

Investigations

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About our investigations

Setting our priorities

Potential targets for investigation come to our attention in many ways:

- Strategic intelligence, in both crime and corruption, can identify persons, networks or practices warranting investigation.
- The CCC may be asked to support major crime investigations undertaken by other law enforcement agencies, particularly the QPS.
- Allegations of corruption can be made directly to the CCC by members of the public or referred to us by agencies.

As the number of matters which could warrant investigation exceeds our investigative capacity, we focus our resources on the most serious matters.

In the case of crime matters, the statutory Crime Reference Committee determines what matters it will be most effective for us to take on. This committee also provides independent oversight of the CCC's use of powers and crime operations as they progress.

 See page 12.

Decisions about which corruption matters to investigate are made by an internal Matters Assessment Committee.

With such a broad mandate, the main factors guiding our decisions include:

- the degree of threat/impact that the criminal activity is considered to pose to the Queensland community
- the degree to which public interest requires an independent investigation of matters of serious corrupt conduct
- the resources and expertise available either in-house or in conjunction with partner agencies.

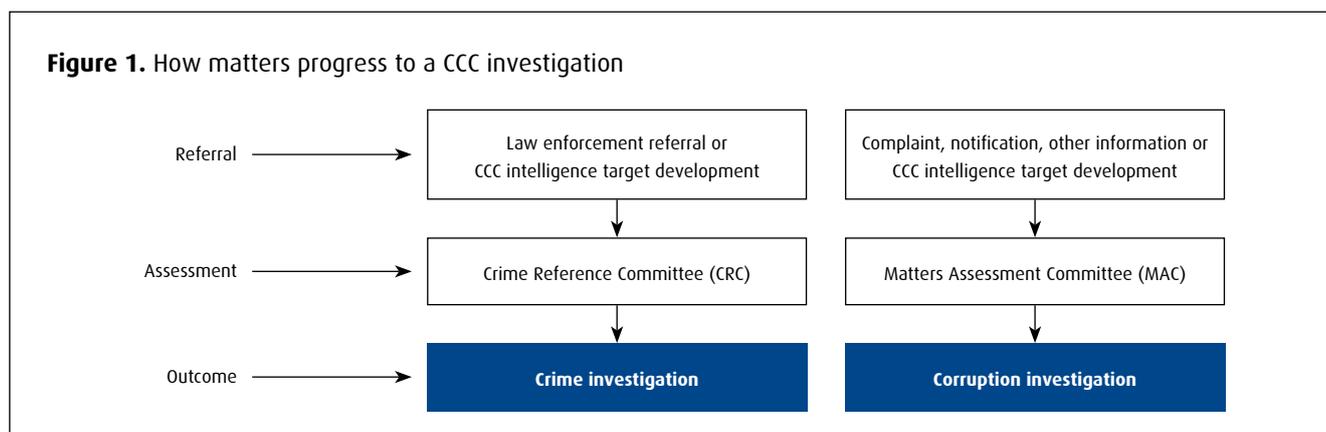
CCC investigations are often conducted in partnership with law enforcement agencies (predominantly the QPS).

Our investigative powers

The Crime and Corruption Act and other legislation give the CCC investigative powers that are generally not available to other government agencies conducting investigations. These include search, surveillance and seizure powers as well as the power to conduct coercive hearings that compel people to attend and give evidence, and to produce documents and other material. Where we conduct joint investigations with other agencies, we use these powers as well as our expertise in intelligence, financial analysis, forensic computing, research, and covert investigative techniques.

Based on evidence gathered during its investigations, the CCC can recommend that people are arrested, charged and prosecuted. In the case of suspected corrupt conduct, the CCC can commence proceedings in the Queensland Civil and Administrative Tribunal (QCAT) or refer matters to a CEO (or senior executive) to consider disciplinary action. However, the CCC is not a court. It cannot determine guilt or discipline anyone.

 See pages 27 and 40 for information on our use of powers and the external oversight of these powers.



Crime investigations

Context

Organised crime groups are developing in ways that mirror large corporations. These developments include the centralisation of operations, greater connectivity, growing sophistication, increased professionalism, and long-term strategic planning towards growth. This is leading to more sophisticated criminal activities, broader criminal networks, and groups with greater capabilities.

