

# Reduced impact of major crime

## Achievements

- 79 persons have been charged with 403 offences arising out of major crime investigations undertaken by the CMC, and drugs with an estimated street value of \$3.768m have been seized.
- We assisted the Queensland Police Service (QPS) with 66 major crime operations across the state, through hearings and proceeds of crime action.
- We restrained \$13.799m in assets and had \$7.654m forfeited to consolidated revenue, removing the profit from crime and preventing these monies from being reinvested into illicit markets (see pages 10–11).
- We conducted a record 348 days of coercive hearings, substantially advancing major crime investigations across the state (see pages 12–13).
- CMC hearings conducted under its weapons general referral resulted in the QPS recovering 34 weapons and ammunition, including 2 sub-machine guns (see pages 13, 15).

### Major crime investigations

79 persons charged with 403 offences  
\$3.768m of drugs seized

### Proceeds of crime

\$13.799m in assets restrained  
\$7.654m in assets forfeited

### Investigative hearings

348 days of hearings, advancing major crime investigations  
34 weapons recovered

## Challenges

- Attracting and retaining experienced financial investigators continues to be a challenge for the CMC. Financial investigation is a highly specialised field and there is strong competition from Commonwealth agencies and other regulatory bodies for trained proceeds of crime staff. Coupled with the introduction of new unexplained wealth and serious drug offender confiscation order provisions, this was a particularly significant challenge for the agency this year.

## Our role and jurisdiction

The CMC is a specialist law enforcement agency targeting niche areas of major crime of the highest threat to the community. We strive to make Queensland as hostile an environment as possible to major crime, and to reduce its potential impact on the community. We contribute to the overall law enforcement effort in Queensland through our mix of unique powers and specialist resources in investigations, proceeds of crime recovery, strategic intelligence and research. The CMC operates in a framework of strict legal compliance, and a high level of accountability attaches to the use of our special powers.

The components of our major crime role are:

- organised crime, including criminal motorcycle gangs (see page 9)
- proceeds of crime (see page 10)
- criminal paedophilia (see page 12)
- major crime and intelligence hearings (see page 12)
- terrorism (see page 15)
- crime prevention (see page 14).

## Performance summary

In 2013–14, the CMC exceeded its Service Delivery Statement (SDS) performance targets for the effectiveness of tactical operations, value-adding of hearings and the value of assets forfeited. We fell short of our target for net value of criminal proceeds restrained. Achieving this target was impacted by the introduction of new confiscation provisions targeting unexplained wealth and serious drug offenders. Additional time was required, prior to restraint,

to conduct inquiries in order to determine the confiscation action likely to provide the best return to the State.

For further information on the provisions of the *Criminal Proceeds Confiscation Act 2002*, see page 11.

Table 1 reports our performance against the service standards and targets identified in the CMC 2013–14 Service Delivery Statement.

**Table 1.** SDS service standards

Crime fighting and prevention service standards	Target	Result
Percentage of targeted criminal entities which are disrupted as a result of CMC crime investigations	95	100
Net value of criminal proceeds restrained (\$'000)	18 000	13 799
Net value of assets forfeited (\$'000)	7 000	7 654
Percentage of coercive hearings which add value to major crime investigations	95	100

Our SDS performance over the past five years is provided in Appendix 1, page 99.

## Combating major crime

The CMC undertook 44 tactical operations in 2013–14. From our operations across all areas of major crime, 79 persons were charged with 403 criminal offences, resulting from investigations commencing either this year or in previous years, and drugs with an estimated street

value of \$3.768m were seized. The CMC assisted the QPS with 39 major crime operations through hearings and another 27 through proceeds of crime action across the state.

**Table 2.** Results of investigations, 2009–10 to 2013–14

Results of investigations	2009–10	2010–11	2011–12	2012–13	2013–14
Arrests	101	38	76	56	79
Charges laid	455	330	396	968	403
Drugs seized – estimated street value	\$4.5m	\$1.6m	\$1.544m	\$4.559m*	\$3.768m

\* This includes the estimated street value of drugs produced from precursors.

### How crime matters come to the CMC

The CMC has a legislative charter to investigate referred major crime, comprising organised crime, serious crime (involving offences punishable by at least 14 years imprisonment), criminal paedophilia and terrorism.

As a referral-based law enforcement agency, the CMC investigates major crime matters referred to it by its Crime Reference Committee. This committee includes community representatives as well as the Assistant Commissioner, Crime (the Chair), the CMC Chairperson, the Commissioner of Police and the Commissioner for Children and Young People and Child Guardian.

