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FINTEL  
ALLIANCE  
**2021-**  
**22** ANNUAL  
REPORT  
EXTRACT

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# 4

FINTEL  
ALLIANCE



## ABOUT FINTEL ALLIANCE

Fintel Alliance is an AUSTRAC initiative, established in 2017 as a public-private partnership (PPP) to increase the resilience of the financial sector to prevent exploitation by criminals, and support investigations into serious crime and national security matters.

Fintel Alliance brings together experts from financial institutions, state and Commonwealth law enforcement and intelligence agencies, as well as academic and research institutions. Each partner provides a unique perspective on the financial sector. Working together, Fintel Alliance develops shared intelligence and delivers innovative solutions to detect, disrupt and prevent money laundering and terrorism financing.

Fintel Alliance has strengthened AUSTRAC's role as Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regulator and financial intelligence unit (FIU) regulator. By harnessing the resources and knowledge of industry, government and international partners, our collective ability to detect crime and share information on the financial sector has been enhanced.

For more information on Fintel Alliance visit [austrac.gov.au/about-us/fintel-alliance](https://austrac.gov.au/about-us/fintel-alliance).

## THE YEAR IN REVIEW

During 2021-22, the Fintel Alliance Executive Board (which superseded the Fintel Alliance Strategic Advisory Board) challenged Fintel Alliance members to expand their activities to include more work to:

- better protect vulnerable members of our community
- broaden their use of AUSTRAC and industry's specialist capabilities
- engage with a greater diversity of partners – including government agencies, reporting entities and NGOs
- consider how national security risks could be collectively better addressed, and
- explore a pilot of transnational PPP.

Much of this will take several years to fully deliver with the Executive Board monitoring the Fintel Alliance Management Committee's quarterly progress reporting to assure success. However, multiple activities have already been delivered from this direction and are outlined in this chapter.

## 2021-22 HIGHLIGHTS

The past year also saw Fintel Alliance recognised internationally for strong collaboration to protect the Australian community against serious and organised crime. Through focusing on emerging and complex financial crimes, Fintel Alliance delivered outcomes for government, law enforcement and the financial industry, to disrupt and prevent financial crime.

Fintel Alliance continues to build partnerships to identify and take advantage of opportunities to better protect the community from harm. The past year saw the establishment and progression of projects aimed at protecting the most vulnerable members of the Australian community, assisting in the location of Australia's most wanted fugitives, and targeting organised crime groups to take the profit out of crime.

- **2** international awards received for projects targeting illegal wildlife trafficking and professional money laundering.
- **5** financial crime guides released publicly to prevent the exploitation of emergency and disaster support payments, detect and stop ransomware, prevent the criminal abuse of digital currencies and other financial crimes.
- **343** intelligence products provided to law enforcement and intelligence partners.
- **7,038** suspicious matter reports lodged relating to Fintel Alliance areas of focus.
- **2** fugitives arrested in partnership with the Australian Federal Police Fugitive Apprehension Strike Team.
- Identification of significant fraud involving **\$850 million** in potentially fraudulent payments made to around 40,000 individuals, leading to more than \$1 billion in attempted fraud being stopped by the Australian Taxation Office (ATO).
- **5** disruptions including arrests as a result of targeting criminal communication and domestic abuse through payment text fields.
- **5** working groups facilitated to bring together experts, analysts and practitioners on the complex topics of trade-based money laundering, combating child exploitation and tax crime.

## OPERATIONAL STRATEGY

The Fintel Alliance Operational Strategy, along with the Executive Board's strategic direction, outlines key initiatives and strategic enablers for the PPP, as well as how it will achieve desired outcomes and measure success.

The 2020-23 operational strategy identifies the following strategic priorities to be carried forward by the partnership:

- develop a stronger shared understanding of the threats posed by money laundering, terrorism financing and serious financial crime
- build resilience to serious financial crime, through Fintel Alliance activities and learnings, by enhancing the capabilities of public and private partners and the broader regulated community
- pursue improved sharing and innovative exploration of information, including by building supporting infrastructure between public and private partners
- deliver the money laundering and terrorism financing risk assessments program
- identify and pursue operational activities that will deliver broader socio-economic benefits to the Australian community, and produce prevention and disruption outcomes
- demonstrate and make visible the value of Fintel Alliance, through effective performance reporting and communication of outcomes.

