

# Operation Boscobel

## **Host – introduction**

The Australian Federal Police – or AFP – is Australia’s national policing agency. Its role is to outsmart serious crime with intelligent action. The AFP is opening their case vault to give us detailed insight into their investigations, tactics, and most importantly, perseverance through this Crime Interrupted podcast. As the national law enforcement agency with international reach, the AFP investigates and disrupts crime, aiming to minimise the damage inflicted on victims while maximising the damage to the criminal environment. Some of these cases may surprise you with the extent criminals are prepared to go to, and that these crimes do in fact occur – or are planned – in our own backyard. Once you get a glimpse into the AFP and what it does to protect our way of life, you will be glad the AFP has your back.

Just a reminder that the operation that follows is true crime and listener discretion is advised.

## **Host**

The Melbourne waterfront has a colourful criminal history of murder and mayhem. It was once ruled by the notorious Federated Ship Painters and Dockers Union – known for short as the Painters and Dockers. Members included such characters as Alfred ‘The Ferret’ Nelson, Freddy ‘The Frog’ Harrison, Jack Twist, and Billy ‘The Texan’ Longley. One story that has the status of an urban legend, happened in 1958. Freddie ‘The Frog’ Harrison went to the docks to collect his pay packet and to return a borrowed trailer. As he was removing the trailer from his car, a gunman appeared out of nowhere and shot Harrison in the head. There were 30 men there that day. No one saw anything. Twelve said they were in the toilet when the shooting happened. It must have been crowded because the toilet had only two stalls.

The Painters and Dockers were notorious for solving problems with violence and gunfire. It was the subject of the Costigan Royal Commission which began looking into the state of the wharfs in 1980. The Royal Commission found that the Painters and Dockers Union actively recruited hardened criminals and there were 15 murders linked to its members or union activity. The Royal Commission also identified crimes such as: assaults, tax-fraud, drug-trafficking, and intimidation.

Those days ended with the deregistration of the union in the early 1990s, and the troubled and violent past was put to rest. But that doesn’t mean the waterfront isn’t still vulnerable to crime. What happens now is less overt than the days of gun battles and murders, but that’s not to say that wharves all around Australia aren’t still places for law enforcement to monitor closely. The multi-agency Trident Taskforce was set up to look at the waterfront and identify any areas of vulnerability.

Inspector Matt Kroenert from Victoria Police joined the Trident Taskforce at the beginning. He’d had experience with joint agency taskforces and appreciated the value of sharing information and expertise.

### **Matt Kroenert**

Trident commenced back in 2012, and it came out of a Joint Parliamentary Committee, which was into basically the security around the docks. And as a result, decisions were made to create joint taskforces, not just in Victoria, but around the country. And eventually four joint taskforces were created, and Trident was the Victorian taskforce. I already had a background in the joint agency policing. So I was asked if I'd be prepared to help set up the new taskforce being Trident. As a proper joint agency taskforce, we were a little bit different to the other three in that we were state-led, so Victoria Police actually had the lead, whereas the other three around the country were AFP led. So it was a little bit of a difference, but in reality it was joint agency, so it didn't really matter who the leader was. We had Victoria Police, AFP. ATO had a member embedded. AUSTRAC had a member embedded, and we also had access through the operational arm of Customs as well. So we had the uniform presence to be able to do some of our disruption work for us.

### **Host**

Matt explains that the power of inter-agency policing lies predominantly in information sharing without the usual restrictions.

### **Matt Kroenert**

We had a blended team. We also had access directly into the intelligence functions of all agencies. So all six agencies have their own intelligence areas, but they were all actually co-located within the building. So that gave us the opportunity to be able to go directly to the intel cell and get all information that was held in relation to particular entities, which is unusual. In state-based policing, you'd normally just have access to your own information and any information you wanted from other agencies, you need to do formal requests. They can take quite some time. Some of the agencies may take, you know, three to six months to come back with the intelligence that you require. So it might be a case that we have an entity; we check Victoria police indices, we have nothing. Normally for us, we'd go, 'Well, that's the end of it,' but then we could go and check AFP, Customs, Tax, and you up getting a full picture of what it was that you were looking at. So we may have nothing. AFP may have nothing, but Customs may go, 'Hang on. We have this information or this intelligence here to suggest that the entity's been involved in importing drugs, but we haven't been able to prove it.' So it might be that's the vital piece of evidence or information that we need to commence an investigation. So that was the big advantage of being in the joint taskforce space is that we had access to all this intelligence. It was shareable under a Memorandum of Understanding, which meant that there were no formalities that needed to go through just to have a check done. Victoria Police were integral, as was everybody else because we were all working together.

### **Host**

The Trident Taskforce had an important brief. Its focus was on organised crime.

### **Matt Kroenert**

What Trident was formed for, it was to prevent, deter, and defeat serious and organised crime. But we also looked at vulnerabilities on the waterfront. So there was the criminality aspect of it, so the organised crime. But we're also there to try and target-harden the environment, to

stop the criminals from being able to use the vulnerabilities through the waterfront, to perhaps stop them being able to exploit those vulnerabilities. So a simple example: identify that there's no security cameras down on the docks on particular part of a fence. We find the fence has been cut. So we'd then work with the container terminal operators or the Port of Melbourne. So it might be as simple as putting up a CCTV camera. It might be around processes of people entering and exiting the wharf. So we identified those vulnerabilities in order to try and reduce the opportunities for organised crime to exploit those vulnerabilities.

### **Host**

Scott is a leading Senior Constable who has been with the AFP for 17 years. He worked over a variety of crime types before joining the Trident Taskforce. His focus was on the Melbourne wharves. Like Matt, Scott saw the strength of the Trident Taskforce was in its partnerships.