As well as referring specific matters, the committee has referred several general areas of major crime, which allows particular incidents of suspected criminal activity to be investigated without a specific committee referral. This enables the CMC to investigate matters at the request of other agencies as well as those identified through its own target development.

## Organised crime

### Intelligence activity underpins successful organised crime investigations

In combating organised crime, the CMC focuses on investigations calculated to dismantle or disrupt the activities of criminal identities and networks engaged in the illicit commodity markets or crime types of greatest harm to Queenslanders. In making these assessments, we rely upon our specialist strategic intelligence expertise.

Our intelligence capability informs our understanding of organised crime markets and trends. This work includes strategic assessment and reporting, target development, intelligence-related operational support, and human source management.

We use a wide variety of sources to identify and assess potential tactical opportunities to ensure our organised crime resources are focused in the most appropriate areas. To maximise the law enforcement response, our operations are often conducted jointly with other state and Commonwealth law enforcement agencies (LEAs).

(continued page 10)

### Focus on criminal motorcycle gangs

The CMC's major crime function received specific 12-month funding from January 2014 to deliver an increased focus on criminal organisations, particularly criminal motorcycle gangs (CMGs).

- Since October 2013, CMG-related intelligence hearings have focused on the membership and activities of Queensland-based CMGs, calling 80 witnesses to intelligence hearings over 74 days. In addition, CMG-related major crime hearings were conducted where it was assessed that these investigations were likely to yield valuable evidence concerning CMG offending in Queensland. As a result, 91 witnesses were called to CMG-related hearings held over 81 days under the established criminal networks referral.
- Through these hearings the CMC collected intelligence on issues associated with CMGs in Queensland and produced intelligence reports that were disseminated to partner LEAs. A paper disseminated to senior government decision makers and LEAs in October 2013 focused on CMG recruitment and expansion trends, the emergence of a new generation of CMG members, and potential increases in public acts of violence, particularly firearm-related violence.

A paper published in March 2014 reported on the infiltration by CMGs of the tattoo industry in Queensland. Since October 2013, 163 intelligence reports in relation to CMGs have been disseminated to partner LEAs.

- During the reporting period the CMC has undertaken three prolonged investigations focusing on criminal organisations. To date, these investigations have resulted in 39 persons being charged with 166 offences and the seizure of dangerous drugs with an estimated street value of \$3.768m. These investigations are ongoing.

The CMC also received funding for a three-year period from January 2014 for an additional proceeds of crime team. This was provided to help administer the unexplained wealth order scheme and the serious drug offender confiscation order scheme (see page 11), as well as the increased proceeds of crime referrals resulting from the QPS's activity surrounding CMGs.

During the reporting period the CMC received 38 proceeds of crime referrals from the QPS that are considered to have links to CMGs; 22 of these were deemed suitable for confiscation action and involve restrained property to the value of \$3.734m. Assets currently under restraint which are owned or under the effective control of CMGs or their associates are valued at approximately \$21.539m.

Our extensive liaison with government agencies and LEAs also enables frequent exchange of information for law enforcement purposes. In 2013–14 we disseminated 168 classified intelligence reports on major crime in Queensland to a range of state, Commonwealth and international agencies. We also disseminated 5 strategic intelligence reports on emerging issues and trends to both law enforcement and government audiences.

### Operation Lithium

The illicit methylamphetamine market is assessed by the CMC as the illicit market causing the greatest threat to Queenslanders – due to the harms associated with methylamphetamine use, the size of the market, and the entrenched presence of organised crime in that market.

This year saw the closure of Operation Lithium, a multi-jurisdictional organised drug trafficking investigation conducted jointly with the New South Wales Police Force. The operation targeted a Queensland-based crime network allegedly responsible for distributing precursor chemicals used in producing methylamphetamine. It will be alleged the network was distributing ContacNT<sup>®</sup>, a chemical which can be used to extract pseudoephedrine, which in turn is used to produce methylamphetamine.

As a result of the operation:

- 8 kg of precursor chemicals were seized, with the potential to produce methylamphetamine with an estimated street value of approximately \$1.296m
- assets to the value of \$1 008 079 were restrained
- 5 people were charged with 32 offences.

The main target of the operation was selected due to his alleged long-term involvement in organised crime in Queensland and his strategic significance as the alleged conduit between Queensland-based organised crime networks and NSW syndicates with the ability to source large quantities of imported precursors.