Fintel Alliance activities are subject to the oversight of the AUSTRAC CEO and AUSTRAC senior executive, underpinned by a three-tiered governance structure consisting of the Fintel Alliance Executive Board, Management Committee and Working Group.

## **Fintel Alliance recognised for collaboration with International Compliance Association award**

In June 2022 Fintel Alliance was awarded the Best Collaboration of the Year Award by the International Compliance Association. The award recognises the collaborative efforts of Fintel Alliance to identify and disrupt organised crime syndicates using ATMs to launder the proceeds of crime.

Through Fintel Alliance, AUSTRAC partnered with the Western Australia Police Force, Australia and New Zealand Banking Group (ANZ), Commonwealth Bank of Australia, National Australia Bank (NAB) and Westpac Bank, to commence a joint intelligence operation in 2020. Fintel Alliance identified money laundering syndicates looking to move proceeds of crime through ATMs around Australia.

At the time of the award, AUSTRAC CEO, Nicole Rose PSM, said this award spoke to the success of the PPP to break down silos across industry and law enforcement to disrupt crime.

‘The complex and cross-border nature of many financial crimes highlights the need for strong collaboration.’

‘Our major bank partners provided intelligence support throughout the project, which was key to identifying and targeting the money launderers, and providing new leads for law enforcement partners’, Ms Rose said.

A significant outcome of the project was the major banks taking steps to limit funds deposited through ATMs, impacting the ability of serious and organised crime groups to launder the proceeds of crime and enhancing the banks’ compliance with their AML/CTF obligations.



## OUTCOMES AND PROGRAM OF WORK

Fintel Alliance has an established program of work based on priority themes including: crimes targeting our most vulnerable community members; exploitation of government revenue; disrupting professional money laundering; and crimes and threats to Australia's domestic and international interests.

Fintel Alliance prioritises operations that require a joint public-private approach and access to the capabilities of the partnership, such as concentration of resources and rapid access to data, analytical and investigative tools.

Fintel Alliance operations produce outcomes including:

- intelligence products, such as threat alerts and financial crime guides designed for industry to incorporate into their detection capabilities
- targeted intelligence reports to contribute to law enforcement investigations and the broader intelligence knowledge pool about specific crime types or threats
- building capability and uplift across AUSTRAC's wider regulated population to identify, report and respond to money laundering and terrorism financing risks, through the transfer of knowledge and insights.

## Principal themes of operation

Fintel Alliance's principal themes are:

- crimes affecting our most vulnerable community members—protecting children, the elderly and people with disability
- exploitation of government revenues—protecting Australia's tax system and other government programs from abuse
- networked and complex financial crime—disrupting organised criminal enterprises that seek to exploit multiple businesses and industries
- nationally significant task forces and campaigns—supporting national operations including targeting Australia's most wanted criminals, illicit drugs, transnational and serious organised crime, illegal firearms and support to other national efforts
- responding to regional and community harms—helping to address localised crime, address regional programs and collaborate with regional partners
- technology and sophistication—responding to the most complex money laundering efforts, through innovative approaches to data and information.

## THIRD-PARTY CASH DEPOSITS

Following operational activity, Fintel Alliance partners identified a money laundering risk involving cash deposits by non-account owners (third parties) at ATMs, with organised crime syndicates using this method to launder the proceeds of crime.

### ATMS USED TO LAUNDER PROCEEDS OF TOBACCO SALES

A depositor was identified using three separate bank cards to deposit over \$3.2 million in cash at ATMs over a four-month period, suspected to be proceeds from the sale of illicit tobacco. The depositor used multiple bank cards and accounts belonging to expired visa holders. On one occasion, more than \$250,000 was deposited in 90 minutes at the same ATM.

