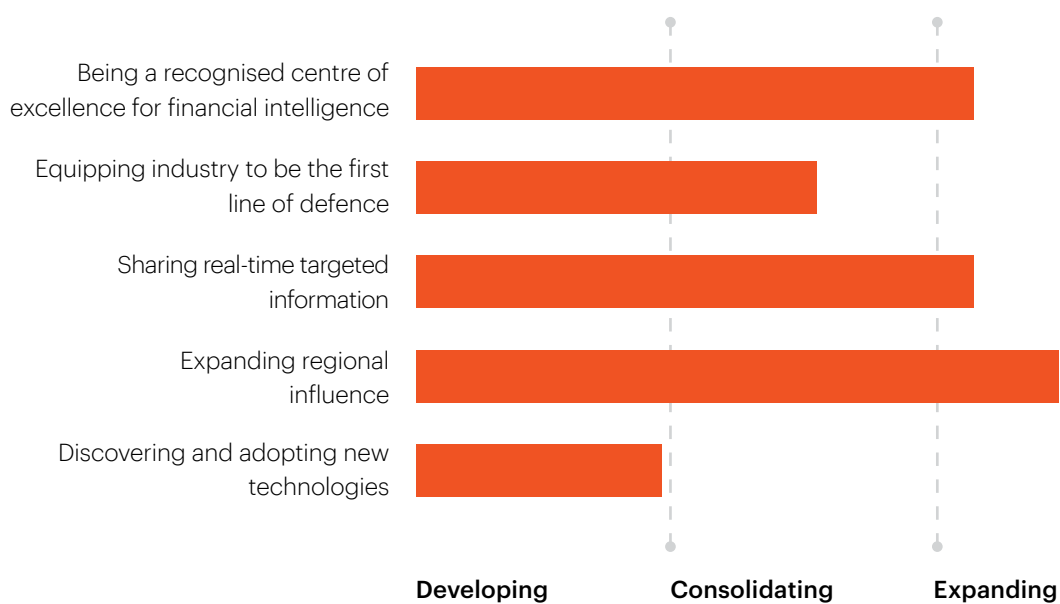


| | Developing | Consolidating | Expanding |
|---|---|---|---|
| Being a recognised centre of excellence for financial intelligence | | | |
| Equipping industry to be the first line of defence | | | |
| Sharing real-time targeted information | | | |
| Expanding regional influence | | | |
| Discovering and adopting new technologies | | | |

| | |
|---|---|
| **Developing** | Skill and capability requirements are well understood but are still being developed. |
| **Consolidating** | Skills and capabilities are in place and are being developed to produce consistent outcomes. |
| **Expanding** | Able to extend skills and capabilities broadly and beyond specific operations through repeatable, mature processes. |

# Overall operational effectiveness

Fintel Alliance operational activities involve collaboration, information sharing and developing quality intelligence outcomes.

In order to evaluate operational outcomes that align to the overarching objectives of Fintel Alliance, four measures have been developed to monitor progress under each of the six operational themes.

Each measure is evaluated on a scale of maturity.

| Maturity rating | Description |
|---|---|
| Developing | Capabilities are in place but are yet to form a consistent and cohesive approach. |
| Effective | Capabilities are well developed with entrenched processes ensuring consistent delivery. |
| Highly effective | Capabilities are well formed and high developed with consistent high quality outputs. |

# Greater awareness

**Fintel Alliance partners are building a better understanding of financial crime threats and identifying priority crime risk profiles**

### Self-assessment

Operations such as Australia's Most Wanted and child exploitation projects were highly effective in building better detection modelling.

Operations have been targeted towards known perpetrators or criminal cohorts and very specific in action. These produced good outcomes for law enforcement, but provided little new information to enhance detection capabilities.

### Building greater awareness

# Adds to national effort

## Fintel Alliance operations target national crime and intelligence priorities

### Self-assessment

Fintel Alliance's operational focus is aligned to national intelligence and crime priorities.

