

Operation Caulis

Host – introduction

The Australian Federal Police – or AFP – is Australia’s national policing agency. Its role is to outsmart serious crime with intelligent action. The AFP is opening their case vault to give us detailed insight into their investigations, tactics, and most importantly, perseverance through this Crime Interrupted podcast. As the national law enforcement agency with international reach, the AFP investigates and disrupts crime, aiming to minimise the damage inflicted on victims while maximising the damage to the criminal environment. Some of these cases may surprise you with the extent criminals are prepared to go, and that these crimes do in fact occur – or are planned – in our own backyard. Once you get a glimpse into the AFP and what it does to protect our way of life, you will be glad the AFP has your back.

Just a reminder that the operation that follows is true crime and listener discretion is advised.

Host

Detective Acting Superintendent Amanda Glover joined the AFP in 2003. She began her career working general crime in Melbourne, then went to the Australian Capital Territory which gave her a solid foundation in general duties policing. Over the years, she has worked in Counter Terrorism, Professional Standards, the Criminal Assets Confiscation Taskforce, and Fraud and Anti-Corruption. When she looks back over her career with the AFP, there is a general theme to her work. For Amanda, it’s about protection.

Amanda Glover (1.41)

Throughout my entire life, I have felt this sense of being drawn towards protecting people, making sure that they’re safe, creating a society where people can feel that they’re protected, that they can go about their daily business, knowing that there’s people out there who have their back. If something goes wrong, that there are police there to help them. And I get a really, strong sense of pride in myself and the Australian community by protecting them through my work with the AFP.

Host

When Amanda took a one-month position in the Fraud and Anti-Corruption Team, she had her first opportunity to work fraud cases. She found she really liked the problem-solving aspects.

Amanda Glover (2.27)

I think to work in fraud or any kind of financial crime, you have to be the kind of person that has attention to detail, and is there wanting to, I guess, outsmart the criminal. The people that we investigate think that they’ve found a loophole or that they’re getting away with taking money that doesn’t belong to them. And there’s a real sense of achievement and problem solving in gathering all of these records and looking for those clues and those pieces of evidence that put together that big puzzle that is fraud. I love a good problem to solve. I like taking all the little things and building something small into something big, and coming out the other end and going, ‘Yep, I’ve found all the little pieces. I know what they’re doing. I know how they’re doing it.’ And to then be able to tell a story to the court that, well, this is how it started. These are all the little pieces that show you this is what those people are doing.

Host

To understand Operation Caulis, we need to understand how funding works under the banner of the Australian Department of Education.

Amanda Glover (3.40)

The Department of Education covered more than just schooling. It also covered childcare. And so, their role within the childcare system was to look at payments of childcare benefit. So, they worked in partnership with Centrelink, who assess the individual or the family as to their eligibility for childcare payments.

Host

The childcare system is complicated because there are regulations at both state and federal levels. The state government regulates the quality of care and education, and the safety of children, while the Australian Government's Department of Education provides financial assistance for families. Families report their circumstances to Centrelink who works out what Child Care Benefits are available to them. The calculation is based on if they work or study and what their income is. Basically, the lower the income, the higher the benefit. One such benefit was specifically designed for grandparents.

Amanda Glover (4.44)

The Grandparent Child Care Benefit was a payment created by the government to assist grandparents who were the primary carers of their grandchildren with accessing childcare. It was a hundred percent subsidy from the government for these grandparents, because they're doing an important job helping out their grandchildren.

Host

Eligibility for the Grandparent Child Care Benefit was assessed by Centrelink, and largely relied on the honesty of those applying. They accepted the word of applicants who said the children now lived with their grandparents. The system is largely trust-based – that's how government welfare works – money is paid first as people often need urgent support, and checks are done later. Rule breakers could be subject to infringements and penalties. Unfortunately, there are always people who want to take advantage of a system meant for the benefit of those who really need it.

