Criminal 'largest buyers' of gold bullion stripped of $8.7 million

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Two Sydney-based leaders of an Australian criminal syndicate have been stripped of more than $8.7 million in assets for their roles in an elaborate gold bullion GST fraud.

Orders made by the Supreme Court of New South Wales resulted in those assets being forfeited to the Commonwealth.

It followed a complex, decade-long AFP-led Criminal Assets Confiscation Taskforce (CACT) investigation, codenamed Operation Nosean. The CACT brings together the resources and expertise of the AFP, Australian Border Force (ABF), Australian Taxation Office (ATO), Australian Criminal Intelligence Commission (ACIC) and AUSTRAC.

The CACT investigation began in 2012 after intelligence highlighted the apparent purchase of notably high quantities of pure gold bullion – known as PAMP gold – from a broker in Sydney. This intelligence suggested the gold was being used for large-scale GST fraud.

At the same time, the ATO advised the CACT they had identified an unusual pattern of large GST refunds being paid to several gold refiners in Sydney and Melbourne.

Both the CACT and ATO continued their investigations in parallel.

What subsequently emerged was the picture of an incredibly complex criminal operation that fit the definition of 'missing trader fraud'. This involves the fictitious transaction of traded goods between companies within a chain to evade tax obligations.

In this case, the backdrop for the offending was Australia's then gold bullion arrangements, which provided an exemption on the payment of GST for 'investment-grade' gold bullion – as distinct from 'scrap' gold, which was subject to GST.

Here's a simplified description of how it worked:

1. The criminal syndicate used the identities of foreign students and associates as mules to buy gold bullion from a broker, GST-free. In reality, the syndicate was making the purchases.
2. Each time the gold was purchased, it was melted down or defaced by the syndicate and refashioned into 'scrap gold'.
3. Shell companies controlled by the syndicate then 'purchased' the 'scrap' gold, masquerading as legitimate buyers that supposedly paid tax on the gold.
4. Those shell companies then on-sold the gold to a gold dealer, adding 10 per cent GST, with the syndicate claiming GST input credits.
5. Once this cycle was complete, it restarted.

In total, the criminal syndicate was found to have fraudulently claimed tax refunds between 2012-2013, before the CACT investigation led to the restraint of their assets.

In February 2025, after forensically piecing together the full story of the fraud's operation and financials as well as the outcome of the ATO's investigation, the AFP-led CACT obtained court orders which resulted in the assets of the two Sydney-based syndicate members being forfeited to the Commonwealth.

The items included:

- Four luxury Sydney homes worth almost $7 million
- Four bank accounts containing more than $2 million
- Five ounces of gold worth about $23,000, and
- Almost $250,000 in cash.

This followed the jailing in December, 2023, of the two Sydney-based syndicate members - a Neutral Bay man, 49, and an Ashfield man, 57. They were both sentenced to eight years' imprisonment, with a non-parole period of four years and six months, after being found guilty of two counts each of conspiring to dishonestly cause a loss to the Commonwealth, contrary to section 135.4(3) of the Criminal Code (Cth) (Tax Fraud Offending).

Speaking to the forfeiture of the assets, head of the CACT, National Manager Criminal Assets Confiscation Stefan Jerga said it was a direct result of law enforcement cooperation and the tenacity of investigators.

“The nature of this crime was extremely intricate and took a significant amount of effort, time and commitment to untangle the web and identify the complex ownership structures set up to hide the true beneficiaries and wealth of these criminals,” National Manager Jerga said.

“With the persistent work of all involved including the ATO, all partner agencies and the CACT’s forensic accountants, lawyers, financial experts and investigators, we were able to deconstruct and dismantle this illegal operation.

“Our message to criminals is clear – no matter how complex or elaborate your systems or network, the AFP and its law enforcement partners will work to no end and no set time limit to find you, bring you before the courts and confiscate any proceeds of crime.”

ATO Deputy Commissioner John Ford welcomed the result from the CACT investigation.

“This result shows that the consequences do not end at the conviction and should serve as a strong deterrent to those in the community considering similar behaviour,” Mr Ford said.

“The ATO will continue to work with, and support, our partner agencies by sharing resources and capabilities to ensure those who break the law are held to account.”

In 2017, an amendment was introduced to the Goods and Services Tax Act 1999 (Cth), which shut down the loophole on the ability to claim GST input tax credits on second-hand precious metals.*

The AFP-led CACT, which brings together the resources and expertise of the AFP, Australian Border Force, Australian Taxation Office, Australian Criminal Intelligence Commission and AUSTRAC, was permanently established in 2012 as a proactive and innovative approach to trace, restrain and ultimately confiscate criminal assets.

The highly skilled members of CACT are located Australia-wide and comprise police, financial investigators, forensic accountants, litigation lawyers and partner agency specialists.

The Commonwealth's proceeds of crime laws provide tools for the restraint and forfeiture of proceeds and instruments of crime, as well as financial penalty and unexplained wealth orders. While the CACT litigates matters in the courts, restrained assets are managed on behalf of the Commonwealth by the Australian Financial Security Authority (AFSA).

At the conclusion of successful legal proceedings, confiscated assets are then liquidated by AFSA, with the proceeds placed in the Commonwealth Confiscated Assets Account (CAA). These funds can then be distributed by the Attorney-General to benefit the community through crime prevention, intervention or diversion programs relating to the illegal use of drugs or other law enforcement initiatives across Australia.

Since July 2019, CACT has restrained more than $1.2 billion in criminal assets, including houses, cars, yachts, cryptocurrency, fine art and luxury goods.

***Background**

When the New Tax System (Goods and Services Tax) Act 1999 was enacted, it provided an exemption on the payment of Goods and Services Tax (GST) applicable to ‘investment-grade’ gold bullion (gold that had been stamped into bars and coins) on the basis it was considered a form of currency.

Investment-grade gold bullion was made distinct from ‘scrap’ gold or gold that had changed its form by either being damaged, melted down or because it came in the form of jewellery, which was subject to GST.

This distinction created a loophole which was exploited by criminals who would purchase GST-free bullion and change its form into scrap gold. They would then sell it to precious metals dealers and jewellers, adding 10 per cent GST. Instead of remitting the GST owed to the ATO from the sale of the scrap gold, offenders would claim input tax credit (ITC) exemptions applicable to the sale of second-hand goods and keep the profit.

In 2017, an amendment to the Goods and Services Tax Act 1999 (Cth) was introduced to ensure entities engaged in transforming the form of a precious metal they acquire, can no longer exploit the special GST treatment on second-hand goods by claiming net input tax credits.

CDPP case report *

Images

Images available via Hightail

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