The scale at which Fintel Alliance can significantly influence national outcomes in this maturing phase remains limited for most operations, and moderate for other crime types such as child exploitation, (OMCGs) and Australia's Most Wanted.

### Adds to national effort

| | Developing | Effective | Highly effective |
|---|---|---|---|
| Technology and sophisticated crimes | | | |
| Responding to regional and community harms | | | |
| Nationally significant taskforces and important campaigns | | | |
| Networked and complex financial crime | | | |
| Exploitation of government revenues | | | |
| Crimes affecting the most vulnerable | | | |

# Translates to the broader population of regulated entities

## Detection capabilities and lessons learned from Fintel Alliance operations are shared widely with regulated entities

### Self-assessment

Fintel Alliance has produced four public intelligence products for the broader regulated population.

A formal process has not yet been developed for sharing the outcomes with a broader group of stakeholders. This is an important area of focus as part of expansion efforts starting in July 2019.

### Translates to regulated entities

| | Developing | Effective | Highly effective |
|---|---|---|---|
| Technology and sophisticated crimes | | | |
| Responding to regional and community harms | | | |
| Nationally significant taskforces and important campaigns | | | |
| Networked and complex financial crime | | | |
| Exploitation of government revenues | | | |
| Crimes affecting the most vulnerable | | | |

# Delivers positive operational results

## Operational efforts intensify law enforcement's outcomes, leading to arrests or intervention/disruption of criminal behaviours

### Self-assessment

Nearly all operations undertaken to date have produced effective or highly effective outcomes that have led to the better detection or arrest of persons of interest, or the discovery of previously unknown methods of operation.

Law enforcement partners are increasingly appreciating that Fintel Alliance presents opportunities for new forms of intelligence collaboration.

### Delivers positive operational results

| | Developing | Effective | Highly effective |
|---|---|---|---|
| Technology and sophisticated crimes | | | |
| Responding to regional and community harms | | | |
| Nationally significant taskforces and important campaigns | | | |
| Networked and complex financial crime | | | |
| Exploitation of government revenues | | | |
| Crimes affecting the most vulnerable | | | |

Since its inception, Fintel Alliance has undertaken 49 operations, with 15 active and continuing into 2019–20.

As outlined above, all operational projects have produced effective outcomes, boosting law enforcement results and improving detection capabilities among partners.

The next section highlights two standout operational activities and further outcomes of Fintel Alliance.

# Operational highlights

# Protecting the most vulnerable from child exploitation

**2**

Major international collaborations across Southeast Asia and UK
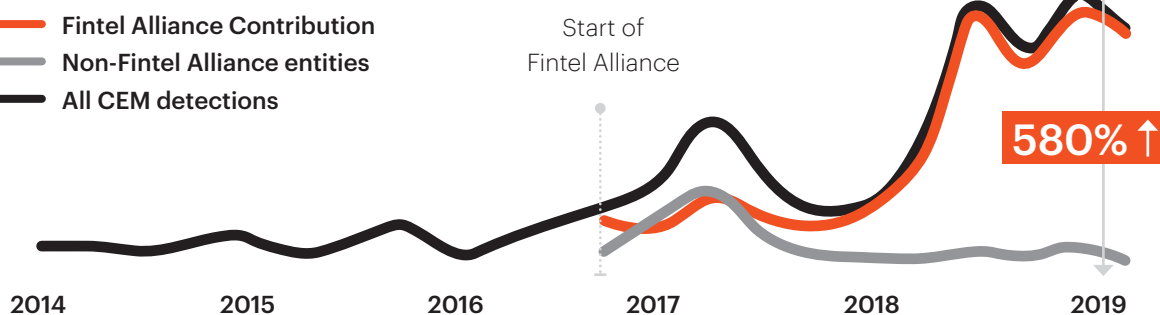
**35**

Victims saved or protected

**73**

Persons detained or arrested

**85%**

CEM detections are reported through Fintel Alliance

## Detecting the crime

— **Fintel Alliance Contribution**
— **Non-Fintel Alliance entities**
— **All CEM detections**

Start of
Fintel Alliance

**580%** ↑

2014    2015    2016    2017    2018    2019

## Case study: Child exploitation material (CEM)

A common method of child exploitation is live-distance child abuse, which involves offenders sending payments to watch online while children are abused.