Detective Sergeant Amanda Humbley, another AFP investigator working on Operation Caulis, gives a simple example of how the system could be exploited.

Amanda Humbley (5.54)

What some were doing was, I suppose in a simple way of describing it: you have two people together. It could be myself and somebody else, and we just decide, I've got two kids, you've got two kids. Let's claim that we're looking after each other's kids, and we'll just share the government subsidy that comes through to each other as an educator. But in reality, they're at home with their own children.

Host

Caring for children in your own home is a model of childcare called Family Day Care. The original idea was that if mothers were home with their own children, they could earn an income

by minding a couple of other children at the same time. In the beginning, Family Day Care was run by local councils, but in a move towards privatisation, it was expanded to service providers that would arrange Family Day Care and help people apply to access it or to run it. It was around this style of day care that Operation Caulis arose.

The Department of Education had put together an algorithm; statistically, service providers would have around 18 per cent of the children in their care looked after under the Grandparent Child Care Benefit. When one service provider claimed *all* of their children were fully subsidised under the scheme, the Department of Education suspected fraud. And it wasn't just a small claim. The service provider had 57 educators and each educator was claiming full costs for their maximum allocation of seven children.

While the Australian Department of Education has its own fraud investigators, its powers to investigate are not as broad as that of the Australian Federal Police.

Amanda Glover (7.34)

The Department of Education came to the AFP when they saw a Hello Children Family Day Care, a family day care service provider, was claiming in excess of \$800,000 a fortnight in childcare benefits. The other anomaly with Hello Children Family Day Care was that they were claiming the grandparent childcare benefit. So, it was really unusual data for the Department of Education.

Host

When the Department of Education had dug a little deeper, it found out that the people running the service provider were not above board.

Amanda Glover (8.13)

They then looked further into Hello Children Family Day Care and found that the people who were registered had come to notice of them previously for another family day care service provider that they had closed down through non-compliance with regulations.

Host

One of the strengths of the AFP is that they work in partnership with other agencies to combine their powers. Once the AFP Fraud and Anti-corruption Team took a look at the claims against the Hello Children Family Day Care, it was immediately obvious that there was a case to investigate.

Amanda Glover (8.50)

The Department of Education referred it into the AFP to have a look at. Our Fraud and Anti-corruption Centre gathered together a group of people from Department of Education, Centrelink, our state regulator, as well as AFP investigators to look at the Hello Children Family Day Care. There was sufficient information provided to us from the Department of Education with their claim records for the AFP to take on Operation Caulis as an investigation. So it then got referred down to the Melbourne office where the Fraud and Anti-corruption Team were assigned and we worked in partnership with the Department of Education as well as the state regulator, and Centrelink.

Host

Here's how the system worked. A service provider like Hello Children Family Day Care would have educators working for it. The educators are legally able to mind up to seven children in their homes and charge per child. The way it worked in an open market was that the service provider would set a price – usually between 8 to 12 dollars per hour – and then claim the government subsidy which was then given to the educators after the service provider took their commission.

For Amanda Humbley, working Operation Caulis was a crash course in family day care.

Amanda Humbley (10.22)

With this investigation, unlike other investigations, it's very clear cut, what's a crime and what isn't. With this investigation, we had to learn what the childcare system was all about, what was supposed to happen, what wasn't, what was illegal and what wasn't, and it was a minefield to figure that out. We did liaise closely with Department of Education. We did embed a member of the Department of Education on our team, who had been an investigator there for a number of years. And he was really key to educating us on how the system worked and what was normal; what you should be seeing in a normal family day care setting and what stands out as something that's potentially criminal.

Host

When the AFP takes on an investigation like Operation Caulis, Amanda Glover says they first had to figure out the best way to tackle it with the investigative powers of all the agencies involved.

Amanda Glover (11.24)

So when you get a job like this, you can look at it and become overwhelmed quite quickly with the amount of information. So, in this case, we got together with investigators and representatives from those other agencies, and we went through a process of: where can we collect evidence? What powers does the AFP have? What powers do our partners have that we can use to collect evidence? Fraud jobs, as we know, can take months and months and months because of the large amount of data.