### **Scott**

There was a variety of organisations that were attached to the taskforce around Australia to support each of the areas, so Customs would help Australian Federal Police and Australian Federal Police help Victoria Police and other agencies in that work so that everyone would support each other.

### **Host**

With the Trident Taskforce set up to identify vulnerabilities on the waterfront, one of the main crimes that had flourished since the bad old days of the Painters and Dockers, was drug importation.

### **Scott**

A lot more drugs were coming through into the borders and we're finding more and more narcotics and border-controlled drugs and even chemicals coming through. We need to address it. The taskforce gets created and we're there to identify vulnerabilities and that could be something as simple as people walking off ships or multiple containers coming through, filled with narcotics. I think that it has been a longstanding issue. Rather than sticking to the same strategies, we need to be proactive and look at a better option. And I think that's where the taskforce came into it.

### **Host**

The more the Trident Taskforce investigated all aspects of the docks, the more they found areas of vulnerability.

### **Scott**

It could be something as false licensing of truck drivers. It could be security workers, it could be actual workers on site. Even something like when shipping crew come off and they've got their 24 hour access leave, what are they bringing into the country via backpack? You've got waterways that may or may not be caged off or secured in any way, so therefore, can someone just drive a boat in and, 'Here's some stuff, see you later.' They're all the things that we found along the way that are part of the problem. So it was a case of we need to act and be proactive.

What we've learnt from previous operations to future ways people are trying to get importation through. You've always gotta try mitigating as many risks as possible. And that was part of what the taskforce was designed for.

**Host**

As well as drugs coming through the waterfront, the Trident team found other vulnerabilities.

**Scott**

There were a number of other offences identified where truck drivers would be driving a truck to collect containers but not using their own ID, using somebody else's, or not even registered to the company. Vulnerabilities could be anywhere, right through to anything that would come into the border that could potentially pose a threat to the Australian population. Some of those could have been something as easy as a cruise ship person, something where it's got dropped off the side of the ship, access containers while docking and things happening in port waiting to come into dockside. Even right down to background checks of individuals: *what length does each company go to before hiring?* So there was several main things that we looked at, but obviously predominantly the border control drugs was the main part of the vulnerabilities of detecting and deterring.

**Host**

With so many different potential crime types, the Trident Taskforce was an incredible opportunity for those working it.

**Scott**

It gives you opportunity to learn, develop, and increase your own skillset because you're looking at completely different offence types. You need to look at how you're going to gather the evidence to meet all those requirements in order to be able to lay charges. So for us, and I think for most the guys who are attached to the team, were extremely excited that something new and something that was never really achieved before, came to fruition and that everyone took it and really worked hard at creating what was the Trident Taskforce.

**Host**

Working in the multi-agency space, each agency had its areas of expertise.

**Scott**

Victoria Police for state offences, ourselves as Commonwealth, the customs guys purely for getting in and around and access to waterfront. Organisations like Australian Tax Office that would come in and assist. And they're all meshed together in a way that we could bounce off each other. So it would be a case of, 'Okay, we can't deal with this. Can you guys look at this?' It might be a case of a GST component that they can look at and liaise with the company and say, 'Look, you haven't met your requirements. Let's get this up to speed.'

**Host**

The beauty of these partnerships, when everyone works together in the same space, is that an AFP investigator might be sitting at the desk next to an expert from the Australian Tax Office, and the two might discuss tax or GST solutions to an investigative problem.

## **Scott**

You're actually walking away, probably a 10-time better investigator with that knowledge saying, okay, well we can't do this, but look, let's look at option B, C, and D.

## **Host**

As part of the Trident Taskforce, information came to light that a major security company was paying cash wages to employees. Rival companies had reported this practice to the AFP because it made it impossible to compete for business. If cash is being paid on a large scale to employees, then chances are, the company involved is dodging its tax obligations. This means it can outbid any competitors for contracts.

## **Matt Kroenert**

Boscobel, I guess, is a sub-operation within Trident. So Trident's the overarching taskforce, and each of the teams would have their own investigation. So Operation Boscobel was an investigation that was assigned to my team, but the way that the investigation commenced was, we have some very intelligent people within the intelligence field and we had a particular Customs analyst who had done a lot of research and there was intelligence coming in to suggest that a particular company was doing some cash payments, that they were running things off the book, but there was also some strong links back to organised crime. So she put together an intelligence brief in relation to what she'd found, and that was presented to me. And then I've pushed that up to our command saying, 'I really believe there's huge vulnerabilities here.' Because it linked directly back at that stage to the waterfront. So as the investigation progressed, the focus changed a bit, but the initial focus was around vulnerabilities on the waterfront and how they might have been exploited by organised crime.

## **Host**

So why is using cash payments to 'run things off the books' such a red flag where the waterfront is concerned?

## **Matt Kroenert**

You have people potentially who aren't qualified or don't hold the appropriate licence to be working down on the docks. They're getting paid cash. So the vulnerability potentially is that they're then influenced by their superiors to allow particular things to happen. So, for instance, and I'm not saying this is what the company did, but there's a potential for the phone call to be made to say, 'A particular container is going to come off the wharf and be driven through the gate. Don't make any inquiries; just let it go.' So there is supposed to be a matching system so that they check as they exit the docks that the container on the truck matches. So it may be a case that the security guard didn't check the number on the container and the wrong container has been taken off the dock. So our concern was around what the vulnerability was with the security guards, whether there was corruption within the security guards, and what influenced the company may have had on those security guards to allow particular things to happen.