Fintel Alliance efforts have identified Australian residents sending transactions to the Philippines for the purpose of live-distance child abuse.

25 intelligence products identifying suspected high-risk offenders have been provided to law enforcement. At least three individuals have been detained or arrested as a result of this operation.

# Confronting pervasive outlaw motorcycle gangs (OMCGs)

**1**

Major international collaboration with New Zealand Police and NZ FIU
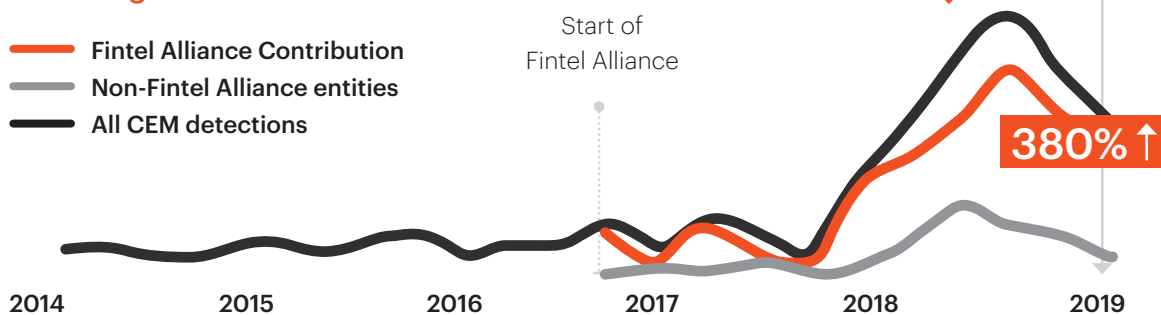
**27**

Potential suspects identified

**73**

Investigations through the private sector

**80%**

OMCG detections are reported through Fintel Alliance

## Detecting the crime

— **Fintel Alliance Contribution**
— **Non-Fintel Alliance entities**
— **All CEM detections**

Start of Fintel Alliance

**380% ↑**

2014    2015    2016    2017    2018    2019

## Case study: National Taskforce Morpheus

National Taskforce Morpheus is focused on monitoring OMCG leadership, wealth, recruitment, and movement across international borders.