Host

When they landed the case, it was fraud on such a large scale, in such an unlikely area as family day care that, at first, it was a bit hard to believe.

Amanda Glover (12.10)

When we first got Operation Caulis and we're seeing eight, nine-hundred thousand dollars a fortnight in childcare claims being paid out for 57 educators, and we looked at the amount of money each educator so that's the, the person providing care to children in their home was receiving, people were receiving between, you know, two or three thousand dollars and \$20,000 over a fortnight.

Host

So how could the claims be so high? It turned out, there were a couple of loopholes that the Hello Children Family Day Care service providers used to take advantage of the system. Firstly, there wasn't a cap on how much educators could charge. The fee for family day care was usually around 8 to 12 dollars an hour. The Hello Children Family Day Care was charging 35 to 40 dollars an hour for children whose grandparents had access to the Grandparent Child Care Benefit. They were also claiming the full allocation of 50 hours per week for every child

on the books. If each educator could have up to seven children for 50 hours at 40 dollars an hour... you can see how much they were claiming.

Amanda Humbley found the case of the Hello Children Family Day Care fraud particularly galling.

Amanda Humbley (13.38)

I, at the time, did have a number of children in childcare and it was costing me a fortune. So not only was I coming into work every day, paying exorbitant childcare fees and not seeing my children all day until I got home; and at the same time as doing that, investigating a group of people who were fraudulently claiming childcare subsidies and earning money from it rather than paying money towards it. And actually spending time with their children all day.

Host

Amanda also had the same level of disbelief as the rest of the team when Operation Caulis first began.

Amanda Humbley (14.20)

I'd never worked in fraud before and I'd never worked on a job like this before. And when it first came in and I read the referral, I remember thinking, there is no way that this would actually be happening. There's no way they'd get this many people together, and they'd all agree to commit a fraud together. I didn't think it would be possible. So as the job went on and I realised this is exactly what they were doing and there was other people doing it as well, I just couldn't believe it and it really just built a momentum to really get involved in the job a lot more than I thought I would, working in fraud. This job really did... I really did get sucked into it and developed a passion to take it to the end.

Host

The Hello Children Family Day Care service provider was run by a woman called Rosa and her two adult children. What Rosa and her family had done was gather 57 people from their community who agreed to be put on their books as 'educators'. They then convinced others in their community who had children to put their names on the books saying that these children were receiving childcare of 50 hours per week. They put the weekly claims for exorbitant amounts into the government, and the payments were made. The money was given to the educators who presumably shared it with the families of the children. What the AFP had to prove was that these claims were false and these people were committing fraud.

The size of the investigative team reflected the seriousness of the fraud.

Amanda Glover (15.56)

During our investigation phase, we were lucky enough to have 14 investigators working on Operation Caulis, two investigative assistants, an intel analyst, a investigator from the Department of Education, an investigator from Centrelink, two sergeants and a superintendent. So for a fraud investigation, that's a really large team, but we needed all of those people and that expertise to sift through all of that data, to put those puzzle pieces together.

Host

With that level of investigative power, the days of claims of nearly a million dollars a fortnight from the Hello Children Family Day Care were quickly numbered. But even with such a big

team, Operation Caulis couldn't investigate all 57 educators. They had to select which ones to target.

Amanda Glover (16.53)

This is really challenging with 57 educators. So, there's a lot of people to be individually monitoring. So, we had to look at who were our biggest earners or who were the people that we could prove were undertaking fraudulent claims.

Host

For Amanda Humbley, it all began with the paperwork.

Amanda Humbley (17.21)

It's a paper-based crime and it was overwhelming at first. There were so many people involved and we didn't know how we were going to target it. We did come up with a system of prioritising the offenders based on the amount of money that they had defrauded so far, or we suspected they were defrauding so far.