In response to the identified risk, Fintel Alliance partnered with law enforcement and the financial industry on a Third-Party Cash Deposit project. Fintel Alliance played a central leadership and coordination role between law enforcement agencies and industry partners to progress the project, including:

- identifying money laundering targets for investigation
- using operational hubs where security-vetted financial industry members could work alongside AUSTRAC analysts on classified matters, to identify financial patterns and predict where and when money laundering was likely to occur
- analysing information and sharing insights and feedback between different partners
- highlighting the need to address the money laundering risk central to each operational matter and coordinate a strategic response to harden the environment to money laundering
- sharing classified information with trusted, appropriately-cleared industry partners, which enhanced suspicious matter reporting and prioritised responses to law enforcement requests for information
- developing or exchanging actionable intelligence products, including:
  - 28 tactical intelligence reports
  - 114 information disclosures
  - a risk insight report
  - a methodology report
  - disclosure of information reports to industry partners leading to the submission of 568 suspicious matter reports
  - spontaneous information disclosures to international partners.

By bringing together subject-matter experts from different jurisdictional law enforcement agencies, the project resulted in the seizure of cash and illicit goods, and disruption of one of Australia's largest money laundering syndicates. Operational outcomes achieved by the project include:

- the arrest of 13 people for offences including dealing in the proceeds of crime, directing activities of a criminal organisation, providing unregistered remittance services and structuring
- disruption of four professional money laundering syndicates operating in Australia, including identifying a money controller located in Europe
- seizure of more than \$4 million in illicitly-obtained cash
- seizure of 270 kilograms of illicit tobacco, as well as other illicit drugs including cocaine, methamphetamine and cannabis
- seizure of encrypted communication devices, luxury vehicles and multiple firearms
- the generation of additional investigations leading to a greater targeting of money laundering in Australia.

The project provided law enforcement and intelligence agencies with insight into how money laundering syndicates exploit vulnerabilities in the financial system and the different roles performed by members of the syndicates.

Building on the Third-Party Cash Deposit project, Australia's banking sector has been able to better identify, mitigate and manage the money laundering and terrorism financing risks posed by third-party cash deposit activity, and enhance suspicious matter reporting.

Learnings and insights from the project have been shared with domestic and international partners, with the case presented as part of INTERPOL's Project TORII Training Workshop aimed to mobilise collective efforts to tackle financial crime.



## INNOVATION PROJECTS

Fintel Alliance presents opportunities for government, law enforcement and financial institutions to explore new and innovative ways to detect and disrupt financial crime. Different innovation projects allow partners to develop new capabilities aimed at leveraging different systems and approaches in a collaborative manner.

### Alerting project

The Fintel Alliance Alerting project aims to deliver a capability to detect sophisticated financial crimes, where criminal networks attempt to conceal their activities by distributing them across multiple bank accounts held at Australia's major financial institutions.

The project pivoted in 2022 to take advantage of opportunities identified by Fintel Alliance, targeting professional money laundering syndicates placing illicit funds into the financial system. Through a proof-of-concept approach, the alerting project is leveraging learnings from operational activity to demonstrate solution feasibility without significant resourcing commitment from participating partners. The proof-of-concept approach will enable the completion of the Alerting project by showing how the algorithm developed through the project could be applied to a real-life data set by partners.

### Information-sharing project

The Secure Information Sharing project commenced in 2021-22 and provides a platform for real-time effective communication between government, financial institutions and law enforcement partners. The platform includes voice and video functionality, as well as the ability for partners to co-author documents simultaneously. This platform has continued to provide the necessary collaboration space for Fintel Alliance to remain effective in a COVID-19 environment.

The project continues to build upon learnings, with the establishment of secure channels for the purpose of co-authoring. The ability to compartmentalise projects has allowed for the involvement of subject-matter experts from outside Fintel Alliance to share knowledge and insights in a secure environment. This has positively impacted the quality of guides to assist financial services businesses to better detect and respond to financial crime.

A proof-of-concept is in the final stages and will determine the viability of AUSTRAC operating its own instance of the secure sharing platform for collaboration at various security classification levels.

The ongoing enhancements to the secure information-sharing platform have improved Fintel Alliance's capability to collaborate with partners, including domestic and international financial institutions, law enforcement, government, and non-profit organisations, to effectively target, disrupt and prevent financial crime.

## INTERNATIONAL ENGAGEMENT

Fintel Alliance plays a leading role in supporting the establishment of PPPs on an international stage, sharing insights around governance frameworks, challenges faced and key learnings to support the formation of new partnerships.

Over the past 12 months, Fintel Alliance's international engagement has included the following.