Fintel Alliance is supporting the taskforce by piecing together the financial picture of entities of interest.
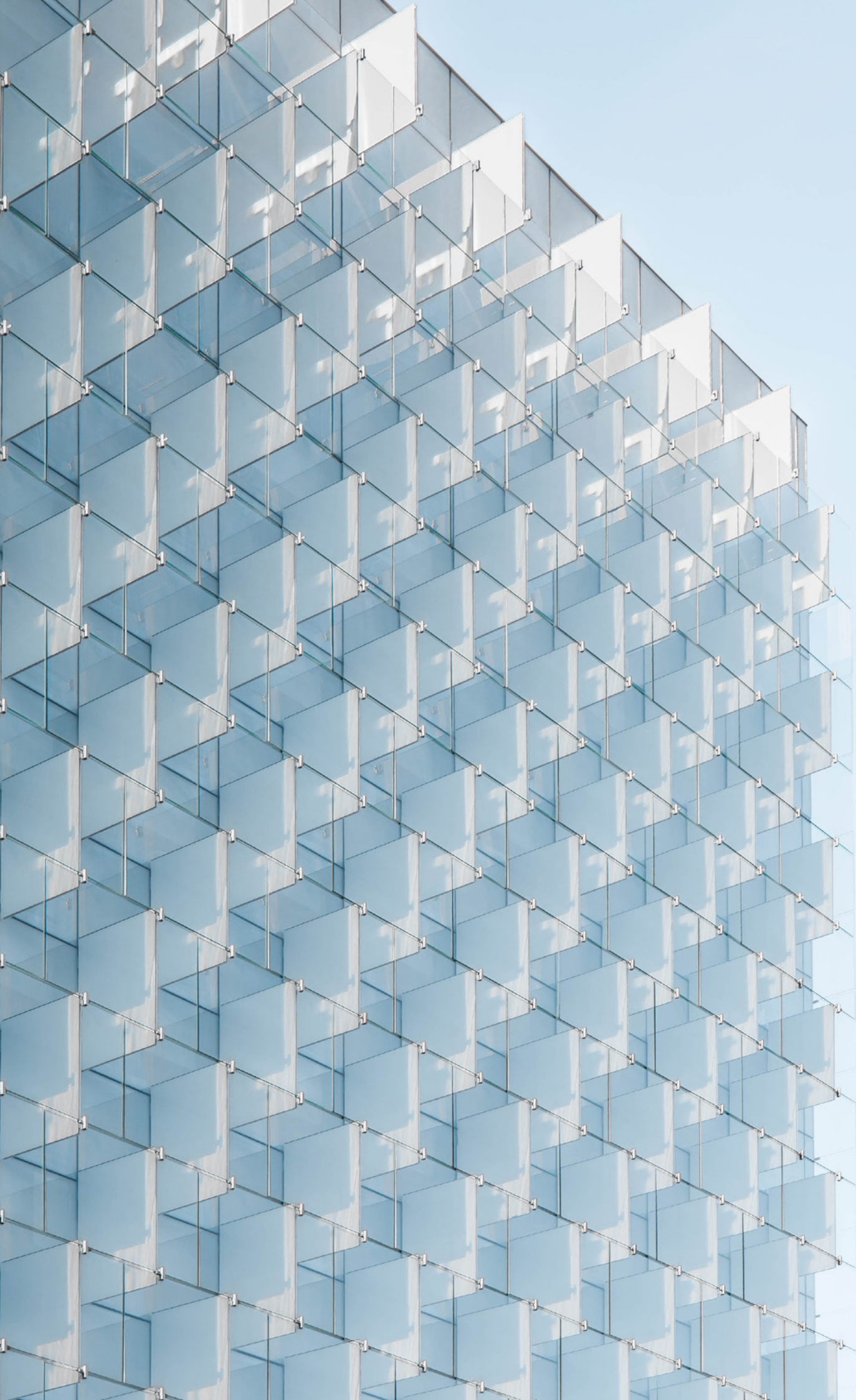
# Operational highlights by theme

# Crimes against the most vulnerable

**Operations undertaken:**   **4** ongoing   |   **9** total

## Crimes investigated

- Child exploitation material
- Child sexual exploitation
- Long-distance video streaming access

## Key collaborations

» Home Affairs – Australian Border Force

» Australian Federal Police (AFP) – Australian Centre to Counter Child Exploitation

» Taskforce Argos (Queensland Police Service)

» Trilateral Intelligence Program: UK, Philippines and Australia

» Analyst Exchange: Indonesia & Philippines

## Highlights

Detection of CEM activity increased 6 times.

Since starting, Fintel Alliance operations contributed 85% of detections and 60+% of all CEM intelligence products.

Up to 73 persons of interest have been identified.

Regional financial intelligence unit collaborations have proven critical to identifying and deterring offshore child sex markets.

A total of 35 victims have been protected from further exploitation.

Fintel Alliance is in the process of expanding its activities to better support private sector bodies associated with the ACCCE.

# Exploitation of government revenues

**Operations undertaken:** **5** ongoing  |  **6** total

## Crimes investigated

- Tax fraud and evasion
- National Disability Insurance Scheme (NDIS) fraud
- Family day care (FDC) fraud
- Phoenixing and business rebirthing

## Key collaborations

» Australian Taxation Office (ATO), AFP and Australian Criminal Intelligence Commission (ACIC)

» Panama and Paradise papers

» Phoenix Taskforce

» Serious Financial Crime Taskforce

» Black Economy Taskforce

## Highlights

Fintel Alliance provides a unique setting for key government programs (NDIS and FDC) to collaborate with the private sector in combating illicit behaviours and fraud.