New technologies assist them to undertake their criminal activity more effectively and/or reduce their visibility to law enforcement.

Multi-jurisdiction offending is increasing — with crime groups from overseas and interstate targeting Queensland, and Queensland-based crime groups expanding their operations interstate and overseas.

Updating of crime referrals to the CCC

To combat this criminal environment, the Crime Reference Committee uses general referrals (targeting broad areas of crime) or specific referrals (dealing with a specific crime) to direct matters to the CCC for investigation. In 2015, the committee reviewed and updated the CCC's general referrals, as follows:

- Organised Crime
- Organised Crime (Facilitators)
- Criminal Paedophilia
- Serious Crime (Vulnerable Victims)
- Terrorism.

 See <www.ccc.qld.gov.au/crime/what-the-ccc-investigates>.

Outcomes 2014–15

Crime investigation results	
Arrests	82
Charges laid	687
Drugs seized (estimated street value)	\$4.462m
Assets restrained	\$18.316m

Our ongoing work

Due to the complex nature of our investigations, some of the matters that we commenced in 2014–15 or earlier will continue through the next reporting period.

Crime investigations			
2013–14	2014–15		2015–16
Brought forward	New	Finalised	Carried forward
53	36	32	57

Note: These crime investigations include cooperative investigations with the QPS or other law enforcement agencies.

Illicit drug markets

Methylamphetamine



\$3.279m worth of methylamphetamine seized



2 commercial laboratories closed down



\$24.532m in cash and assets restrained

Illicit drug markets remain the most prominent, visible and profitable form of organised crime activity in Queensland. Due to the prevalence of methylamphetamine (particularly crystal methylamphetamine or “ice”) and the harms associated with its use, the ice market is the drug market of highest threat to Queenslanders.

CCC intelligence has made the following assessments:

- Organised crime involvement in the Queensland methylamphetamine market is likely to continue to grow due to strong demand for the drug, particularly in crystalline (ice) form, and the high price it attracts. This may lead to attempts to manufacture ice domestically in larger-scale clandestine laboratories and/or increasing importation of the substance.
- Organised crime groups may identify vulnerable markets in regional Queensland that are removed from traditional drug supply channels, and supply these areas with illicit drugs such as methylamphetamine and new and emerging psychoactive substances.

The CCC has focused much of its organised crime investigative capability on high-threat networks involved in manufacturing ice, and trafficking it into and within Queensland. As at 30 June 2015 the CCC had \$24.532m worth of cash and assets under restraint arising from individuals alleged to be engaged in offences of manufacturing or trafficking in methylamphetamine in Queensland. In addition, 6.4 kg of methylamphetamine (with an estimated value of \$3.279m) has been seized in the last year, and two commercial laboratories with the capacity to produce a maximum yield of 54 kg of ice were closed down.



Operation Juliet Wave

Operation Juliet Wave was a two-year operation conducted in partnership with the QPS that resulted in 63 people being charged with 455 offences. Drugs with an estimated value of \$2.9m were seized, including crystal and liquid ice estimated at over \$2m.



A detailed case study of this operation can be accessed at www.ccc.qld.gov.au/juliet-wave.

Cocaine

Although significantly smaller than other illicit drug markets, the cocaine market in Queensland has experienced growth since 2009. The growth in demand for cocaine combined with the lucrative nature of the market is likely to attract more organised crime groups in the future.



Operation Quaker targets cocaine-trafficking syndicate

This year we concluded the covert phase of a 13-month operation, dismantling a major organised crime network involved in the supply of cocaine throughout Queensland. The operation, codenamed Quaker, employed various investigative strategies, focusing on the trafficking activities of two key targets identified through intelligence. The network had a large customer base which allegedly included a number of high-profile professional sports people.

Our close cooperation with other law enforcement agencies contributed to the successful outcome.

The operation was closed in two phases. The first phase was closed in December 2014 with investigators from the CCC and QPS executing search warrants on the Gold Coast. In this phase, the principal target of the operation was arrested and charged with the serious offence of drug trafficking. Twenty-seven other people were also arrested and charged with a total of 184 offences.