- Meeting and sharing learnings with international governments, financial institutions and academics to promote the benefits of PPPs in combating financial crime.
- Participation in the Asia/Pacific Group on Money Laundering Technical Seminar to explore key aspects of establishing successful PPPs.
- Representation at the Joint Chiefs of Global Tax Enforcement (J5) Public-Private Partnership Steering Group—a collaboration of representatives from the USA, United Kingdom, Canada, The Netherlands and Australia. The Steering Group was established to share best practice on PPP arrangements and collaborate internationally on specific common threats.
- Continuation of building a community of practice through a PPP round table involving representatives from the New Zealand Financial Crime Prevention Network, the UK Joint Money Laundering Intelligence Task force, the Canadian 'Project' Initiatives to Combat Financial Crimes through Partnerships, and the US FinCEN Exchange. The round table enables collaboration on financial crime trends, and new and emerging risks, while strengthening relationships as a PPP community.
- Supported the Global Coalition to Fight Financial Crime to promote more effective information sharing between public and private entities. Through a sub-group, AUSTRAC has been able to share learnings and insights from Fintel Alliance to support the development of PPPs, to increase discovery and understanding of financial crime.
- Work on joining the Fintel Alliance with an offshore PPP for a transnational pilot is under active consideration.

## **FINTEL ALLIANCE RECEIVES INTERPOL AWARD FOR PROTECTING WILDLIFE FROM CRIMINAL EXPLOITATION**

In December 2021 Fintel Alliance was awarded the Partnerships in Conservation Award by international criminal police organisation INTERPOL, in recognition of the contribution to protecting wildlife from illegal trafficking.

The award underscores the success of the first collaboration between Fintel Alliance and the former Department of Agriculture, Water and the Environment, whose expertise was critical to complete the picture around the threats targeting Australia's wildlife.

The INTERPOL award reinforces the impact that close cooperation with major Australian banks—as well as companies in the financial sector like PayPal Australia and Western Union—can have in disrupting crime.

Illegal wildlife trafficking is a global issue that spans multiple industries, including transport, customs clearance and online vendors. Exotic flora and fauna command high prices on the black market, with their scarcity driving lucrative prices, especially for endangered species. Australia's unique biodiversity makes it an attractive target for organised crime groups due to demand from collectors, with some Australian reptiles being sold for up to \$20,000 on the black market.

Fintel Alliance's analytic capability enabled the investigation of transactions across the financial sector with indicators of illegal trafficking of Australian wildlife. The effectiveness of applying financial network analysis in the context of environmental crimes is a model that Fintel Alliance has shared with international partners.

## FINTEL ALLIANCE OPERATIONS

A PPP enables government, law enforcement and industry partners to collectively focus on emerging crimes or complex crimes requiring a joined approach.

Fintel Alliance projects allow greater understanding of a crime type, identification and targeting of suspected offenders, and sharing learnings with a wider audience to assist in hardening the environment. At the closure of a project, an evaluation is done to capture and share learnings before the effort is transitioned into standard operational activity.

## OPERATIONAL HIGHLIGHTS

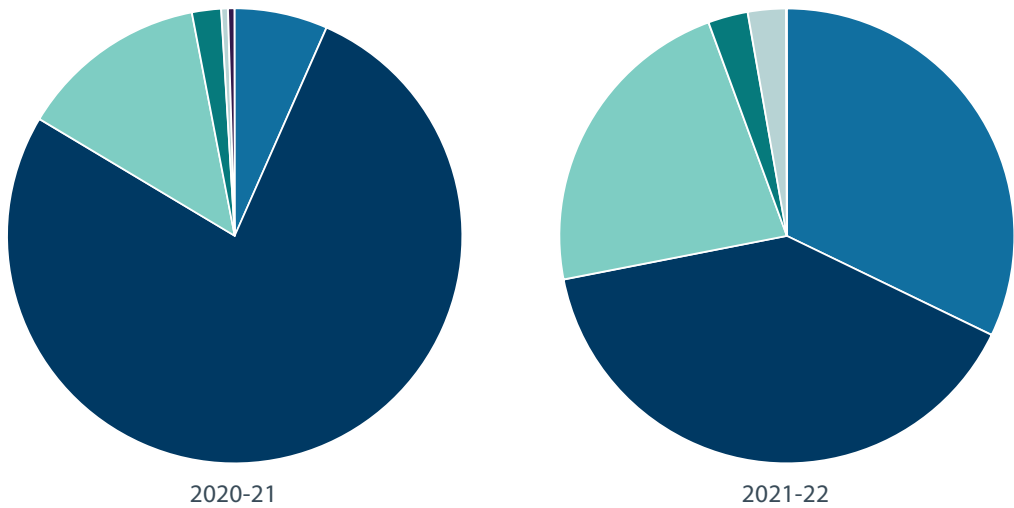
During the 2021-22 reporting period, Fintel Alliance moved away from COVID-19 focused projects and fraud against government support programs, to apply learnings and insights to other emerging or complex financial crimes.

