



From Pandemic to Recovery:

Building Resilient Economies through Transparency, Integrity, and Trust





AFP
AUSTRALIAN FEDERAL POLICE

Case Study

Fraud – CV-19 Economic Stimulus

Background

COVID-19 PANDEMIC

- 29 December 2019 the World Health Organisation (WHO) reported an outbreak of the first known infections of what was then referred to as **SARS-CoV-2** in Wuhan, China.
- 11 February 2020 WHO named the infection **COVID-19**
- 11 March 2020 a **global pandemic** was declared.

Australian Government Response

Early Release Superannuation

- To support people whose finances were adversely impacted by COVID-19, the Government allowed people to access up to \$10,000 of their superannuation between 20 April 2020 and 30 June 2020, and a further \$10,000 in the second application period from 1 July to 31 December 2020.

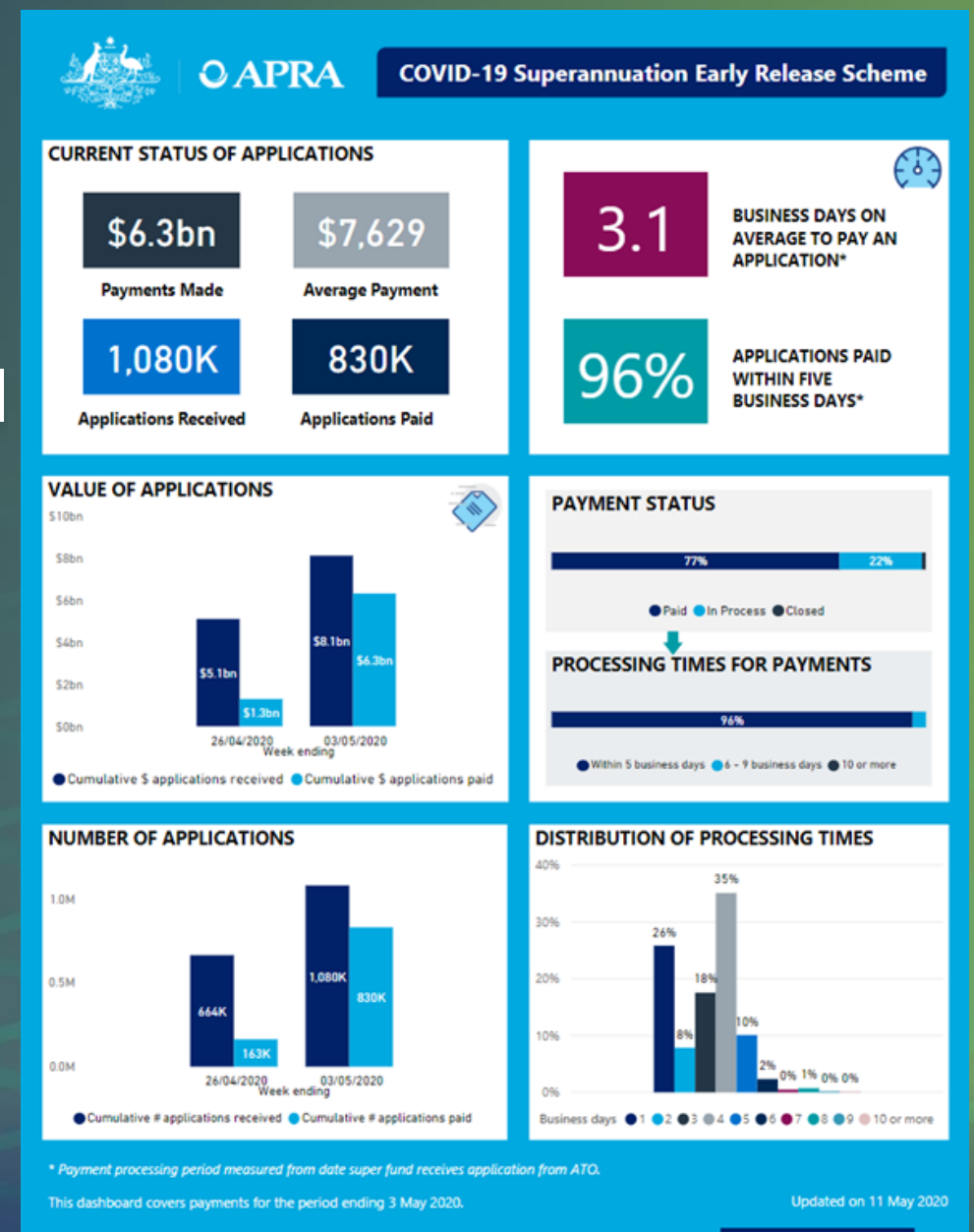
Public Uptake

- Over the duration of the early release of superannuation program (ERS), a total of 3.5 million initial applications and 1.4 million repeat applications were approved, with an average value of \$7,638 per application and a total value of **\$36.4 billion**.

(Australian Prudential Regulation Association [APRA], 2021)

Public Uptake

- During the first two weeks of the ERS roll out, over \$6 billion of Australians' retirement savings were withdrawn by superannuation fund members.



27 April 2020

A taxpayer received an automated message from the ATO advising that his application for Early Access of Superannuation through the COVID-19 stimulus program had been approved.

He contacted his Superannuation Fund and advised them that he had not submitted an application.

- the application had been received and \$10,000 transferred from his account to his nominated bank account.
- reported to Australian FIU which alerted the Australian Taxation Office (Department responsible for Superannuation).

ATO Investigation

- 23 new accounts linked online from a single ATO client account
- 19 of 23 lodged ERS applications
- All 19 ERS applications recorded bank account data
NOT PREVIOUSLY Supplied to ATO

ATO Investigation

- All 23 taxpayers clients of same online Tax Agent
- The ERS applications were lodged within 15 minutes of account creation
- Followed by rapid structured withdrawals by direct debit
- Total 731 ERS applications from same tax agent