### Proceeds of crime

Our proceeds of crime activity enables the recovery of illegal gains and other property from criminals for the benefit of the people of Queensland.

The CMC works in partnership with the QPS and the Office of the Director of Public Prosecutions (ODPP) in identifying and litigating proceeds of crime matters. It also deals extensively with the Public Trustee of Queensland, who is responsible for managing restrained property.

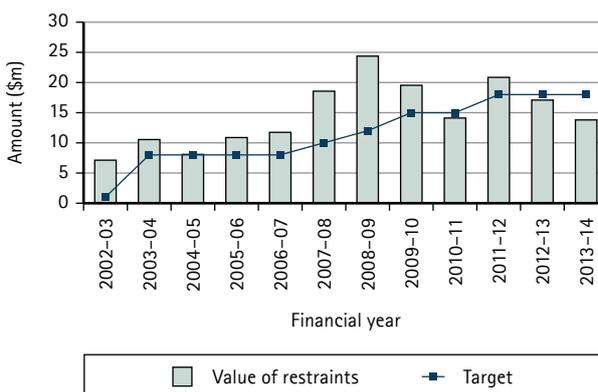
The CMC administers the non-conviction-based civil confiscation scheme contained within Chapter 2 under the *Criminal Proceeds Confiscation Act 2002* (CPCA). Under this scheme, property is liable to be restrained if it belongs to, or is under the effective control of, someone who is suspected of having engaged in serious criminal activity. Restrained property is liable to be forfeited unless a person proves, on the balance of probabilities, that it was lawfully acquired.

The proceeds of crime team assesses all matters received for proceeds of crime assistance to determine the most appropriate scheme to use, based upon the prospects of success and the best return for the State.

During the financial year, 111 referrals were made to the CMC for proceeds of crime action, 87 per cent of which were from the QPS. This has considerably surpassed last financial year's total of 66 referrals.

In addition, some matters that would have previously been rejected can now be pursued under the new provisions. As a result, the acceptance rate of referrals has increased by up to 20 per cent when compared with the previous two financial years. The CMC considers that this increase results

**Figure 1.** Estimated net value of criminal proceeds restrained (target compared with actual), 2002–03 to 2013–14



from both of the new legislative provisions but particularly from the serious drug offender confiscation order scheme.

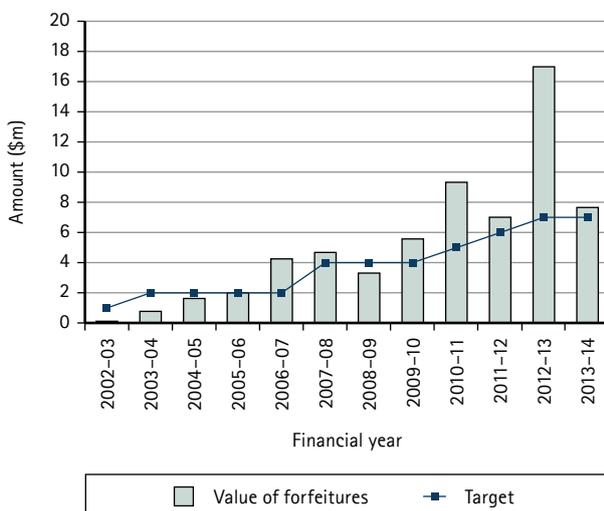
Currently, the proceeds of crime team is litigating 97 matters involving property valued at \$54.010m.

In 2013–14 the CMC proceeds of crime team:

- Forfeited assets to the value of \$7.654m, exceeding the annual target of \$7m; this included the forfeiture of \$4.3m in cash seized by the QPS during the financial year. This is the largest single cash forfeiture since the commencement of the CPCA.
- Finalised 30 civil confiscation matters.
- Obtained 65 restraining orders over property valued at \$13.799m, against an annual target of \$18m. This includes 9 restraining orders over property valued at \$1.808m under the serious drug offender confiscation order scheme. A further 8 matters are being prepared for litigation under the serious drug offender confiscation order scheme.
- Since 6 September 2013, one application for unexplained wealth has been filed and is currently before the court.

The value of restraining orders was less than the target for the financial year. Contributing to this outcome was the implementation of unexplained wealth and serious drug offender confiscation provisions. These involve more complex matters which take longer to finalise. Although new staff have been recruited and are being trained to manage this increased work, these factors affected the productivity of the team.