Fintel Alliance provides a unique learning environment for partners, enabling complex corporate and business structures to be assessed and vulnerabilities identified.

Developed new capability of cross-jurisdictional intelligence collection using AUSTRAC's exclusive powers.

A number of operations are in the preliminary stages of development and success will require further collaboration between ATO/law enforcement and the private sector members.

9 persons detained or arrested

1 FDC fraud and 8 illegal labour hire participants arrested.

# Networked and complex financial crime

**Operations undertaken:**     **0** ongoing     |     **6** total

## Crimes investigated

- Scam and money mules
- Suspect charitable and non-profit organisations (NPOs)
- Complex fraud and money laundering
- Credit card fraud and identity theft

## Key collaborations

» AFP, ACIC, ATO

» NSW Police Force

» Australian Charities and Not-for-profits Commission (ACNC), IDCARE, Australian Financial Crimes Exchange (AFCX)

## Highlights

Significantly enhanced collaboration and cooperation across law enforcement, private sector and victim support networks.

Enhanced detection capabilities for scam and money mules - two new crime methods identified and shared with the reporting population.

New high-value intelligence generated for non-profit high-risk targets.

Released a joint risk assessment with ACNC identifying the main criminal, money laundering and terrorism financing threats currently facing NPOs.

Collaboration with international partner and ACFX identified 2,500 + stolen credit cards and identities.

# Nationally significant taskforces and important campaigns

**Operations undertaken:**     **5** ongoing   |   **13** total

## Crimes investigated

- Australia's Most Wanted criminals
- Serious and organised crime
- National drug campaigns
- Outlaw motorcycle gangs
- Potential terrorism and human trafficking

## Key collaborations

» ATO, Home Affairs - ABF

» AFP, ACIC, NSW Police, NSW Crime Commission and Victoria Police

» New Zealand Police Force

» Strike Force Ingot and Taskforce Morpheus

## Highlights

Diverse range of activities actioned from this theme, from national drug trafficking task forces to sophisticated offshore tax crime and illegal labour hire.

380% increase in OMCG suspicious activity detection since the inception of the Fintel Alliance.

20+ persons detained or arrested across 5 operational areas covering tax fraud, illegal labour hire, human trafficking.

Highly successful contribution to Australia's Most Wanted campaign – 9 persons identified and detained.

Significant targeting of priority OMCGs to build financial profiles and uncover domestic financial networks.

Continuing long-term operational support to combating and disrupting drug trafficking, OMCGs and serious organised crime.

# Responding to regional and community harms

**Operations undertaken:** **0** ongoing   |   **10** total

## Crimes investigated

- Foreign bribery and corruption
- Foreign politically exposed persons
- Visa cancellations
- Multi-region drug trafficking and importation

## Key collaborations

» AFP, ACIC

» Home Affairs - ABF

» Indonesia and Philippines financial intelligence units

## Highlights

Significantly enhanced cross-regional collaboration and cooperation under the regional Analysts Exchange Program.

Detected financial activity to assist foreign bribery and corruption investigation.

Boosted activity by focusing on specific operations with established partners, especially cross border activities.

Three major cross-border drug trafficking investigations initiated.

90+ persons ejected as customers of financial institutions.

At least 5 persons arrested in relation to drug importation and trafficking charges.

# Technology and sophisticated crimes

**Operations undertaken:**    **0** ongoing    **|**    **4** total

## Crimes investigated

- Cybercrimes and cyber scams
- Foreign sourced money laundering
- Virtual currency money laundering

## Key collaborations

» AFP, ACIC, ATO (Phoenix Taskforce)

» Queensland Police Service and Foreign financial intelligence units

» Australian Cybercrime Online Reporting Network (ACORN)

## Highlights

Collaboration with primary bodies:

- ACORN
- Queensland Joint Money Laundering Group

ACORN program under redevelopment.

Foreign-sourced international money laundering under consideration as a potential national program.

Investigations ongoing.