The second phase of the operation was closed in April 2015 with investigators from the CCC and the QPS executing search warrants on the Gold Coast. The principal target of the second phase was charged with a number of drug offences, which included two counts of supplying a dangerous drug. Three other people were arrested during this phase, with a total of 12 offences.

Drugs with an estimated value of over \$1.4m were seized during this operation. The overt phase of the investigation remains ongoing.

Criminal organisations



61 arrests (on 490 charges)



\$4.462m worth of drugs seized



\$6.380m in assets restrained



227 intelligence reports disseminated

In response to community concern about incidents of violence, intimidation and criminal behaviour by members and participants of criminal organisations — particularly outlaw motorcycle gangs (OMCGs) — the CCC was granted 12-month specific funding (allocated in January 2014) to focus on disrupting the activities of these groups.

OMCGs are prominent in most aspects of organised crime, including drug and firearm trafficking, property crime, fraud and tax evasion. Members of OMCGs also commit serious violent offences including extortion, serious assault and murder. They may operate within and alongside legitimate business, and commit other offences including corrupting public officials.

OMCGs and their associates have been a focus of the CCC's organised crime investigations during this reporting period. In total, 61 people were charged with 490 offences. The value of drugs seized was \$4.462m and the value of proceeds of crime restrained was \$6.380m.

In 2014–15, through our intelligence-gathering hearings we collected specific intelligence on OMCGs in Queensland, disseminating 227 intelligence reports to partner law enforcement agencies. These reports provided information on how OMCGs are operating in this state, including their involvement in criminal activity and their presence in otherwise legitimate industries. Our hearings also yielded valuable information for a number of OMCG-related drug investigations and the extent to which OMCGs may be involved in directly coordinating the drug trafficking activities of individual members.



Operation Lima Hacksaw

The CCC conducted hearings in relation to a drug trafficking network that was the subject of a QPS investigation involving members of an OMCG. The network trafficked in various substances including cocaine and methylamphetamine. At the closure of the covert phase of the QPS investigation, several OMCG members and associates were charged with drug trafficking offences. The CCC then conducted hearings to explore the trafficking network, including the concealment of assets and the connection between the trafficking activity and the relevant OMCG chapter.

The evidence gathered indicated that the hierarchy of the particular OMCG club overlaid the hierarchy of the trafficking network. More productive members of the network were “fast-tracked” to high status within the club. In contrast, others occupying lower levels within the drug network, and involved in trafficking, debt collection and standovers, were expected to pay a commission back to the club.

Organised crime facilitators

As organised crime infiltrates various markets and sectors of the economy, its activities are often supported by, or outsourced to, a range of people with specialist skills and/or who have access to particular information or infrastructure (facilitators).

Organised criminal groups are motivated to use facilitators for two main reasons:

- They may lack the necessary skills, knowledge or access to carry out crimes — for example, in complex financial or computer-based sectors.
- Using facilitators helps criminals distance themselves from criminal activities; correspondingly, professionals can give criminal activity the appearance of legitimacy.

Professional facilitators such as lawyers and accountants help criminal networks to operate undetected across both legitimate and illicit markets. Their expertise may assist in laundering the proceeds of crime, avoiding tax and disguising criminal activity. Other non-professional facilitators with specialist skills and knowledge also provide information and expertise when it comes to activities such as manufacturing dangerous drugs and precursor substances. Another category of facilitators includes “insiders” who, by virtue of a position of employment, have access to information which can be exploited by organised crime groups.

In May 2015, the Crime Reference Committee approved a new general referral into Organised Crime (Facilitators) to support an ongoing CCC investigative focus on the facilitators of organised crime.



Alleged “structuring” offences by law firm

Operation Biscay investigated an allegation that a firm practising in criminal and commercial law was engaged in money laundering.

As a result of the investigation it is alleged that a partner and employees of the firm were involved in:

- attempting to pervert the course of justice, contrary to section 140 of the Queensland Criminal Code
- structuring, contrary to section 142 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cwlth).

It is alleged that, in their roles as legal practitioners, the defendants helped clients of the firm to deal with their money in a way that was intended to obstruct criminal confiscation proceedings.