**Figure 2.** Net value of assets forfeited (target compared with actual), 2002–03 to 2013–14



### Proceeds of crime – legislative changes in 2013–14

Significant amendments were made to the *Criminal Proceeds Confiscation Act 2002* (CPCA) commencing 6 September 2013. They introduced unexplained wealth order provisions and a serious drug offender confiscation order scheme.

The unexplained wealth order scheme is a component of Chapter 2 of the CPCA. It provides that, if the Supreme Court is satisfied there is a reasonable suspicion a person has engaged in one or more serious-crime-related activities and any of the person's current or previous wealth was acquired unlawfully, an unexplained wealth order must be made. The value of the unexplained wealth must be assessed under the provisions of the CPCA and is a debt payable to the State.

The serious drug offender confiscation order scheme is contained within Chapter 2A of the CPCA. It is a conviction-based scheme dependent upon a person's conviction for a serious drug offence under the *Penalties and Sentences Act 1992*. Should this occur and a serious drug offence certificate be issued by the court, the State can apply for a serious drug offender confiscation order to forfeit the person's property to the State.

The CPCA was also amended to allow hardship applications to be made by dependents of persons subject to forfeiture and money order penalties under the Chapter 2 and 2A schemes of the CPCA.

### Proceeds of crime results since 2002

Since the Criminal Proceeds Confiscation Act came into operation in 2003, our team has been instrumental in delivering to the people of Queensland:

- \$176.733m in assets restrained
- \$63.17m in assets forfeited.

## **Criminal paedophilia**

The CMC's criminal paedophilia team is a multidisciplinary unit dedicated to investigating internet-based offending, repeat offenders and paedophile networks. The team works closely with QPS Task Force Argos, QPS regional Child Protection Investigation Units, Offices of the Commonwealth and Queensland Office of the Director of Public Prosecutions (ODPP), and interstate and international law enforcement agencies. We place particular priority on disseminating any information uncovered by our investigations to other jurisdictions worldwide, with the aim of identifying offenders in advance of any contact offending with children.

The focus of the team is proactively targeting offenders based in Queensland who are networked (including individual networks) and actively trading in child exploitation material and targeting children. This type of offence attracts a much higher penalty (25 years imprisonment under Commonwealth legislation introduced in 2010) and is significantly more resource intensive, requiring a substantial degree of forensic analysis from the beginning of the investigation.

To this end the team has dedicated computer forensic officers who work closely alongside investigators with the ability to be deployed operationally.

In 2013–14, 10 criminal paedophilia investigations were finalised, resulting in 12 persons charged with 148 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.

To date, 6 persons have been convicted within Australian courts of the Commonwealth offence of aggravated networking. The CMC was responsible for 50 per cent of those convictions.

## **Removing our most vulnerable from harm**

The CMC's experience is that there is a high degree of correlation between offenders who collect and exchange child exploitation images and those who go on to commit contact offences against children. Of the 12 matters investigated this year, 3 persons were identified as contact offending against children. The children concerned ranged in age between 10 months and 16 years at the time of the offending, and 29 separate incidents were identified. The offences involved included indecent dealing, rape, incest, and making child exploitation material. As a result of our investigations, 8 children who were in a potentially harmful environment or were being directly offended against were identified and removed from harm.

## **Coercive hearings**

Our coercive hearings are used to gather information and evidence not available by other investigative means. If certain legislative tests are met, the CMC makes available its hearings power to support criminal investigations carried out by the QPS and other law enforcement agencies, as well as its own major crime investigations. Assistance is most often sought during investigations into serious crime such as unsolved murders, and in organised crime investigations involving, for example, drug trafficking, money laundering or crimes involving the use of weapons. The CMC holds hearings across the state to ensure that regional QPS investigations receive a similar level of support to those in metropolitan areas.

## **Hearings held in 2013–14**

The CMC has conducted an unprecedented 348 days of hearings in 2013–14. This increase, compared with performance over the preceding 11 years, is the result of legislative changes enabling the holding of intelligence hearings relating to criminal organisations, coupled with an increase in QPS requests for hearings assistance in major crime investigations (primarily murder investigations). See Figure 3.