# Detecting money laundering

**Combating and detecting money laundering is an integral component of AUSTRAC's mandate and accordingly, a critical function of Fintel Alliance.**
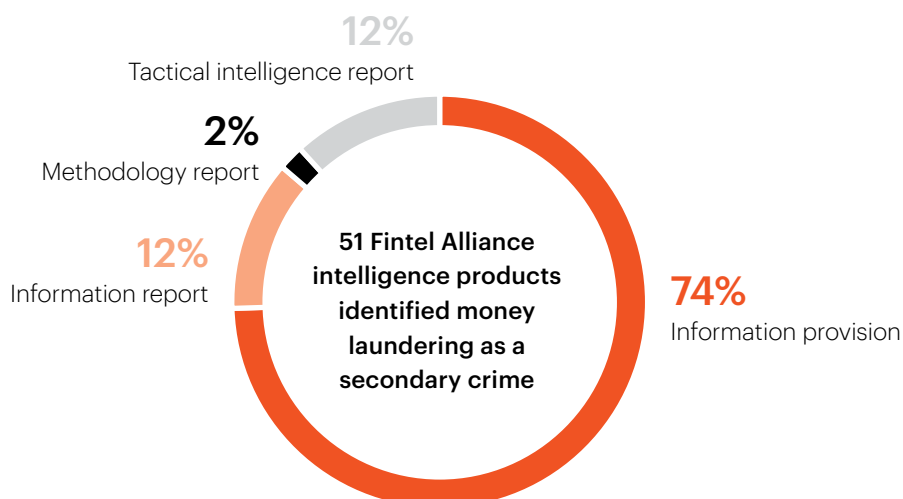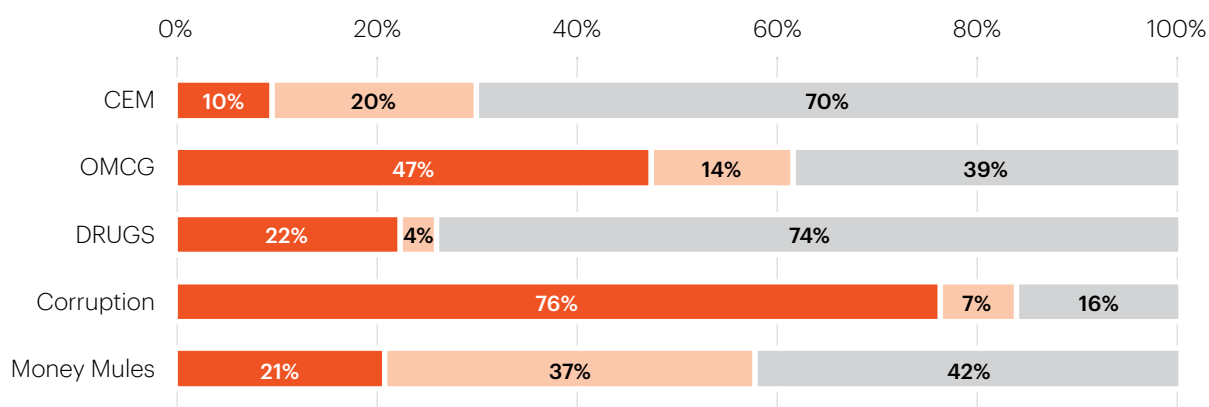
Fintel Alliance has undertaken intelligence operations across six priority areas. Those priorities present an opportunity to disrupt predicate offending; for example, child sexual exploitation and drug trafficking. At the same time, analysis of these matters will provide indicators of linked money laundering.

The detection of money laundering varies within each crime group, depending on the circumstances. For example, matters involving child sexual exploitation, money mules or drug trafficking tend to focus on the actual primary criminal offence rather than the underlying money laundering suspicion or activity. The opposite appears to be the case for corruption and OMCG activities, which tend to attract higher money laundering detections.

In the 2018-19 period, Fintel Alliance undertook 320 discrete activities and produced 130 intelligence products, of which 51 (40%) identified money laundering as a secondary offence.