## **Host**

At the beginning of the investigation, all of this information still had to come to light. The team at Trident and then Operation Boscobel first had to gather their intelligence, then decide how

they were going to proceed. Soon, one big company emerged as a main offender in off-the-books payments.

### **Matt Kroenert**

There was a lot of other intelligence that came in within that intelligence brief. So we are looking at links to organised crime. So the cash payments were a small part of it, but it was also what we saw as the vulnerability through the influence of organised crime figures on the company. So there was potential for people to be placed in positions. So they put their own people in. There was potential for security guards allowing things just to come out through the gates. So we saw this as being a real vulnerability to be exploited by organised crime through the company. Cash payments were their mechanism for getting people into places. We took a four-pillared approach, which was a little bit unusual. Normally with our investigations, it's criminal. We're looking at the criminal aspect of it. With this one, we looked at regulatory; so we had a look at their licensing. Criminal; which was the eventual charges. We engaged the Tax Office in relation to their ability to investigate around the taxation issues. And we also had proceeds of crime, so we are looking at potential money laundering: *were they using the cash payments as part of the end of a money laundering cycle?* So we took this four pillar approach to try and make sure that we covered all our bases in relation to doing the investigation to get the best result.

### **Host**

Any time cash is being paid in large amounts, especially on the wharves, it's a red flag.

### **Scott**

It's a vulnerability that we need to definitely look at by unfolding through the information that we received from the public and then doing obviously further inquiries on that. A lot started coming to light and we thought: okay, this is beyond the point of us just receiving more and more info – it's more of a case of let's look at this closer. And we found over the time that the more we looked at it, that companies around Australia were having pretty much a 50-50 on-the-books, off-the-books regime. And part of that was contract based. So a particular contract may be attached to a venue or a waterfront or whatever it might be.

### **Host**

As for the people on the receiving end of the cash payments, some knew that it was a rort, while others may not have. Matt doesn't think there was a strong understanding from the workers on just what they were missing out on, by receiving cash.

### **Matt Kroenert**

I think some people didn't want to know. It was a job. They were getting paid and they were happy with that because bearing in mind, of course it's well below award wages, but the fact that tax is not being paid into that probably plays into their mind about thinking, well, it's not so bad that I'm getting paid less, because of course that was all part of the off-the-books business model around how company could win the contract so cheaply. It was around that business model of not paying tax, not paying super. So they'd be looking for people that were prepared to take the money without all the other things that went behind it. So I think you had

vulnerable people that were desperate for work and weren't concerned, probably people that didn't understand, and I think probably those that didn't care.

### **Host**

If a worker is paid cash, that usually means the employer is not paying tax on their behalf, or superannuation, or the Work Cover premium, or payroll tax. They're also not allowing for any worker entitlements like sick leave, carer's leave, holiday pay, or long service leave. Not having to pay all of those things gives a company the ability to undercut other bids by 30 or 40 percent. The more the Trident Taskforce looked into it, the more widespread they found this practice to be. The company doing it was rapidly expanding as a result.

### **Scott**

That's what we start to see from a lot of the primary companies is the fact that all these contracts that were in and around the various states were being absorbed overnight, almost so that you could say that they grew too fast, too quickly. And before you know it, they've gotta find people to fill those shifts. You might have a particular venue that needs 20 people, but you might have four or five that actually physically there, plus the manager of that group, but you're still receiving the same income as a part of that contract. So yeah, it can be quite obvious through financial information that essentially that that's what's happening. You see the contracted money going into the companies and a portion of it going out and then the bulk either stays or moves onto other accounts.

### **Host**

There's a misconception about cash payments; if there's no tax, then people assume they will get more. That was not what the Operation Boscobel investigators found. There were too many people up the chain all taking a cut.

### **Scott**

What we saw through Boscobel, it was a case of what they're likely to receive per hour on the books would cover a lot more. So you'd have your sick leave, your holiday pay, your superannuation. Where, if you're off the books, you're likely to lose all that, but more because the off-the-books regime was all about whoever's managing you as a person and an employee would take a cut of that as well. So if we broke it down to a figure, for example, you might have \$20 per hour for working a shift at a particular venue. By the time you actually receive that money as a cash payment, it could be \$14 an hour. That's the company receiving the actual contracted money, then the person who runs that company takes their cut, then the manager takes their cut, then the person who's dealing the cash out takes their cut. Before you know it, you've lost \$6 an hour. Whether you're better off, you're getting cash in hand. Yeah, probably. But if you look at the bigger picture, you know, for someone who's getting \$42 and everything else covered, then you gotta look at it and weigh up your options as to which one suits you best. But realistically, you're probably losing out quite a bit.

### **Host**

As that one particular company grew and became the focus of Boscobel, information and intelligence flooded in.

## Scott

The information from the public as well as our own side of investigations, and it just sort of stemmed really quickly, in that it was not so much direct, but the way it was being done, it was quite obvious.

## Host

With reports of cash payments, it explained a practice that Boscobel investigators had seen on the docks; money being received in white envelopes.

## Matt Kroenert

One of the moments we knew we were on the right track was around the white envelopes. And I remember we were working a surveillance shift one day, and we were on a particular premises where the allegation was there was large amounts of money passing through, and we'd been sitting there for a while. There'd been nothing coming, and then all of a sudden, we start having person after person coming through the door. They're coming out, white envelope in hand. And it was one of those almost an *aha* moment where you go, 'Yeah, what we've got is, right. We're on the money here, and the investigation's gonna progress.' So that was probably one of the standouts where we actually had that confirmation that what we've been told was right. And from there, the investigation progressed.