The introduction of projects focused on communication through payment references, and forced sexual servitude, saw an increase in suspicious matter reports related to crimes affecting vulnerable members of the community.

Sharing insights into how professional money laundering organisations move the proceeds of crime through a dedicated cash project, resulted in increased suspicious matter reports and referral of actionable intelligence to law enforcement agencies for investigation.

The movement away from fraud against COVID-19 stimulus measures led Fintel Alliance to identify an emerging financial crime involving fraudulent applications for tax-related refunds.

Figure 6: 2021-22 suspicious matter reporting by Fintel Alliance themes of operation



Theme	2020-21		2021-22	
Crimes affecting our most vulnerable community members	377	6.6%	1,721	32.2%
Exploitation of government revenues	4,389	77%	2,126	39.8%
Networked and complex financial crime	764	13.4%	1,202	22.5%
Supporting national nationally significant task forces and campaigns	118	2.1%	151	2.8%
Responding to regional and community harms	27	0.5%	146	2.7%
Technology and sophistication	27	0.5%	2	0%

In the 2021-22 reporting period there was an increase in suspicious matter reporting across the majority of Fintel Alliance themes of operation. A decrease in reporting received for suspected exploitation of government revenues was detected, due to a decrease in COVID-19 themed suspicious matter reports.



## SUPPORTING THE AUSTRALIAN FEDERAL POLICE TO TRACK DOWN A FUGITIVE

Recognising the value of the PPP, in December 2021 the Australian Federal Police's Fugitive Apprehension Strike Team engaged the services of Fintel Alliance to assist in locating a fugitive wanted on significant fraud-related charges.

Financial intelligence provided by Fintel Alliance greatly assisted the Australian Federal Police to locate and arrest the fugitive, who was hiding in a remote rural location in Victoria. The previously wanted fugitive is awaiting trial following the arrest.

## Assisting industry to protect the community

In addition to operational outcomes, Fintel Alliance has a focus on increasing the capability of financial institutions to understand, detect and disrupt financial crime, to protect the Australian community.

In the past 12 months, Fintel Alliance partners and financial services businesses have used the PPP to:

- enhance systems and processes to better identify and respond to money laundering risks
- develop algorithms and scenarios to better detect financial crimes including offensive messaging in payments, tax evasion, child exploitation, money laundering and exploitation of government stimulus measures
- tighten controls in response to identified risks associated with cash deposits, leading to the limiting of cash services to high-risk customers
- enable real-time support to significant national operations to identify assets and the proceeds of crime for restraint
- increase the understanding of risks associated with high-risk customer groups, resulting in enhanced customer due diligence
- develop agile analytics and new investigative tools to support complex network and transactional investigations.

Through Fintel Alliance and wider engagement with AUSTRAC, financial services businesses have enhanced suspicious matter reporting. This was achieved through regular feedback from law enforcement and government partners to the reporting entities, on the effectiveness of suspicious matter reporting to initiate and support investigations into criminal offending.

## Working in partnership to protect the community

The Fintel Alliance Payment Reference Project commenced in November 2020 following concern that payments were being used by individuals to harass, stalk or threaten victims, and criminals were using payment text fields to communicate. It became evident this communication medium was being used to enable technology-facilitated abuse (including the circumvention of protection orders), threats and extortion, criminal communication and threats of suicide or self-harm.

Technology-facilitated abuse involves the use of technology including payment text fields as a communication method for an offender to coerce, threaten, stalk or harass their victim.