### Intelligence hearings on CMGs

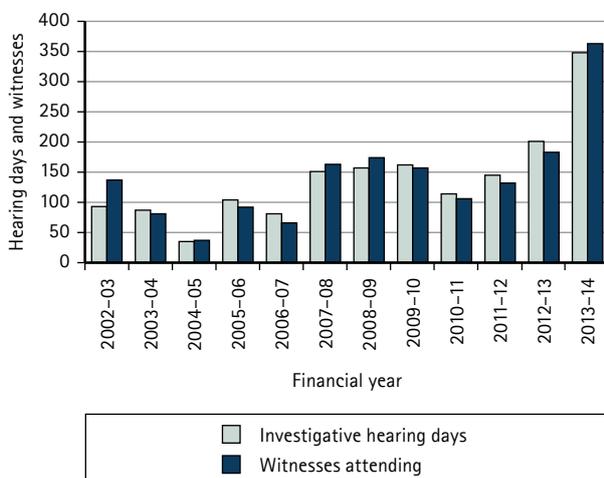
Intelligence hearings have been used to gather up-to-date and otherwise unobtainable intelligence concerning various aspects of CMG activity in Queensland. They have been undertaken by the CMC in close consultation with QPS Task Force Maxima. Using the additional funding provided by government, the CMC established a dedicated hearings team comprising lawyers, intelligence analysts and administrative officers to undertake high-volume intelligence hearings focused on CMGs. These have been held in Brisbane, Sunshine Coast, Bundaberg, Mackay, Townsville and Cairns, with 80 witnesses called to hearings held over 74 days.

Intelligence hearings allow law enforcement agencies to understand how CMGs are operating in Queensland – their involvement in or direction of criminal activities, their presence in otherwise legitimate industries, how they recruit, and how they are reacting to legislative responses. Intelligence gathered from these hearings was disseminated to the QPS and law enforcement agencies. (See "Focus on criminal motorcycle gangs", page 9.)

### Major crime hearings

This year our hearings team held a total of 274 days of hearings in relation to 43 major crime investigations. Hearings were held in Brisbane, Coolangatta, Noosa, Hervey Bay, Biloela, Rockhampton, Yeppoon, Sarina, Mackay, Proserpine, Ayr, Townsville, Bowen, Caloundra and Cairns. A total of 283 witnesses were called to these hearings.

**Figure 3.** Investigative hearing days and witnesses attending, 2002–03 to 2013–14



Major crime hearings were held in support of a range of investigations. They include the following:

- 14 homicides and one attempted murder
- 5 investigations of the murder of or doing of grievous bodily harm to infants
- 5 weapons-related investigations
- 10 drug trafficking investigations
- 2 boiler-room fraud investigations
- 1 money laundering investigation
- 9 CMG-related investigations of offences such as drug trafficking, inter-gang violence, home invasions and firearms trafficking
- 1 criminal paedophilia investigation.

### Hearings outcomes in 2013–14

Some examples of hearings outcomes are:

- Between August 2013 and December 2013 we used our weapons general referral to investigate a series of violent incidents involving a shooting and serious assault that allegedly occurred on the Gold Coast in 2013. In the aftermath of hearings, two persons were charged with a range of offences including torture, assault occasioning bodily harm whilst armed in company, and acts intended to maim.
- The CMC undertook a series of hearings in support of a police investigation pursuant to the weapons general referral. As a direct result of the hearings, police recovered an additional 17 unlicensed firearms, including two sub-machine guns, and additional charges were laid, including a charge of perjury.
- In February 2014 the CMC held a series of hearings under our Cronos "vulnerable victims" general referral relating to the suspicious death of a four-week-old baby girl in rural Queensland in 2012. Following the hearings, a man was charged by police with murder, torture and a failure to provide necessaries to the child.
- In March 2014 a witness was called to an intelligence hearing after he was found in a public place in possession of a loaded shotgun, ammunition and drugs. The witness provided information on the source of the weapon, leading to the discovery of multiple illegal weapons and ammunition in the possession of an associate.

## Court outcomes from past hearings

Each year, matters in which the CMC has assisted the QPS through conducting investigative hearings proceed to trial. The following are examples of trial outcomes in 2013–14 that were achieved with the assistance of CMC hearings support.