## Host

The investigation showed that the company was putting part of each contract on the books and part of it was cash. Often the cash was paid to the employee by a different company and the onus was on the employee to have an ABN number and pay the tax themselves. Scott found that the employees weren't always told this, and most wouldn't have done it even if they'd known how to.

## Scott

That cash regime was pushed out to others and all the onus was put onto those entities to fulfill the requirements. I would suggest that they would've passed that onto the individual to say, 'Well, you need to have your own ABN; you need to have this,' but there was no certified or no signature on any of the documents that would allude to that to say, 'Yes, I'm taking full ownership.' So it was a bit of a multitude of information that was coming through that would indicate that this was going on. And it came to our attention being that they were one of the main companies that were overseeing security of the waterfronts.

## Host

With all the information coming through, Matt knew the team would rely on the use of a criminal intelligence analyst to process it.

## Matt Kroenert

Tim was one of the AFP intel. So he sat in with VicPol and with Customs and with ATO, AUSTRAC. So he was actually part of that intelligence cell that was doing all of the behind the scenes work. You know, the investigators go out and we work on what we've been provided by intel. It's probably one of the most important functions. From my experience has been that



without the intel driving the investigation, often we miss out on a lot of opportunities to progress.

**Host**

Tim's work on both Trident and Boscobel was a vital cog in the wheel. With so much information coming in from so many different fact-finding avenues, it was important to have someone to process it.

**Tim**

A criminal intelligence analyst is someone who not only collects and analyses data, but uses their analytical thought in order to influence decision making at operational and strategic levels of the Australian Federal Police, but also our national security and law enforcement partners. They provide a strategic forecast or an overview of what's actually happening in the criminal environment, and don't just focus on the small tactical level at the very basic investigations, but they look at the holistic picture of what's happening around Australia and in Australia's interests offshore as well.

**Host**

As an analyst, Tim processed the incoming information and offered advice on evidence-based data.

**Tim**

We attempt to provide direction to the investigators as to maximising evidentiary collection and also the deployment of specialist police resources, in order to assist in that evidentiary collection as well. We also provide advice as to criminal networks that are developing and opportunities and vulnerabilities.

**Host**

With the huge task ahead of him, Tim was on a steep learning curve. Although he did have some academic understanding of the Painters and Dockers, he began with little knowledge of how the waterfront worked.

**Tim**

I'm a graduate of a criminology degree and one of the key topics within one of our policing units in the degree was the Painter and Dockers union. And that was probably the earliest and only exposure I ever had to this environment. As the saying goes, getting thrown in the deep end, pretty much it sums it up. I had very little knowledge about how the ports and the wharves and more generally the waterfront operated. As a junior intelligence officer, I was very open to learning new things and I took up the opportunity. A joint agency appealed to me to learn something new and develop my skills.

**Host**

As part of their commitment to gather as much information from as many sources as they could, Scott and his colleagues went down to the docks to talk to dock workers.

**Scott**

We were always plain clothes, to keep that friendly approach. But we got down there ad hoc whenever we could to just meet and greet realistically, 'If you hear anything, if you see anything, let us know.' For us it was just get down, have a chat and see what we could see at the same time. Word of mouth got around and some people were happy to talk, others weren't. Some were happy to talk off record. Others were happy to do more.

### **Host**

A recurring theme among the dock workers who were getting paid cash was that they didn't question it.

### **Scott**

Speaking to a lot of people throughout the investigation, it was nothing shy of, 'I worked for this company. I got paid through this company.' 'Did you find it weird?' 'Absolutely, but I never questioned it because I was getting cash in the background.' So, and whatever was happening on the legitimate side, yeah, they, they were getting the hours, but it was all the extra work that was not being reported. So, yeah, it, it just, one thing after the other kept unfolding and led to the investigation being pushed on.

### **Host**

Another concerning practice came to light. People would swap out shifts with others who weren't necessarily qualified to do the work.

### **Scott**

Individuals were swapping out for people that may or may not hold licenses as well. You know, if someone comes in, may not have any skill in that industry, may not even have English as their primary language. So issues were coming out of it that we'd see. It became twofold really, that whether people were sort of swapping out, and falling asleep on shift or doing triple shifts to be able to get more and more money. It was just one thing after the other, we kept finding and seeing and chatting and learning what was going on.

### **Host**

The investigators soon saw a link between security on the waterfront and security with major sporting events. It turned out that the same people were often doing both jobs.

### **Scott**

The majority of the security work that was done down at the waterfront, there was other contracts held with other organisations, sports or otherwise, where the same member would then do almost like a double shift or come back later, do a weekend shift. Everything in and around the security side was on the books, for what we saw. And then post that to top up wages or whatever the reason being was anything in a different venue was gonna be off the books, cash through a different, subsidiary company. That's the bare bones of how it operated.

### **Host**

With security provided outside of the waterfront, the payments were more likely to be cash. For security on the waterfront, there were generally more legitimate on-the-books payments,

perhaps because those doing the cash payments knew there would be more government scrutiny on the docks.

### **Scott**

So for what we found, I think it was more of a case of don't disrupt the main bread and butter. We found over time that the waterfront side of the house was fairly legitimate. We would have to sort of dive into it a lot more as to: were those physical members attached on that spreadsheet to say that they were the ones working? Or was it just a name on a spreadsheet? And what skillset did they bring in? Did they have the experience or did they even have a registered security licence? They're the issues as you got more and more into it. But for the bare bones, it was always a case of most of the contracted waterfronts were the legitimate angle, but the second side of the company was anything outside of that is where the cash top-ups would help each person to increase their wages.