Financial institutions are required by law to report any cash transaction of \$10 000 or more to the Australian Transaction Reports and Analysis Centre (AUSTRAC). The offence of structuring involves banking cash sums of \$10 000 or more in smaller amounts to avoid the transaction being reported to AUSTRAC.

The matter is currently before the courts.

Boiler room fraud

In 2014–15 the CCC investigated several suspected criminal networks based in Queensland allegedly engaged in cold call investment fraud, often referred to as “boiler room” fraud. Boiler room fraud is unsolicited contact, generally by telephone, with victims who are persuaded through false, misleading and deceptive information and practices to invest money in schemes involving financial management packages that will never achieve the returns promised. Investment in these schemes results in the eventual loss of the investment by the victim.

One investigation focused on suspected fraud by companies engaged in the marketing of products including investment software packages, gambling products, and financial management services.

Information obtained during the CCC investigations is being disseminated where appropriate to other state and Commonwealth agencies. To date, three persons have been charged with offences of fraud and/or money laundering. These investigations are ongoing.

Paedophilia



11 persons charged with 151 offences



11 investigations finalised



7 evidence packages disseminated to interstate jurisdictions

Our paedophilia investigations target internet-based offenders, repeat offenders and paedophile networks. The CCC works closely with the QPS Task Force Argos, regional child protection investigation units, Offices of the Commonwealth and Queensland Director of Public Prosecutions, and interstate and foreign law enforcement agencies.

The CCC pays particular attention to matters where offenders present a high risk of offending because of their access to children — for example, offenders such as teachers who occupy a position of trust and have access to children, those who have children in their home, or where the investigation identifies interest or activities relating to grooming children for contact offending.

Crime investigations

In 2014–15, 11 paedophilia investigations were finalised, resulting in 11 persons charged with 151 offences relating to the possession, distribution and production of child exploitation material. These offenders posed a direct and indirect risk of contact offences against a number of children in Queensland and other jurisdictions. One offender was charged with 3 counts of indecently dealing with a child under 16, and 14 charges of making child exploitation material.

This year, as a result of CCC investigations, one person was charged with the Commonwealth offence of aggravated conduct or “networking”, which carries a penalty of up to 25 years’ imprisonment. Since March 2010, 14 people in Australia have been or currently are being prosecuted for this offence. Five of these prosecutions were the result of CCC investigations.

The CCC also disseminated seven evidence packages to interstate jurisdictions concerning the use by an individual of a peer to peer (P2P) platform to access, possess and distribute child pornography. As a direct result of these CCC disseminations, two men in Redfern and Tweed Heads, New South Wales, were arrested on a range of child sex offences, with a child at risk identified in one case. Additional information has been supplied to NSW detectives for the consideration of additional NSW and Commonwealth offences identified by CCC investigators.

These investigations were praised by the National Coordinator for Child Protection Operations at the Australian Federal Police as examples of law enforcement agencies working collaboratively to achieve successful outcomes.



Successful identification of multiple offences by Ipswich man

In September 2014, police from the CCC’s criminal paedophilia team and forensic computing unit, assisted by the Ipswich Child Protection Investigation Unit, executed a search warrant at an Ipswich address. The male suspect was arrested and charged with child exploitation material offences.

Following forensic analysis of the suspect’s computers and related computer hardware and storage devices, additional state and Commonwealth offences relating to possessing and distributing child exploitation material were identified, and the man was issued with a notice to attend the Ipswich Magistrates Court. Charges included:

- possession of child exploitation material (*Criminal Code Act 1899* (Qld))
- use of a carriage service to access child pornography material (*Criminal Code Act 1995* (Cwlth))
- aggravated offence — an offence involving conduct on three or more occasions and 2 or more people (networking) (Commonwealth Criminal Code).

The man has since been committed for trial concerning all 68 charges relating to this investigation.

Corruption investigations

Context

Corruption can take many forms including victimisation and assault, the misuse of public funds or assets, and the unlawful release of information. The CCC conducts independent investigations to identify and respond to the most serious and systemic cases of corrupt conduct affecting Queensland public sector agencies (including the QPS). Other allegations of corruption are investigated by agencies themselves and may be subject to CCC monitoring.