Fintel Alliance focused on financial transactions that were being used for the primary purpose of communication, rather than the transfer of value or purchase of goods or services. Recognising the significant harm to the community, Fintel Alliance partners commenced sharing trends, indicators and transaction monitoring approaches, as part of the project to detect and prevent offending.

The key insights and learnings of Fintel Alliance were captured and shared through a financial crime guide titled Preventing misuse and criminal communication through payment text fields, which was publicly released in November 2021. Novel approaches implemented by industry partners to combat this crime type included:

- inbound payment reporting options for customers,
- outbound payment blocks for payment text fields that contained explicit or threatening language, and
- machine learning models and algorithms to detect offending activity.

The project has resulted in different outcomes to date, including:

- the arrest of five individuals for breaches of protection orders
- law enforcement interventions to assist members of the public with mental health disorders
- an increase in the quality and quantity of suspicious matter reports detailing suspected criminal activity
- welfare checks for victims whose safety was compromised
- controls implemented by financial institutions to block or restrict abusive and offensive messaging being sent through financial transactions.

Importantly, the project has resulted in greater public, government and industry awareness of financial transactions as a communication medium to harass, stalk or threaten, or enable criminals to communicate. The progress of the project to date is attributable to the continued support, innovation and willingness to engage demonstrated by Fintel Alliance partners, who identified this emerging risk, contributed to understanding the risks and were instrumental in improving prevention and detection efforts to protect the community.

## Financial crime guides

Fintel Alliance publishes resources to help businesses understand, identify and report suspicious financial activity to detect and prevent criminal activities.

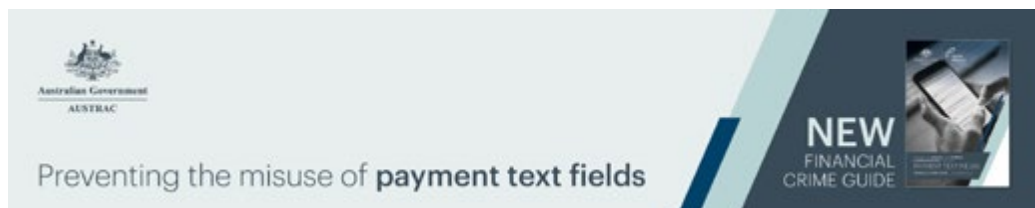
Financial crime guides provide detailed information about the financial aspects of different crime types. They include case studies and indicators to help the financial services sector identify and detect suspicious transactions.

### PREVENTING MISUSE AND CRIMINAL COMMUNICATION THROUGH PAYMENT TEXT FIELDS

Through a dedicated project, Fintel Alliance focused on the use of financial transactions to stalk, harass or threaten victims, in an attempt to avoid law enforcement scrutiny. Recognising the misuse of payment fields as an increasing risk to the Australian community, Fintel Alliance developed a financial crime guide focusing on preventing misuse and criminal communication through payment text fields.

The release of the financial crime guide in November 2021 captured learnings and insights from the Fintel Alliance project to help financial services businesses identify the misuse of payment text fields, and understand when to report this issue to AUSTRAC.

To protect customers from abusive messages via payment text fields, some financial service providers implemented measures to identify and block abusive or offensive messages. The use of real-time monitoring, customer self-reporting and in-depth data analysis has helped to reduce the risk of misuse of payment text fields, and protected the community.



## PREVENTING THE EXPLOITATION OF EMERGENCY AND DISASTER SUPPORT PAYMENTS

The majority of people claiming disaster assistance are in genuine need of urgent help. Unfortunately, a small number of individuals and groups try to get payments they are not entitled to by committing fraud, often enabled by stealing the identities of vulnerable Australians.

Fintel Alliance, in partnership with Services Australia, developed a financial crime guide to help financial services businesses identify and disrupt individuals and organised crime groups seeking to commit fraud against emergency or disaster relief payments.

The financial crime guide released in December 2021 helps financial services businesses identify the misuse of taxpayer funds and understand when to submit a suspicious matter report to AUSTRAC.



## PREVENTING THE CRIMINAL ABUSE OF DIGITAL CURRENCIES

Digital currencies are increasing in value and acceptance, with Australians rapidly adopting this new technology. As the digital currency market continues to grow globally, criminals are increasingly using digital currencies to commit a range of serious crimes.