### **Host**

The thing that kept investigators on their toes was the speed at which the company grew. It's logical when you think about it. The company could outbid all competitors because of the cash payments, and then get contract after contract. In order to fulfil them, they needed more and more people and more and more subsidiary companies to help them. How fast did this growth look like to Scott?

### **Scott**

Oh, overnight. Overnight, without doubt. The way it unfolded, it was just, we've got this foot in the door. Victoria's got the contract. New South Wales got a contract. Let's keep going, let's keep going. Call it what you want, whether it's power, greed, whether it's status, I don't know. It's just, it just grew and it grew bigger than you can imagine.

### **Host**

Tim, the criminal intelligence analyst, watched the investigation grow as fast as the company expanded.

### **Tim**

The nature of the business was actually a nationwide business, with many offices in the major capital cities. So based on information that was available to police, we were able to identify a number of individuals, our primary persons of interest for the investigation. We started with two or three at the time, but as we started to collect, information on them, we were able to triage based on who else may be of interest. And I guess, once we started to get a lay of the land as to who was our main target, we started to look at the next layer and we were looking at not just the business itself, we're starting to look at a subcontractor level: who was our primary players there? And we started to look at, the information that we had around them and we started to get a clear indicator of who was actually involved in significant criminality. While it starts off big, it sort of didn't at the same time because we had a fair idea at the start who we wanted to start looking at based on the information that was available to police at the time. And then we just expanded out from there.

### **Host**

What they also found was a knowledge of criminality.

### **Tim**

What we saw through this particular investigation was criminality, or at least knowledge of criminality, all the way to the top, all the way down to the lower-level management of the business. And I would say at least, many, but not all of those who were contracting to the business, or full-time employees to the business, would've had some knowledge as to what was happening, or at least some suspicion or heard rumours that these individuals were doing the wrong thing.

### **Host**

Once Operation Boscobel began focusing on people within the company, their behaviour became predictable to Tim.

### **Tim**

During the investigation, we received a number of pieces of information from a number of different sources, which enabled us to actually get an idea of what was happening. From a financial perspective, we started to see unusual financial activity, which was repetitive, and we also started to see activities, where individuals would perform particular transactions and head to the same locations on a regular basis. We were actually able to predict where individuals would be at what particular time, almost down to the minute. Their behaviour became so repetitive in nature that we were able to observe the cash handovers in envelopes, but also observe their activities of undertaking the transactions and be able to significantly collect evidence against those individuals as well.

### **Host**

VicPol member Matt explains the importance to the investigators of the information that Tim processed.

### **Matt Kroenert**

A lot of what they do is profiling, so profiling of the companies, of the individuals. So they'll go and they'll dig and they'll look for all the information. So whether it's information intelligence, evidence they put all together into a package. Tim produced lots of those types of profiles, which then allowed us to go and identify opportunities to progress investigations. So they might come up and say, 'I've identified something in particular.' It may be that they have a vulnerable associate if we are looking to do some sort of covert methodology, for instance. So they will identify opportunities for investigators to then go and develop to try and gather that evidence to put before the court, because of course there's a big difference between intelligence and evidence. Intelligence is what we go and do our investigation around in order to capture the evidence to put before the court.

### **Host**

With Tim analysing data coming in, and the team investigating widely, the job of Operation Boscobel was always about narrowing the case down to a list of suspects. Scott explains this natural progression.

### **Scott**

There's a multitude of investigation inquiries that you make, and you start to see the picture as to who's controlling, and then you see the middle management and who's controlling. It's almost like a stone in the river. The more you throw in, the bigger the ripples and therefore you keep going and you get right down to each and every individual security person and or other contracted person. And each of those ripples, you take a portion of that and you say, 'Okay, you know what, let's look at this and we'll see what comes of that.' What we found through Boscobel specifically, there's evidence coming from a lot of different factions. And we'd target the next level and then the next level and the next level. And we'd go, 'Okay, well predominant control is coming from these particular people. They're dictating, they're the ones saying, 'We've gotta maintain the cash flow. We've gotta maintain the contracts. We've gotta maintain the subcontractors.' So with all that in mind, it narrowed it down quite easily over time between the information we're receiving, the evidence we collected. And then, from there, it was just a case of, well, let's keep going on these particular people and the entities and the organisations. And that's where it became quite direct. We knew what we were targeting, we knew how we were target, we knew the evidence that we had to support each of those main people involved and the companies involved. And that's pretty much how it just kept going from there.

### **Host**

Operation Boscobel needed the knowledge of the team's financial experts to interpret and explain the information that was coming in.

### **Scott**

We relied heavily on financial analysts, ATO assistance, and a variety of other key players to help because there was a lot of stuff that we received and we were saying, 'We're not the experts in this.' We need to go direct to them to say, 'Look, you need to explain this for us to see what comes of that. Is there an offence behind these points of information?' So for these particular people, a hundred percent, there was a case of we found all this information and evidence that became evidence purely on the information that we received, the way it was explained, and each of those stepping stones that we walked through became a case of, well, there is a fraud here. We're not only looking at the company holistically in its own income tax, but we're looking at GST, we're looking at withholding. And that was explained more and more as the financial analyst went through it all saying, look, from what we can see, this is what's missing. And then we had that supported by the ATO to say, 'Look, there's undeclared amounts for these years, but we can get that, you know, pushed up and make sure that that's done. And once that's done and we know what's in, then we can say that this has not been adhered to.' And all these stepping stones therefore unfolded. And we did find that there was GST fraud and that we found that the tax withheld wasn't being paid and the stuff that wasn't back-captured, finally got back-captured, and we found that there was income tax fraud for the companies, which were eventually paid out, but all still stemmed into a fraudulent offence of some description. Once we knew where that end game was, then we were able to home in on specific offence types and what charges were to be laid.