Host

To prove fraud, the AFP had to show that the claims of providing childcare were incorrect. The Department of Education handed over all of the timesheets for the 57 educators, listing the children they claimed to be caring for, and the hours that care was provided. Some were easy to prove when the AFP checked passports and travel, only to find, some educators weren't even in the country when they claimed to be caring for children. Amanda Glover explains that this took a lot of cross-referencing.

Amanda Glover (18.20)

We took a subset of those 57 educators and looked at who was overseas, who was employed elsewhere. So, through banking records – we've got extensive banking records – so you can imagine people sitting there trawling through banking records, time sheet records from the Department of Education and thinking: okay, their bank records say, they're working or they're overseas, or they're, shopping in another part of town. Or in the case of one of our educators, gambling at a local hotel, in the pokie machines. And we could see in the bank records payments where this educator had won at the pokies. So, it's piecing these little, clues together to paint that big puzzle picture of what's going on.

Host

While some of the fraud claims were easy to prove with bank records, AFP investigators had other methods at their disposal to build their case.

Amanda Humbley (19.25)

The Department of Education prior to that time have their own regulatory powers that they can use to check the validity of the claims that are being made. However, they don't have police powers, and that's where they then refer it to the AFP, where we can then bring additional Commonwealth powers that those agencies don't have, which also became critical to obtaining evidence because we could listen to conversations that they were having and giving instructions to educators on how to fill out their sheets; what to say to the Department of Education if they're ever asked questions. And we also physically watched the houses that the childcare was supposed to be occurring in, to see if children were dropped off that day and if they were picked up and then double checking that against the claims that were made after that to corroborate whether that childcare had actually occurred.

Host

Operation Caulis also traced the children who were supposed to be in care. More pieces of the puzzle began to fall into place.

Amanda Glover (20.27)

So, we looked a little closer. This is where we started to get those pieces to that big puzzle that we were building. We looked at how many children were being looked after. We did data matching across data with other agencies. We then looked and saw that there was people providing care to children, and their children were getting care in another educator's home and they were swapping children. We then started to look at, well, where are the children going to school? Where does the educator live? Where do the children live? And we started to notice that there was people living in the western suburbs, and going to school in the western suburbs, yet family day care educators were claiming to be providing care in and around the CBD. Some of these things didn't start to make sense. So we then progressed onto surveillance, just to build more of that picture of what was going on.

Host

One thing that struck the investigators of Operation Caulis was the sense of entitlement in those committing the fraud. Their over-the-top claims were an example of this.

Amanda Glover (21.51)

So, each week they were claiming exactly the same amount of care for each child. That was starting at six o'clock in the morning, for school-aged children until school started. Re-commencing again as soon as school finished until 8pm at night. And then for all day Saturday. That in itself is out of the normal. Most people who are using childcare, to help them study or to work are not dropping their children at childcare at 6am and picking them up at 8pm, five days a week, and then having them looked after all day on a Saturday.

Host

Listening to them, what struck Amanda was that they didn't see anything wrong with what they were doing.

Amanda Glover (22.40)

Listening to the family speaking with their educators, they had a sense of entitlement that they were entitled to claim childcare benefits from the government, which, they would've been entitled, but their sense of entitlement went further than that. They were claiming the maximum amount of hours that were available, which was 50 hours a week. They were charging \$35 an hour for that care, which was well above the average that family day care service providers throughout Australia were charging.

Host

Let's do the maths here. For those charging 35 dollars an hour for 50 hours per week, that's \$1750 per child. Multiply that by 7 children and you can claim \$12,250 per week. And multiply that by 57 educators. Then Rosa and her family took their profit off the top.

Amanda Glover (23.53)

The family day care service provider are like the umbrella company that the educators work for. So, they're the middle person between the educator and the Department of Education. They're responsible for making sure all of their paperwork is in order, that they're compliant

with the regulation, and they also submit the time sheets to the Department of Education, receive the payment back, and then distribute it to the educators. So, the agreement between the educators and the service provider is normally a per-hour administration fee. In the case of Hello Children Family Day Care, that was \$5 an hour of the \$35 that they were claiming from the Department.