Criminals are attempting to take advantage of the rapid take-up of digital currencies to commit crimes and hide from law enforcement. The pseudo-anonymous and borderless nature of digital currencies can make them a risk for criminal activity, including money laundering, terrorism financing, ransomware and more.

Recognising the opportunity to share insights, in April 2022 Fintel Alliance released a financial crime guide to assist financial services businesses to distinguish between criminal activity and customers using digital currencies for legitimate purposes.



## DETECTING AND STOPPING FORCED SEXUAL SERVITUDE IN AUSTRALIA

Forced sexual servitude is a form of slavery and represents around 30% of slavery cases in Australia. It is a lucrative business for criminals, who make significant profits through this criminal activity. Victims are forced to provide sexual services against their will, are unable to refuse violent or unsafe practices, and must hand over most—if not all—of their money to the perpetrators.

The release of the financial crime guide in February 2022 provides indicators and behaviours to assist financial services businesses to review their profiling and transaction monitoring programs, to target, identify and stop financial transactions associated with forced sexual servitude.

## DETECTING AND STOPPING RANSOMWARE

Cyber-enabled crime is an increasing threat to Australians. According to the Australian Cyber Security Centre, 500 ransomware attacks were reported in the 2020-21 financial year—an increase of nearly 15% from the previous year.

Cybercriminals try to infect a computer or network, then demand a ransom payment to unlock or decrypt the victim's computer system. These attacks can disrupt businesses and critical services, and cost significant time and resources to recover from.

To assist the fight against ransomware, in April 2022 AUSTRAC released a financial crime guide providing practical information and key indicators, to help detect and respond where someone could be the target of a ransomware payment, or trying to profit from a ransomware payment.



## WORKING GROUPS

Fintel Alliance has established working groups to bring together experts, analysts and practitioners on the complex topics of trade-based money laundering, child exploitation and tax crime.

### Tax Crime and Evasion working group

The Fintel Alliance Tax Crime and Evasion Working Group has operated since July 2020, and is jointly led by ANZ, AUSTRAC, NAB and the ATO.

In April 2022, United Kingdom agency Her Majesty's Revenue and Customs hosted the Global Financial Institutions Summit. Representatives from the ATO, AUSTRAC and Westpac met with senior representatives from some of the largest international banks, banking associations and J5 partners in London, forming a commitment to work collaboratively to build resilience of the global financial system against tax crime and evasion through PPPs.

Over the past 12 months, the key areas of focus for the working group have been: offshore tax evasion; GST refund fraud; and virtual assets.

## OFFSHORE TAX EVASION

The working group explored methodologies used to facilitate offshore tax evasion and red flag indicators to detect the behaviour.

In October 2021 the International Consortium of Investigative Journalists published the Pandora Papers, consisting of 11.9 million leaked documents. These were linked to 14 offshore service providers (OSPs), containing information on structures and arrangements used to hide and launder funds, and evade tax. The working group collaborated to identify Australian residents that had transacted with the OSPs and any associated offshore tax evasion risks.

## GST REFUND FRAUD

Intelligence received from Fintel Alliance partners and financial institutions assisted the ATO to identify a significant fraud involving participants inventing fake businesses to claim false refunds. The working group shared typologies, behaviours and key indicators of those committing the fraud.

Approximately \$850 million in potentially fraudulent payments were made to around 40,000 individuals. Financial institutions proactively froze suspected fraudulent amounts and worked collaboratively with the ATO to reclaim funds.

The ATO announced the launch of Operation Protego on 6 May 2022 to investigate those suspected to be involved in this fraud, and take action to disrupt and stop further proliferation of the issue. Since then, the ATO has strengthened its controls to prevent this

fraud and treatments of those participating in the fraud.

In June 2022, 12 search warrants were executed by the AFP as part of the Serious Financial Crime Task force's Operation Protego, with support from Victoria Police, New South Wales Police, Queensland Police Service, South Australia Police, Tasmania Police and Western Australia Police. Victoria Police arrested six individuals.

These actions resulted in the ATO stopping more than \$1 billion dollars in attempted fraud. Action against those who participated in this fraud is ongoing.