ATO Investigation – 3 days

- Investigation went from a single victim \$10,000 each to identification of potential 20 victims

\$200,000

- In total 731 ERS applications from same agent needing to be checked for authenticity **(\$7,310,000)**

AFP Referral

Operational Planning - mission

- Stop Losses / prevent further harm
- Preserve evidence
- Identify and prosecute offenders
- Trace and recover proceeds of crime

Operational Planning – Initial Intelligence Gaps

- What is the fraud methodology ... how has it been enabled or committed?
- What is the role of Tax Agent... are they complicit, have they been compromised, or potentially both?
- How have taxpayer identities been compromised?
- Who has compromised taxpayer identities?
- Who has lodged the ERS Applications?
- What is the relationship between facilitators of the fraud and the creation and use of bank accounts?
- What is the risk by virtue of the size and scale of the fraud?

Operational Priority

- Directed to take overt resolution activity within 24 hours
- Asked for 48 hours

Operation Planning

- Online Agent
 - Persons of Interest?
 - Premises to be targeted?
 - Offence?
 - Superannuation funds deemed a trust not a legal person
 - Dishonestly obtaining or dealing in personal financial information,
 - False or misleading information
 - Money laundering

112 Potential Victims Identified

Further 731 ERS applications matching the Red Flags and needing to be assessed (potential \$7,310,000 within 4 days)

\$10,000 (27 April – 1 victim)



\$200,000 (FIU-20 victims)



\$1,120,000 (1 May – 112 victims)

Resolution – within 48 hours

- Travel permissions
- Search warrants
- Field interviews
- Digital Forensics of all systems

Digital Forensics

- Identified weakness of the website which was shown to be exploited to commit offending.

Red Flags Communicated

- Red Flags identified and communicated with ATO to improve Fraud Identification before release of funds.

Outcome – No Prosecutions

- Disruption to fraudulent conduct
- 108 Superannuation Fund victims
- 115 confirmed fraudulent ERS applications
- Final value of the fraud **\$1,068,613.57**
- Identification and referral of additional intelligence and frauds (Operation Iris Spider)
- POCA action recovered \$165,489.50

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Thank you!