## Money laundering detected within Fintel Alliance operations

- 🔴 ML reported by Fintel Alliance members
- 🟠 ML reported by Non-Fintel Alliance regulated entities
- ⚪ All other matters (not ML)

| | | |
|---|---|---|
| CEM | 10% / 20% / 70% | |
| OMCG | 47% / 14% / 39% | |
| DRUGS | 22% / 4% / 74% | |
| Corruption | 76% / 7% / 16% | |
| Money Mules | 21% / 37% / 42% | |

**12%** Tactical intelligence report

**2%** Methodology report

**12%** Information report

**51 Fintel Alliance intelligence products identified money laundering as a secondary crime**

**74%** Information provision

# Fintel Alliance operations at a glance

## 49 total operations 2017-19

36 operations 2018-19

13 operations 2017-18
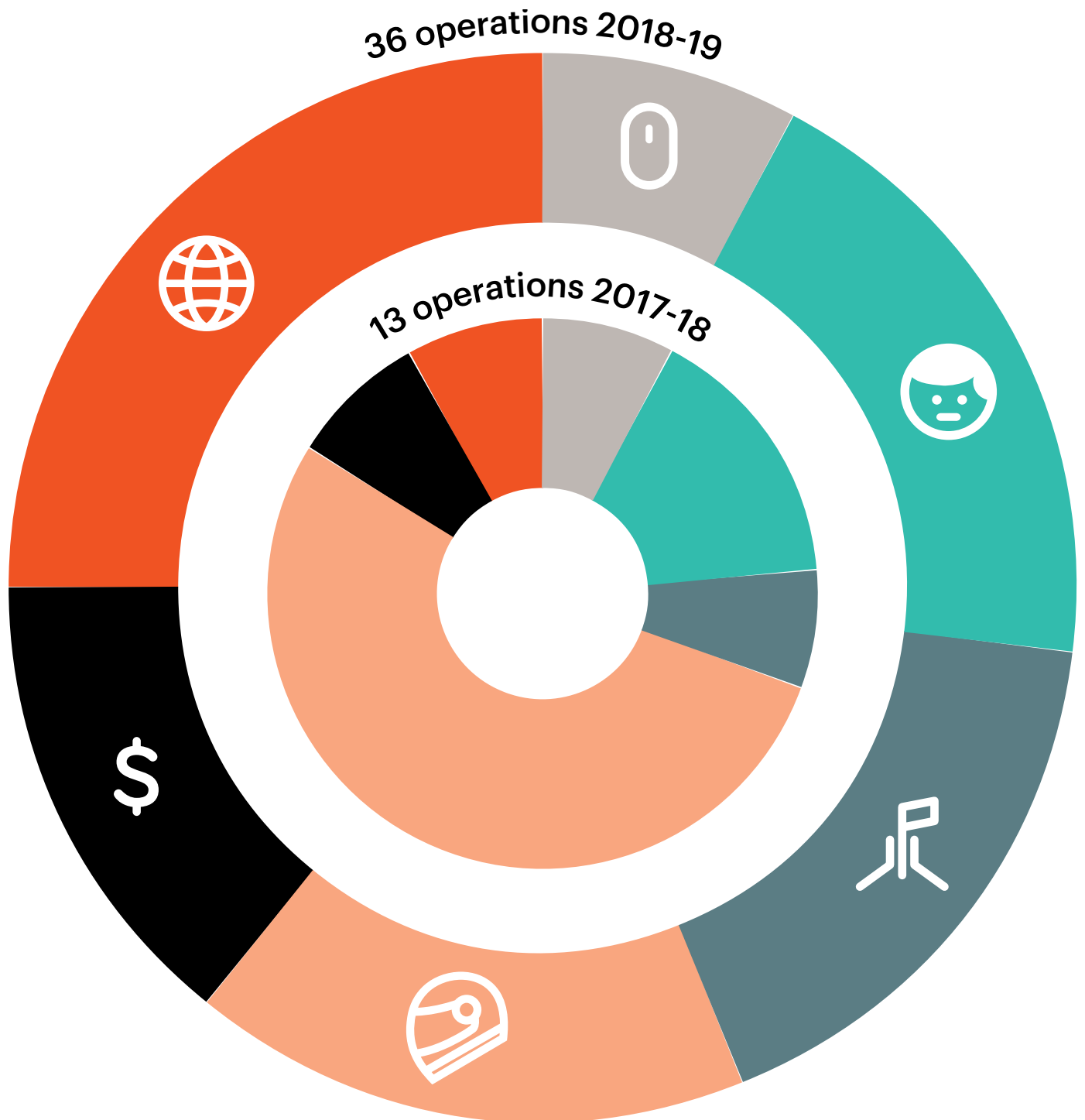
## Nationally important Campaigns & Taskforces