### **Host**

Another AFP officer who joined the team was David. He had been a member of Victoria Police for 25 years, 20 of those as a detective. He joined the AFP in 2010.

### **David**

Scott was at Boscobel before me, of course. He was there from day one. I came in, maybe 12 months, I think, after Scott had started. I assume that I was probably picked for the role to go down there just simply because of my investigative experience. The principles of investigations are pretty much the same, no matter what crime type you might be looking into. Yes, they can get a lot more specific when you're talking financial crime obviously, but the general principles of an investigation as a detective are pretty much the same in any investigation. So, when I came on board, it was just a big mixture of AFP members, Victoria Police, the Australian Taxation Office, the ACIC were involved. It was a good multi-jurisdictional taskforce.

### **Host**

When David joined Operation Boscobel, the team were still narrowing down their targets.

### **David**

They still hadn't decided when I arrived who the final targets were going to be, coz there were a lot. So that was still in motion. There was still a lot of bookwork going on. Spreadsheet work, surveillance, the use of forensic accountants; that actually became very important in this job. So there was still a lot going on. It was very busy when I arrived. It was a really good investigation. The main security company had far-reaching tentacles, way beyond, even though we were based in Melbourne, Victoria, the company's tentacles went Australia wide. So even that had its own complexities coz we were flying into other states as well and conducting investigations in multiple jurisdictions.

### **Host**

Even though David jokes about the amount of spreadsheets involved in the investigation, the reality was that they were only the beginning.

### **David**

No one likes to look at spreadsheets obviously. Was that part of my job and Scotty's job? Yes, it was, clearly, but not solely. I think it was just getting down to that nitty gritty of who are the people we're gonna target and why? And exactly what is it that they're up to? What's their lifestyle like? Are they living beyond their means? And then to take it another step, taking witness statements and preparing affidavits and search warrants for the investigation.

### **Host**

One interview reminded the team that not everyone accepted the corrupt practises. One woman resisted and it cost her, her job.

### **David**

I can specifically remember taking a very interesting statement from a witness interstate. She worked in the security industry, and once this main company got up and running, she was approached by someone from that company telling her that she would now have to accept cash and that that would be handed to her on a fortnightly basis in an envelope. And she just said, 'Well, that's not right and I want no part of it.' She was then basically told if she didn't want to go along with that scheme that she'd have to find another job. She knew it was wrong,

straight out. She was told in no uncertain terms to keep her mouth shut. This probably went on for a couple of months. She actually said in the end, 'I just want no part of this.' So they got rid of her, and then she and several other people in the same position wrote a letter to the AFP saying: *this is what's happened to me and, and I think it should be something that's looked at.* So once we found that information out, that was then passed on to the Boscobel Taskforce. We then tracked her and others down and approached them to ask if they'd like to make a statement and most were on board and provided very good statements.

### **Host**

The team at Operation Boscobel were keen to pinpoint the level of threat and manipulation being used against the workers.

### **David**

There was never, violence was never mentioned by this particular person. She told me that although there was no violence associated with what was going on with her particularly, she did feel threatened in the sense that she was also warned not to tell anyone else about it. 'Don't speak about this. Don't let anyone else know that this is going on.' But she was so steadfast on saying, 'No, that that is wrong. This is right and I'm sticking to my principles, and if it means I'm going to lose my job, so be it. But I'm going to make waves and let the police know what's going on here.' It takes a brave person to do that. There wasn't an enormous amount of females involved in the security industry. I think she also felt pressure back then as wanting to speak out. But look, obviously we're glad she did and others.

### **Host**

The investigators were impressed by the act of courage it took to speak out about it. And once one came forward, others quickly followed.

### **David**

That statement that I took from that particular individual, she was able to give us other names of people in the industry that were being told the same thing, basically take cash or see you later. And then it was just a matter of following up with those other people, making an approach and asking whether they're willing to, coz it is one thing to speak out, but then to actually put it down on paper and sign it, knowing that once you sign a police statement that you may have to give evidence in court at some stage down. So the statements were extremely helpful.

### **Host**

It was impossible to target everyone involved from management to the person on the street opening a white envelope. When Operation Boscobel narrowed the investigation down, those in charge made the decision. In the end, there were six main targets.

### **David**

Management had to make a decision because Boscobel was going on and on and a decision just had to be made. Who are we actually gonna target and charge? And then once that decision was made, then it was full steam ahead, And there was a very good reason why those six people were targeted. You had your general without a doubt. And then you had the five under him and they were the main players. So that's who we went after.

**Host**

Once that decision was made, the six main players in the cash payment fraud became the focus of the investigation.

**David**

I met all six of them at some stage throughout the investigation. Once the six were decided by management, then management made a decision as to which Boscobel investigator would be assigned. So there was an individual investigator assigned to the six. I was given person C and he was my entire focus, for the rest of the investigation.

**Host**

One of the six suspects would regularly go to the bank and take out huge amounts of cash.

**David**

One of the six, I'd say out of the six, if we had a scale from one being the boss or the general down to the lowest number six. So the guy that was number six, we found out that he was given the role by the general to attend a particular bank in Carlton on a regular basis and collect large amounts of cash, and then once collected, literally drive from that bank straight to the main security company's headquarters where he would usually meet in the coffee shop on the ground floor and exchange the money. We knew what he was doing, but we didn't know how much. But obviously then once we conducted bank warrants, we were then able to find out exactly how much cash was being transacted. And on some occasions where the amount of cash was that big, that the bank manager at the time, made this guy give him three days' notice so he could have the money ready in the bank because the bank usually didn't hold that amount. So we are talking a lot of money, certainly hundreds and hundreds of thousands of dollars.

