Tackling Concealment of Beneficial Ownership Through Partnership

Submitted by: Australia
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Serious crime is motivated by profit, and no matter the size, most criminal acts leave a financial trail.

AUSTRAC is the Australian Government agency responsible for detecting, deterring and disrupting criminal abuse of the financial system to protect the community from serious and organised crime.

Criminals seek to exploit vulnerabilities within the financial sector to disguise illicit funds to enable other serious crimes such as terrorism, slavery, drug trafficking, child exploitation, fraud and corruption.

Through strong regulation, and enhanced intelligence capabilities, AUSTRAC collects and analyses financial reports and information to generate financial intelligence.

This vital information about potential criminals and criminal activity contributes to our national security and law enforcement investigations.
Regulating industry

AUSTRAC regulates more than 15,000 businesses to protect them, and Australia’s financial system and community, from criminal abuse.

We make sure regulated businesses comply with their obligations to have systems and controls in place to manage risks.

We provide regulated businesses with guidance and education to help them protect themselves from being exploited by criminals.

We protect the integrity of the financial system by ensuring regulated entities comply with the law, and can take legal action in cases of non-compliance.

Financial intelligence

Our financial intelligence specialists collaborate with law enforcement and national security partners to identify national security threats, and detect and disrupt criminal networks and the proceeds of their crimes.

The businesses we regulate detect and submit suspicious matters and report financial transactions to us.

Our financial intelligence specialists analyse this information to identify potential criminal activity or risks to national security.

We use this information to generate financial intelligence that contributes vital information about criminals and criminal activities to national security and law enforcement investigations.

All transactions and suspicious matters reported to AUSTRAC are also directly available to over 5,000 designated users within federal, state and territory partner agencies.
Working with our national intelligence and law enforcement partners

AUSTRAC is part of Australia’s National Intelligence Community.

We work together with government agencies and law enforcement at a state and federal level to support whole of government priorities.

We are a member of national and state task forces, providing specialist financial intelligence to national security and serious and organised crime efforts.

To combat money laundering and terrorism financing across borders, we share intelligence with other financial intelligence units and regulators internationally.

We also contribute to international efforts by playing an active role in international AML/CTF organisations and through providing technical assistance and training.

Fintel Alliance

An AUSTRAC initiative, Fintel Alliance brings together government and private sector organisations who work together to increase the resilience of the financial sector and contribute to law enforcement investigations.
Beneficial ownership in Australia

AUSTRAC defines a beneficial owner as an individual who ultimately owns or controls an entity such as a company, trust or partnership.

• ‘Owns’ in this case means owning 25% or more of the entity. This can be directly (such as through shareholdings) or indirectly (such as through another company’s ownership or through a bank or broker).

• ‘Controls’ in this case means having the power to make decisions about the entity’s finances and operations. They may exert control through trusts, agreements, arrangements, understandings, policies or practices.

Australia does not maintain a central beneficial ownership register of companies or assets.

Information is available to reporting entities, law enforcement and criminal intelligence bodies through a variety of sources such as companies registers and land titles registries.
Partnerships to understand beneficial ownership

• Individuals seeking to conceal beneficial ownership work with enabling professional intermediaries such as trust and company service providers, lawyers and occasionally accountants.

• AUSTRAC, law enforcement agencies, regulators and other agencies work as partners to understand these complex arrangements.

• AUSTRAC and other agencies partner with private sector to enable intelligence analysts and investigators to see complex money flows.

• Australia partners with other jurisdictions to trace the flow of funds and beneficial ownership of legal arrangements and assets across borders.
Inter-agency partnerships

• Taskforces
  • Project Wickenby
    • Tax, FIU, Police, Criminal Intelligence, Regulators

• Serious Financial Crime Taskforce
  • Tax, FIU, Police, Criminal Intelligence, Regulators, Customs, Prosecutors, Policy, Welfare

• Data sharing
Partnership with private sector

- Public-private partnership: Fintel Alliance
- 29 public and private sector partners

- Priority projects on networked and complex financial crime:
  - Phoenixing
  - Money Laundering
  - Tax Crime
  - Trade-based Money Laundering
Examples of international partnerships

• Joint International Taskforce on Shared Intelligence & Collaboration (JITSIC)
  • Panama Papers Analysis

• Joint Chiefs of Global Tax Enforcement (J5)

• Egmont Group of Financial Intelligence Units
Strengthening regional partnerships

• Financial Intelligence Consultative Group
  • Funds flows related to corruption
  • Regional sharing of Politically Exposed Persons (PEP) lists
Exploitation of data

• Challenges of linking data sets
• Combining AUSTRAC transaction data with other Australian Government data
• Criminal Assets Lead Generator
• Combine data sets and analytics
Case study: Partnerships identify tax evasion across four economies

- Online Shopping Platform (US)
- Global Consumers
- Manufacturer(s)
- Fulfillment by Warehouse Service (US)
- Digital Entrepreneur
- US Company
- AUSTRALIAN Company
- Bank Account SINGAPORE
- Bank Account AUSTRALIA
- Bank Account HONG KONG, CHINA

Flow:
- Goods
- Money
- Corporate Structure
- Subject

- No Tax Returns – US or HK
- Aust. Company – Losses Only
- Individual – minimal income
- No IDS and Minimal FSI declared
- No BAS Lodgements
Challenges in identifying beneficial ownership

• Global compliance with FATF recommendations and immediate outcomes

• Delays in inter-governmental intelligence and evidence sharing and incomplete/poor data collection

• Issues for consideration from FATF/Egmont report on concealment of beneficial ownership
A vision for the Asia-Pacific

Leverage and strengthen the Asia-Pacific’s existing relationships, capability and collaboration frameworks to harness the power of partnership to enhance our responsiveness to deal with criminal threats by building closer operational ties and increase operational information exchange.
Australian Government
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