**Operations undertaken:** 7 2017-18 | 6 2018-19

**Crimes investigated:**
- Australia's most wanted criminals
- Serious Organised crime
- National drug campaigns
- Outlaw Motorcycle gangs
- Potential terrorism and human trafficking

**Highlights:**
» 20+ persons detained or arrested
» 50+ victims identified or protected
» 200+ million illicit drugs seized

## Responding to Regional harms

**Operations undertaken:** 1 2017-18 | 6 2018-19

**Crimes investigated:**
- Foreign corruption and bribery
- Foreign PEPs
- Visa cancellations
- Multi-region drug trafficking and importation

**Highlights:**
» Significantly enhanced cross-regional collaboration
» 90+ account closures of high-risk customers

## Crimes against the most vulnerable

**Operations undertaken:** 2 2017-18 | 7 2018-19

**Crimes investigated:**
- Child exploitation material
- Child sexual exploitation
- Long distance sexual video access
- Scams (various)

**Highlights:**
» 500+% increase in detections
» 70+ persons detained or arrested
» 30+ victims identified or protected

## Exploiting Government Revenues

**Operations undertaken:** 1 2017-18 | 6 2018-19

**Crimes investigated:**
- Tax fraud and evasion
- NDIS fraud
- Family Day Care fraud (FDC)
- Phoenixing and business rebirthing

**Highlights:**
» greater collaboration with government agencies and private sector
» significant fraud network shutdown

## Networked & Complex financial crimes

**Operations undertaken:** 1 2017-18 | 5 2018-19

**Crimes investigated:**
- Money mules and scams
- Suspect charitable and not for profit organisations
- Complex fraud and money laundering
- Credit card fraud and identity theft

**Highlights:**
» New crime methods discovered and provided to reporting population
» 2500+ stolen credit cards identified

## Technology and Sophisticated crimes

**Operations undertaken:** 1 2017-18 | 3 2018-19

**Crimes investigated:**
- Cyber crime
- Foreign sourced money laundering
- Virtual currency money laundering

**Highlights:**
» Intelligence results provides compelling evidence to support major national programs

# Partners

# Thank you to our Fintel Alliance partners

- » Australia and New Zealand Banking Group Limited (ANZ)
- » AUSTRAC
- » Australian Competition and Consumer Commission (ACCC)
- » Australian Criminal Intelligence Commission (ACIC)
- » Australian Federal Police (AFP)
- » Australian Financial Crimes Exchange Ltd (AFCX)
- » Australian Government Treasury
- » Australian Taxation Office (ATO)
- » Bendigo and Adelaide Bank Ltd
- » Commonwealth Bank of Australia (CBA)
- » Deakin University
- » Department of Home Affairs
- » Fintech Australia Incorporated
- » HSBC Bank Australia Limited
- » Macquarie Bank Limited
- » MoneyGram Payment Systems Inc.
- » National Australia Bank Limited (NAB)
- » National Crime Agency (UK)
- » New South Wales Crime Commission
- » New South Wales Police Force
- » New Zealand Police – Financial Intelligence Unit
- » PayPal Australia Pty Limited
- » Tabcorp Ltd
- » Western Union Financial Services (Australia) Pty Ltd
- » Westpac Banking Corporation