

Operation Tall Poppies

Detective Constable Mark Williams reports on a fraud which involved an Australia-wide franchise chain. Although identification of the organisation has been suppressed by an Adelaide court, the story has ramifications for other such enterprises.

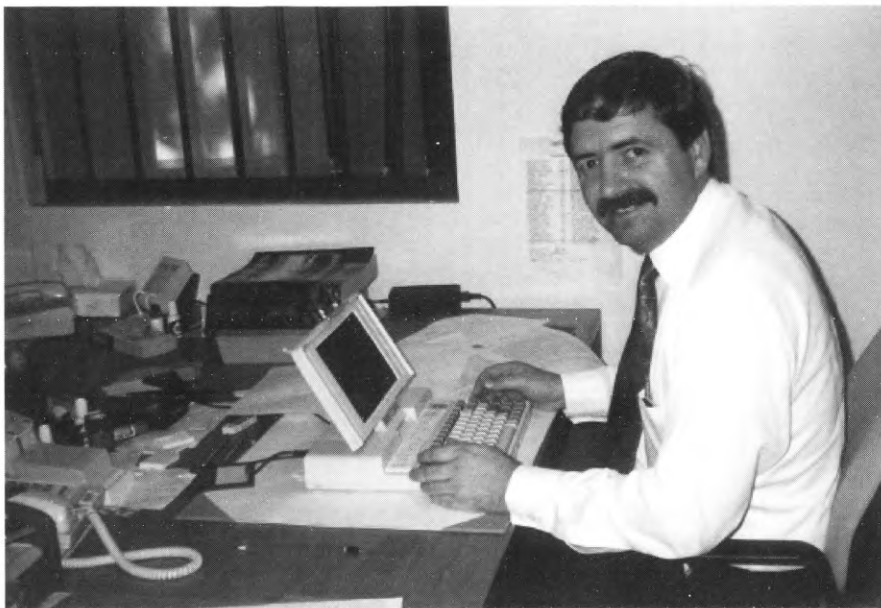
OPERATION Tall Poppies began in February 1990 when an informant alleged to police that the directors and managers of a national franchise chain had actively encouraged its franchisees to understate their income when submitting individual tax returns.

After deliberation with the Australian Taxation Office (ATO), a meeting was convened between the AFP, ATO and the Director of Public Prosecutions (DPP) to establish what offences may have been committed, what breadth the inquiry should take, and to establish if, in fact, those offences had been committed.

The DPP advised that there appeared to be a Conspiracy to Defraud the Commonwealth by many people, including the directors and other office bearers of the franchising organisation.

With the assistance of the ATO, information was gathered which suggested there had been deliberate tax evasion by many of the franchisees of the organisation.

Because the company had expanded interstate, assistance was requested from other AFP regions to execute search warrants on nominated interstate premises. Briefing papers were sent to Eastern, Southern, Northern and Western Regions requesting that case officers be nominated in each of these regions.



D/Const. Mark Williams at work on Operation Tall Poppies

On 12 February 1991, a total of 26 Crimes Act, section 10 search warrants were issued by a magistrate in Adelaide. Also, a further five section 71 Proceeds of Crime search warrants were issued by a judge of the Supreme Court in Adelaide.

Early in the morning of 13 February 1991, a total of 44 police and 40 ATO personnel were involved in the execution of the search warrants on 19 premises and seven motor vehicles in Adelaide. At the same time, search warrants were executed by the case officers on nominated interstate premises.

A large amount of property was seized and initial investigations revealed the existence of tax fraud. The investigation also revealed suspected offences against the Trade Practices Act. A briefing paper was sent to the Chairman of the Trade Practices Commission in Canberra outlining these suspicions.

Early in 1992 a Brief of Evidence, alleging a conspiracy by a number

of people associated with the organisation, was forwarded to the Adelaide office of the DPP.

As a result of this, three people have been committed to stand trial in the Adelaide District court to face charges that they have conspired to incite others to commit fraud, contrary to 86(1) (a) and section 7A Crimes Act 1914. One of these people has pleaded guilty to three counts of Defraud the Commonwealth vide, Section 29D, Crimes Act 1914.

An accountant has been found guilty on two counts of inciting others to commit fraud. A further three people have been charged with several counts of Defraud the Commonwealth. Two additional people will either be charged with counts of Defraud the Commonwealth or Taxation Administration Act (1953) charges.

Further to this, the Trade Practices Commission is taking a great deal of interest in the business activities of the organisation.