Host

So who was running it all and how did this scheme spread through the community? Amanda Humbley explains.

Amanda Humbley (24.54)

They were migrants that had come over to Australia. They did have qualifications in childcare, and what we were seeing happening was this: when Family Day was privatised, there was a number of people that immediately caught onto the opportunity and commenced defrauding it. And they would target newer migrants that had come to the country, usually without any money and entice them into this scheme, telling them how they weren't really gonna be doing the wrong thing. All they had to do was put these claims in and it will get paid. And when you get paid, that meant what you were doing was right because the government's not gonna pay you if you're doing the wrong thing and then you're gonna get all this money, thousands and thousands of dollars a fortnight. And it was enticing, and it really spread around Melbourne. There was a lot of it in Melbourne at the time. And they were assured by the people running it at the top that nothing would happen as long as they stuck to the plan, stuck to the story, they'd be fine. Everybody else was doing it and they would see, I suppose, they would see other people earning this kind of money and they wanted to be part of it too. It was very attractive. I guess at the peak of the offending, the highest earning educators were earning around 14 or \$15,000 a fortnight. So that's what they were receiving as their educator payment. And then they were splitting it with the parent who was complicit in the offending of those children and would share it.

Host

Once the team examined the paperwork, bank statements, claim forms, and Centrelink data, it was time to begin the surveillance. They needed to prove that family day care was not being provided as claimed to the Department of Education's child care subsidies payment system. Amanda Glover went out into the field to prove that what one educator claimed to have done, was in fact impossible. The team referred to this aspect of the investigation as proving 'location inconsistencies'.

Amanda Glover (27.01)

We ended up terming 'location inconsistencies' where the educator was living in one suburb, the children were living in another suburb, and they were going to school in another suburb. And sometimes educators would be looking after two families. I thought: this doesn't seem possible to be able to collect the children, take them to school, and do what the data is telling me. So I went and purchased a dash cam for our police car and myself and one of my investigators got up really early in the morning. We went out to the educator's house and set our timer, put the dash-cam on, and I guess followed what the data was telling me and we actually physically couldn't do what the data was telling us. So we couldn't go and pick up all the children. We couldn't fit eight children in our car. We couldn't take them to school in two different suburbs of Melbourne with the traffic at peak hour. It was physically impossible.

Host

To Amanda Humbley, one of the most blatant aspects of Operation Caulis was that the people involved in the scheme didn't even make rudimentary efforts to appear as if they were looking after children.

Amanda Humbley (28.26)

It was shocking and it was quite infuriating, that they were so blatant about what they were doing. They really were very confident that they were not going to get caught doing what they were doing, to the point where we didn't see anybody in this matter actually providing legitimate childcare. They all seem to be at home looking after their own children who were they're supposed to be at someone else's family day care. And we saw them going shopping. We saw them travelling overseas. We saw them going to work, legitimate paid employment, all at times when they were supposed to be at home looking after children according to the claims that they made to the Department of Education.

Host

The group was well organised and if compliance visits occurred, they would put out the alert to each other.

Amanda Humbley (29.19)

It was obvious that they did know that they weren't doing the right thing because they were coached and would coach each other on what to say if they were ever asked questions by the Department of Education. And likewise, when a compliance visit would occur and compliance officers would turn up at the family day care business, they would send messages out to their educators telling them, 'Go get the kids you're meant to be looking after and make sure they're there.' They were very well aware that they were doing the wrong thing.

Host

For the investigators of Operation Caulis, it was easy to see how the scheme spread through the community.