**Host**

Just as the investigation was almost finished gathering evidence on the six main players, Operation Boscobel received information that the company was being sold. Scott explains the impact on the investigation.

**Scott**

We suspected that the company was selling because what they were doing was being targeted. It was almost, you've been found out realistically. That's what it came down to. There possibly were other motivations in selling the company, whether that was a financial gain, whether that was a career move, who knows. But for us, it wasn't a bad thing. It wasn't a good thing. But I suppose realistically, from a part of that sale, we were able to look at saying, 'Well, we've identified fraudulent offences where we're gonna see some financial money in this sale, so good, bad, however you perceive it, it was a case of: this is the way it's unfolding. That was what was the cards we were dealt with. And we were always aiming to move forward, trying to look at how we're gonna finish this job up. And that almost forced our hand a little bit in a little bit in that sense, because with the sale, there was no contractor held by those companies anymore. So we're forced to sort of look at finishing it up and sort of saying, 'Okay, well this is what we can charge with now. This is how we're gonna proceed.' Pushed it through and



management agreed and, said, 'Yep, this is where we're calling it.' So you, you move into the next stage and move forward and lay the charges need be.

### **Host**

With the sale of the company, the original asking price was 40 million dollars. But because of the Operation Boscobel investigation, this figure was significantly reduced. The true cost of the fraud committed by the company, ended up being in the tens of millions.

### **Scott**

There was a case of, it started off with, this is what we want in that 40 million dollar space. And then once everything was divulged through accountants, through solicitors, it came to an ultimate figure of 13 million or thereabouts. And we looked at that and said, 'Well, there's still an amount owed to the ATO. There's still an amount that hasn't been paid off to possible other entities. So it rapidly came right down around that 13 million. and that's what we looked at saying, 'Well there is that fraud, can we do this? And with the support of management, that's the avenue it went.'

### **Host**

Once Operation Boscobel moved into the arrest phase, David would follow his target, person C, through to the arrest, the search warrant, then the interview.

### **David**

We did search warrants on all their houses of course, and some of the businesses associated with those people. So, person C, I, along with several other members went and did a search warrant on that guy's house. He was arrested at the end of it, took him back to the police station, and then, and then I conducted the interview with that particular gentleman.

### **Host**

Given the huge investigation with paperwork that would later fill a truck, the investigators knew the case so thoroughly, they were well prepared for the interviews.

### **David**

I think the most important thing prior to conducting an interview with your suspect, there needs to be a lot of pre-planning, going into an interview, knowing all your points of proof, knowing what you need to cover off in order for that interview to be accepted by the court and then ultimately shown to the jury. Your ultimate goal is to get that person to admit to the alleged offence. That is the golden nugget. What I wanted from my suspect was not only for him to admit the alleged offences against him, but to also tell me about the other five and what was their role and how did everyone fit in? That's the biggest golden nugget ever.

### **Host**

In a police interview, the police officer has to read the demeanour of the suspect. Those who've had interactions with police before, may interview differently to those who haven't.

### **David**

In my opinion, it's pretty easy to tell by their demeanour, the way they speak to you, the answers they give you, whether they've had interaction before. My particular person assigned to myself, he had had dealings with the police before, but on this particular occasion he was happy to talk. But quite interestingly, which I thought, unusual at the time, he was more interested in speaking about the other suspects more so than himself and his particular role. So yeah, it was an interesting interview. But look, some of the other guys just straight out said, 'I'm not saying anything.' As you know, we can't make anyone talk. So some just said right from the start: 'I've got nothing to say. No comment.'

### **Host**

As he sat opposite Person C after many months investigating him, David knew that he lived in a normal house, despite the money they knew he was making. His only indulgence was to rent a very, very nice car.

### **David**

His house was nothing special at all. It's just an average house in an average suburb. Although I know that he was making good money out of this whole scheme, about the only thing that he had to show for it, was his car. He did have a very, very nice car, which didn't match what he was supposed to be earning.

### **Host**

In David's experience, people making big money out of criminal endeavours, either really splurge it, or they really don't.

### **David**

It's very interesting with these types of criminals when it's financial crime and trappings I think you just have two types. You've got the type that will just lash out, buy the expensive cars, buy an beautiful, big house in Toorak, buy a boat, buy a holiday house, just go crazy, fancy clothes, a Rolex watch. But then you've got the other types that, although they might be making a lot of money, illegally, they're what I call personally smarter because they don't go out and buy all those things that I just mentioned so that they fly under the radar.

### **Host**

After the arrests and interviews, the six men were free to leave. Scott explains that the investigators did not oppose bail.

### **Scott**

For this particular case, there was no contest by us. It was a case of this is the arrests that took place; we're not opposing bail. There were bail conditions set to maintain addresses, et cetera. but at the end of the day, for this type of offence, we had a variety of management involved in this from top right down to the bottom.

### **Host**

With the length of the investigation and the amount of offenders, preparing the case for court was a huge endeavour with millions of pages of documentation. Just how much evidence does it take to get a conviction?