- In 2008 hearings were held as part of a homicide investigation of the death by starvation of twin babies in Brisbane. This year the parents of the babies both pleaded guilty to charges of manslaughter, and both were sentenced to 8 years imprisonment.
- In 2010 hearings were held in relation to a Gold-Coast-based criminal network engaged in the large-scale commercial production of methylamphetamine. In October four men pleaded guilty to producing methylamphetamine over a three-month period in 2010. The principal target was sentenced to 6 years imprisonment.
- In 2011 we held hearings in relation to the murder of a 41-year-old man whose body was discovered in a barrel of cement in the Caboolture River. In December 2013, a 38-year-old man was convicted of the murder and sentenced to life imprisonment. Two other persons had previously been sentenced for their roles as accessories after the fact.
- In 2012 we held hearings under our weapons general referral in relation to the robbery of a Gold Coast hotel and an associated incident in which a man was shot and injured in the course of a drug deal. In June a 21-year-old female was sentenced in the Brisbane Supreme Court to 6 years jail for her role in the robbery and shooting.
- In early 2012 we held extensive hearings in Brisbane and Mount Isa into the drug-related killing of a Mount Isa man in January of that year. In March two men pleaded guilty in the Mount Isa Supreme Court to manslaughter, and were sentenced to 18 years and 7 years imprisonment respectively. A female who provided a false alibi for one of the men received a term of 18 months imprisonment.

## Court proceedings arising out of the use of coercive powers

During the year 14 persons were certified as being in contempt of the CMC for either refusing to take an oath or refusing to answer questions at CMC hearings. Six of these matters occurred in CMG-related intelligence hearings, and all except one of the remainder occurred in the context of murder investigations. The Supreme Court imposed penalties ranging from 28 days to 8 months imprisonment.

Four persons were charged with perjury in relation to alleged false evidence given in major crime hearings relating to a murder, a violent assault and a weapons trafficking matter. All matters remain before the courts at this time.

In January a female pleaded guilty to a charge of publishing to a third party information given by her in a closed CMC hearing about a series of armed robberies, contrary to section 202 of the Crime and Misconduct Act. The witness was fined \$700.

In March a 32-year-old man was sentenced to 12 months imprisonment in the Mackay District Court for perjury, cumulative upon a 3-year sentence for drug trafficking. The perjury arose from false evidence given by the witness at a CMC hearing held in 2009 relating to alleged large-scale cannabis production and trafficking by a family-based network operating north of Mackay.

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## Crime prevention

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The CMC has statutory functions to both investigate and prevent major crime. Our prevention efforts aim to identify possible sources of harm within established and emerging crime markets; where appropriate, we communicate this information to law enforcement agencies, policy makers and the public.

This year, our prevention work has focused on illicit drug markets, organised crime networks and stolen weapons recovery.

- In March 2014, a report on using wastewater analysis for drug use monitoring was disseminated to Australian law enforcement agencies. The paper discusses ways in which wastewater can be used by law enforcement agencies to monitor illicit drug consumption in Queensland and inform crime investigation and prevention strategies.
- We have given high priority to collecting information for an intelligence assessment of the new and emerging psychoactive substances (NPS) market. The project examines trends in the market, key drivers, the level of involvement of organised crime groups, marketing techniques, sources (such as online drug marketplaces and regional supply chains) and the implications for law enforcement. It will be published early in the next reporting year.

- We have developed intelligence collection priorities which identify and prioritise the highest risk criminal markets and organised crime groups in Queensland. These priorities influence organisational resource allocation to ensure that we focus on areas of crime of the greatest harm to Queensland.
- We disseminated 168 classified intelligence reports to the QPS and Commonwealth law enforcement agencies, including a more comprehensive picture of the state of organised crime in Queensland.
- We held hearings in four major crime investigations under our weapons general referral which focused on the recovery of illegal or stolen firearms from criminal networks. In the case of registered firearms that had been stolen, the weapons referral enabled us to respond swiftly and to hold hearings soon after the theft of the weapons, before they disappeared into criminal environments and could be used in violent crimes. Through our hearings we assisted the QPS to recover 34 weapons and ammunition, including two sub-machine guns.

### Crime publications available on the web

The CMC is committed to keeping the community informed of current issues in law enforcement and crime prevention. All our declassified intelligence and research publications are available on our website.

See  [www.ccc.qld.gov.au/crimepublications](http://www.ccc.qld.gov.au/crimepublications).

## Looking forward

In 2014–15 we will pursue our objective of reducing the impact of major crime in Queensland including:

- The CCC will complete its focus on CMGs, delivering operational, proceeds of crime and intelligence outcomes in the next performance year.
- The CCC general referral from the Crime Reference Committee in relation to terrorism matters will be in place to support G20 operations as required.
- The CCC will continue to use its strategic intelligence capabilities to monitor the Queensland organised crime environment and to direct its operational capabilities at the illicit markets and crime types causing the greatest harm to Queenslanders.