## TAX EVASION USING VIRTUAL ASSETS

The working group commenced its focus on the abuse of virtual assets to evade tax obligations, with a joint presentation by the United States Internal Revenue Service and ATO. The working group has benefitted from sharing indicators derived from recent intelligence and operational activity conducted by the J5 Cyber and Cryptocurrency Groups.

## Trade-Based Money Laundering working group

The Fintel Alliance Trade-Based Money Laundering working group has enabled government, law enforcement and financial institutions to share knowledge through training sessions, ongoing engagement and direct support to Australian Border Force operations. The efforts of the working group have resulted in an uplift in capabilities of partners to understand, detect and respond to trade-based money laundering.

Areas of focus for the 2021-22 year included open account trade and related considerations by financial services providers, the diamond trade globally, and operational matters brought to the working group by the Australian Border Force.

The collaboration between government, law enforcement and financial institutions has led to an increased understanding of the trade-based money laundering landscape in Australia and abroad. This in turn has enabled an improved understanding of the environment of trade-based money laundering in Australia, as well as strategies for how to identify and prevent it occurring.



## Combating Child Exploitation working group

In 2019 Fintel Alliance publicly released an activity indicators report titled *Combating the sexual exploitation of children for financial gain*, capturing learnings of the PPP to combat child sexual exploitation. Since the release of the report, law enforcement agencies and financial institutions have continued to identify insights into the financial aspects of child sexual exploitation.

Recognising the opportunity to capture and build upon insights into this heinous crime, a Combating Child Exploitation working group was established in late 2021, chaired by Westpac and AUSTRAC. The Working Group brings together the collective efforts of Fintel Alliance partners, with the Australian Institute of Criminology and the International Centre for Missing and Exploited Children.

The Fintel Alliance Combating Child Exploitation working group has been working towards capturing insights and best practices, while increasing awareness of the role financial information plays in combating child exploitation. The working group continues to encourage collaboration between domestic and international partners working to protect vulnerable members of the community.

## Virtual Assets working group

The introduction of new and emerging financial services presents an opportunity for government agencies and the private sector to work in partnership to identify and mitigate risk. Recognising this opportunity, a Fintel Alliance Virtual Assets working group was established to enable the PPP to work with leading digital currency exchanges.

The working group brings together experts from digital currency exchange providers, law enforcement and government agencies in the fight against money laundering, terrorism financing and other serious crime. In the first 12 months of operation, the Virtual Assets working group has delivered:

- capability and tradecraft uplift for partners focused on understanding and responding to financial crime through virtual assets
- increases in the quantity and quality of reporting relating to suspicious activity involving virtual assets
- the identification of new and emerging financial crime risks impacting digital currency exchange providers and the wider Australian community.

The working group involves two-way information sharing between industry and government, including new and emerging trends, methodologies and risks relating to financial crime. Learnings from this working group were recently shared publicly through publishing financial crime guides aimed at preventing the criminal abuse of digital currencies, and detecting and stopping ransomware.

Following an initial 12-month proof-of-concept, the Virtual Assets working group is increasing in participation as other partners of Fintel Alliance join to share insights and learnings.

## Public-private partnerships round table

Over the last five years, PPPs have demonstrated the value of engaging law enforcement, government and key financial institutions in the fight against financial crime. PPPs in Five Eyes countries have led the way in identifying opportunities to disrupt and deter crimes impacting the domestic and international community.

Fintel Alliance seized this opportunity and established a quarterly round table between Australia, Canada, New Zealand, the United Kingdom and USA FIUs. The initial focus has been to share learnings on combating child exploitation, fighting tax crime and evasion, disrupting professional money laundering and understanding financial crime risks associated with virtual assets.

The quarterly round table has resulted in sharing insights gained into current financial crime trends, increased understanding of new and emerging financial crime risks, and the strengthening of relationships regionally.

## PARTNERS

- AUSTRAC
- Australia and New Zealand Banking Group Limited (ANZ)
- Australian Border Force
- 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 Securities and Investments Commission (ASIC)
- Australian Taxation Office (ATO)
- Bendigo and Adelaide Bank Ltd
- Commonwealth Bank of Australia (CBA)
- Deakin University
- Department of Home Affairs
- 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
- Queensland Police Service
- Tabcorp Ltd
- Services Australia
- Western Australia Police Force
- Western Union Financial Services (Australia) Pty Ltd
- Westpac Banking Corporation