 For more information on the CCC's oversight role, see page 21.

A successful investigation outcome does not always mean that an allegation of corruption will be substantiated. A successful investigation could result in:

- clearing a person's name or restoring public confidence in a public sector activity or agency, a politician or the police
- criminal or disciplinary charges
- identification of systemic weaknesses or a failure of internal controls in agencies that make them more vulnerable to corruption.

The CCC has continued its focus on improving the timeliness of its corruption investigations. As at 30 June 2015, the CCC had only one corruption investigation older than 12 months. This compares with two investigations older than 12 months as at 30 June 2014.

Outcomes 2014–15

Corruption investigation results	
Arrests	55
Charges laid	200
Recommendations for criminal charges	8
Recommendations for disciplinary action	6

Our ongoing work

Due to the complex nature of our investigations, some of the matters that we commenced in 2014–15 or earlier will continue through the next reporting period.

Corruption investigations			
2013–14	2014–15		2015–16
Brought forward	New	Finalised	Carried forward
29	48	45	32

Learning the lessons from investigations 2009–14



As part of the transition from the Crime and Misconduct Commission to the CCC, we analysed our investigation data to see what had been the most consistent serious forms of corruption/official misconduct in departments and agencies (excluding the QPS) over the last five years. They were:

- corruption and favouritism
- unauthorised disclosure of information
- misappropriation of assets
- poor procurement processes.

Our paper *Corruption in the public sector: the big issues* (December 2014) was directed to CEOs and senior officers of all units of public agencies. It brought together lessons drawn from investigations to highlight the issues most likely to put them and their agencies at risk. In particular, it emphasised the importance of leadership accountability and the harmful impact of supervisory failure.

The results of this analysis will help guide the focus of the CCC's 2014–16 corruption audit program.

 See page 22.

Weakness of internal control systems to detect and prevent fraud

The adequacy of internal controls to prevent fraud and corruption is a key area of focus for the CCC. The sizeable sums of money involved in the public sector payroll function (which includes the payment of wages, superannuation and other allowances) means that payroll is a high-risk area for potential fraud in public sector agencies.



Timesheet fraud leads to criminal conviction

In 2014, the CCC finalised a two-year investigation into a fraud involving the dishonest claim of overtime by a former Queensland Health employee. The officer had been temporarily appointed to help manage the increased workload following the introduction of the new payroll system in March 2010. Over a two-year period, she dishonestly claimed nearly \$40 000 in overtime.

The investigation also identified significant systemic risks with respect to the adequacy of internal control mechanisms. Additional allegations concern the failure of line managers and directors to adequately supervise staff and appropriately manage payroll approval processes.

The former employee was sentenced to two years' imprisonment, to be suspended after three months.

Investigation matters referred for prosecution

In 2014–15, the following matters were referred for prosecution:

- Following a joint investigation with the QPS into allegations including official misconduct and fraud, the CCC charged a former member of parliament with 16 offences, including soliciting secret commissions, fraud and fraudulent falsification of records.
- In October 2014, following an investigation into allegations about irregularities surrounding the recruitment of a number of staff to the Department of Education Training and Employment, a former and a current employee of the department were each served with a Notice to Appear in court on one charge of misconduct in relation to public office.

The high cost of research fraud

Public funds from both state and federal governments support a wide variety of research projects in Queensland. To ensure that research integrity is maintained, research must be conducted within strict ethical, legal and professional frameworks. Fraudulent activities such as fabricating medical research data or falsifying results not only jeopardise individual projects but impact on the lives of research participants and others awaiting the outcome of research trials.



Research fraud

In September 2013, the CCC started an investigation into allegations of research fraud and the misuse of associated grant money at the University of Queensland. It was alleged that a former researcher had fabricated research findings from human research trials that were never conducted, resulting in a published research article being based on fraudulent data. It was also alleged that the researcher had successfully sought grant funding based on the fraudulent research and that he later produced false reports on the progress of that research. It is alleged that a second researcher was complicit in these activities.