### **Scott**

The simplistic answer is it would be good to have a lot. There are so many different working parts to this. And it's all on, here's all the information, but we've just gotta review it all. There's property seized from search warrants; there's information from other organisations; there's financial banking information; there's people that are fresh into looking at that information. So you'd had multiple financial analysts. You've got people that are new to the Trident Taskforce that have come on board to help. It could be two people as we found right through to 20 people. When you go to arrest, you have that court deadline. So it means you've gotta meet a brief handout and that gives all defence members the opportunity to read the information and digest it, come up with a defence, and then put that towards the next court date. Realistically, for myself and one other, it was just a case of get in, get it done. We've got deadlines. Working to all hours of the night, weekends, whatever it took to get it done. We met most of those deadlines. I think on a one or two occasions we had to seek extension because we had multiple financial analysts involved. And if it wasn't us delaying the court process, it was defence, and that came back to we need to set up a, an array of computer systems for them to go through the electronic data and we're talking multitudes of terabytes for information that was absorbed. And by the time we even looked at it, it was a case of this is gonna take months and months to get through, searching through the databases of company software, individual accounts, and all sorts of information to find what we are looking for, to really put the extra bit of evidence together to say, this has now made the story complete.

### **Host**

For Scott and David, it was the most evidence they had ever compiled for a case. And because of the six offenders, the huge briefs of evidence had to be copied over and over.

### **David**

I think Scotty and I probably hold the record for the most trips to a printer's office ever. Clearly once we charged these six people, we had to prepare a brief of evidence individually for each one, because they all had different roles to play. But then you gotta do multiple copies because the suspect needs a copy, his lawyer needs a copy, the court needs two copies, and then you've got the original copy, which stays with the case officer. I never found out what the printing bill was in the end for this case, but I'd be very shocked. I think when it finally came to the day when Scott and I went around serving all the copies of the briefs on all those people I just mentioned, we literally had to hire a truck.

### **Host**

With such a wealth of evidence against them from years of investigation, did the six men plead guilty once the case made it to court?

### **Scott**

Long story, yes. When it came down to the sale of the company, changing of charges, yes. So, income tax fraud, the flip of it was early plea, and reduced or a different result possibly. But yeah, so the guilty plea came through eventually, through defence into the court system and made way to completion.

**Host**

A guilty plea carries a sentence reduction, but despite any penalties the court might hand out, in the case of huge financial crime, the true penalty to the offenders was in the tens of millions of dollars they lost in the sale of their company.

**Scott**

Some were actually sentenced. Others received suspended sentence plus fine, or suspended sentence. For this circumstance, most of them were suspended sentence with fine. and should anything occur again down the track, would likely to be remanded and jail time.

**Host**

Tim explains that not all penalties for this crime type are obvious.

**Tim**

If we look at from a holistic perspective and not just whether someone is going to serve a prison sentence or get a slap on the wrist or anything like that, police in particular, AFP and our partners tend to go for the hip pockets, and that's our criminal assets and the confiscation taskforce. We use our best abilities in order to obtain criminally obtained finances and hurt them where it hurts the most. And that is their hip pocket. And especially when you start to look at the greed that some of these managers were actually showing, the disregard they had for their employees, and when you start taking away their funds or their sources of income, you see them start to collapse because ultimately the life as they know it is starting to end. From a director's perspective, or a high-level management perspective, if this company was to continue to operate, they then have that inability to obtain serious work contracts or tenders because it hurts their business reputation as well. Anyone involved from lower-level management all the way down to the bottom, if they put on their resume that they had worked for that particular company, that will hurt their reputation as well, I would argue.

**Host**

For Scott, he knows that for the workers who are now being paid correctly, the true benefit of the work he and the team at Boscobel did, may not be seen for another forty years when the accrued benefits of working on the books finally pay off.

**Scott**

And that's a key point. Someone who may have half of their super put into that and think the rest is there, and knocks on the door to say, 'Okay, where's my pension?' They go, 'But that's all you've got.' That's a big problem. Absolutely. Huge problem. And again, it still comes back to government because what does that person do? They have to go onto a pension, so it's government funded. So, they're all the issues that cascade upwards, eventually at some point.

**Host**

Criminal intelligence analyst Tim believes that despite the best efforts of law enforcement, crime on the waterfront will never stop. It just changes with the time, and people will always find ways to exploit the vulnerabilities on the wharves. That's why the work of the AFP and their multi-agency taskforces is so vital.

### **Tim**

I don't think there's ever an ability to eradicate something, but I think it's best to have an understanding of what our vulnerabilities are and how best to risk mitigate those circumstances in those environments. With the way the criminal landscape is happening now with the nature of transnational organised crime, whether that be drug importations illicit firearms imports, and the illicit tobacco importations as well, we start to expect that the criminal networks will use every potential vulnerability at their disposal in order to help their cause and to have the waterfront pose as a significant threat, it's always going to be a measure that we need to have optics over. And it's something that's, I guess will always be a vulnerability to Australia.

### **Host**

David believes that Operation Boscobel was one of the best examples of what a multijurisdictional taskforce can do, but he also appreciated how much he learnt from the others in the team.

### **David**

I genuinely believe that multi-jurisdictional taskforces are probably going to reach a better outcome. Boscobel was a perfect example of that. It wasn't Scott or myself or the AFP that succeeded; it was all of those organisations working closely together. And when I mean closely, I don't mean you make a phone call to the ATO or make a phone call to the ACIC; we were all sitting side by side and that in itself was fantastic. I personally learnt a hell of a lot more sitting beside people from other organisations because you don't normally get that close with them, you know? So that was a huge benefit. It was something that I really enjoyed.

### **Host**

If you are interested in learning more about how the AFP works to protect our waterfront and how Matt, Scott, David and Tim investigated this case, visit [a-f-p-dot-gov-dot-a-u](http://a-f-p-dot-gov-dot-a-u)

### **Host (AFP outro)**

The AFP is all about protecting Australians and Australia's way of life.

Stay tuned for our next instalment of Crime Interrupted as we take you behind the scenes of a case of online scammers who were able to hack into systems to steal millions of dollars in superannuation.