On the available evidence, the CCC will allege that the claimed research, as described in an internationally published journal article, could not have been undertaken. It will also allege that the published research article was used to generate support for a number of successful research grant applications, and that, when challenged about validity, the lead researcher took deliberate steps to falsify records in an attempt to legitimise the research.

The CCC will allege that in this case, by exploiting his reputation and status, the lead researcher breached expected high standards of ethical conduct and honesty to deceive the scientific and academic community.

In late 2014, the officers were issued with notices to appear before the court for fraud and general dishonesty offences. These matters remain ongoing.

Improper use of information

In the course of their employment, police and public servants have access to a broad range of confidential information. Unauthorised access to and release of this information can have significant consequences, including breaches of privacy laws, the compromising of law enforcement and confidential government activity, and the erosion of public confidence in public officials. Unauthorised access to and release of information could constitute a criminal offence.

The non-disclosure of conflicts of interests and associations has been a dominant theme in the CCC's corruption work. Fifteen, or one-third, of the 45 investigations finalised in the 2014–15 reporting period involved allegations of inappropriate associations and/or unauthorised access to and release of confidential information.

A review of these matters identified a number of vulnerabilities that can be exploited by persons involved in criminal activity. A lack of supervision coupled with inadequate policies to guide staff behaviour are key factors that facilitate this type of offending by employees, whether in conjunction with others or in isolation. These vulnerabilities are present in both the QPS and the public sector more generally.



CCC investigation into driver licence fraud leads to multiple arrests

In February 2014, the CCC began an investigation, Operation Danish, into the fraudulent issuing and upgrading of driver licences by a casual customer service officer at the Department of Transport and Main Roads (DTMR). It was alleged that between November 2012 and December 2013 the subject officer issued or upgraded the classes of 57 licences, including heavy vehicle class licences and personal watercraft class licences. This potentially allowed individuals to operate vehicles or vessels they were not qualified or legitimately licensed to operate, thereby creating significant public risk.

The subject officer allegedly received cash payments of between \$150 and \$1500 for each licence or upgrade provided. She allegedly ran the scheme with the assistance of three other people who acted as intermediaries by facilitating licences and upgrades for their friends and associates. It is also alleged that, when her employment ceased in December 2013, she attempted to corrupt former colleagues by offering them money to fraudulently process a driver licence application.

In the course of the investigation, 28 search warrants were executed, 40 fraudulent driver licences were seized, 85 "show cause" notices were served, and 42 criminal interviews were conducted with recipients of false licences.

As an outcome of this investigation, 48 persons have been charged with 155 offences including 87 counts of official corruption by the primary subject officer and three others. To date, 32 offenders have been successfully prosecuted, receiving sentences ranging from good behaviour bonds to imprisonment.

The CCC has also written to the Director-General of the DTMR recommending improvements to the organisation's fraud control framework for the issuing and upgrading of licences.

Although the CCC's role in this investigation has finished, a QPS investigation continues into the DTMR employee's suspected legitimisation of stolen and re-birthed motor vehicles, caravans, vessels and trailers.

 For further information on the types of facilitators exploited by organised crime groups, see page 14.

Transparency in the local government sector

In May 2015, the CCC finalised an investigation into allegations in relation to the misuse of funds relating to campaign expenses in the local government sector and money raised by incorporated associations.

The investigation drew the CCC's attention to broader questions, including:

- use of, and disclosure requirements for, funds raised during an election campaign
- regulation of gifts and "benefits" to elected officials
- establishment, titling and use of incorporated associations by elected officials
- alignment between state and local legislation governing thresholds for disclosing donations.

The CCC will issue a public report on those broader issues in the next reporting period.

Identifying corruption risk factors for QPS officers and illicit drugs

In light of recent corruption investigations, the CCC undertook a strategic intelligence project to examine risk factors associated with QPS officers becoming involved with illicit drug use and/or supply. The project examined themes such as social connections to criminals, lifestyle factors and generational attitudes.

A classified (law enforcement only) report will be provided to the CCC corruption investigation teams and QPS Ethical Standards Command to enhance awareness of the issue, and offer strategies to deal effectively with officers who are suspected of engaging in, or being at risk of becoming involved in, illicit drug use and/or supply.