Amanda Humbley (30.57)

I think initially they perhaps signed up for it and they were really groomed into it. However, it didn't take long, particularly the ones that were committing these offences for a period of time, it didn't take long for them to build up their confidence, and I suppose as their money's being paid, it became too easy for them, and they convinced themselves that what they were doing was okay. And they're being encouraged to do it by other people doing it as well. And the people running these schemes, the family day care operators, need to have educators under them. The more educators they have, the more money that they make.

Host

Because of the huge amounts of money going out each fortnight, there was a race against time to stop it, but an investigation so large and so complex couldn't be done quickly. The AFP didn't want to tip off the Hello Children Family Day Care that they were running a fraud investigation. Instead, they called upon the compliance powers of the Department of Education. That way, they could get a look inside these establishments without showing their hand.

Amanda Glover (31.04)

So in this case, we came up with a strategy of using our partners' resources and our partners' powers to conduct a compliance visit on the family day care service provider, which gave us the ability to collect evidence, to get inside and see whether any children were at risk – because

that was a really big consideration for us. We want to make sure that we're protecting the community and protecting our most vulnerable people who are our children. And we want to be protecting our revenue. So the money that the government has put aside to help people in need. Phase one of our investigation was for our state regulator and ourselves to go and do a compliance visit. We found that the records were not up to standard, and subsequently the regulator suspended Hello Children. From the time that we had the investigation referred into the AFP, was in August, 2015, by the middle of September – so within six weeks – we had with our partners conducted the compliance visit, and had Hello Children suspended from operation, which then I guess gave us a bit of breathing space to be able to then backtrack and piece together what had been happening with Hello Children, so that we were protecting the Australian Government's money.

Host

Well, that was the theory anyway, but the investigation showed that Rosa and her family would simply jump onto the next opportunity to defraud the Australian government.

Amanda Glover (32.46)

What we then saw was the family group seeking to purchase an already established family day care service provider to start up all over again.

Host

Their method was simple. They just used the name of a different family member each time they did it.

Amanda Glover (33.07)

Rosa – the previous family day care service provider that the Department of Education had suspended from non-compliance; that was run by the son. Hello Children Family Day Care was then run by Rosa, and as we moved through the investigation, the family group looked to purchase a third family day care service provider. The daughter was then put in charge of the third one.

Host

Once the Hello Children Family Day Care was shut down, a core group of educators moved from Hello Children over to the new one under the direction of Rosa's son. According to Amanda Humbley, this movement helped the AFP know who to focus the investigation on.

Amanda Humbley (33.56)

That also played a part on how we were going to prioritise the suspects at the time. The ones that were loyal and moved on and the ones that were claiming the most amount of money. So the rest of them, we developed a plan, that the Department of Education would use their compliance powers to treat those people that we didn't have the capacity to charge criminally.

Host

After committing claims to the government for millions of dollars, it was too lucrative for the family to simply stop operating. Of course, they had no idea when Hello Children was shut down that they were the subject of a huge AFP fraud investigation.

Amanda Glover (34.34)

Within six or seven weeks after the suspension of Hello Children Family Day Care, the son had identified another family day care service provider to purchase for \$150,000. They were

able to get those funds from within the community. The family group didn't have the funds sitting in a bank account. And they purchased Dorsey's Family Day Care. And by the 1st of December 2015, they were back up, claiming childcare benefit from the Department of Education.

Host

Working a large-scale ongoing fraud like Operation Caulis puts a self-imposed pressure on investigators. Amanda Humbley explains.

Amanda Humbley (35.23)

There was a lot of pressure with this investigation from our end, not from Department of Education, but from our end. We really wanted to stop this money from going out. Towards the end, when we were planning the resolution, the scheme was claiming as a whole around just around the million-dollar mark a fortnight and that was, for us working on it, really want put ourselves under pressure to act and to pull it so that they couldn't do it anymore, to prevent them from being able to claim any more money. It was getting out of control.

Host

For a working mum doing the right thing by contributing to the childcare system, Amanda had a personal reaction to it.

Amanda Humbley (36.03)

It is sickening when you think about the government rolling out schemes such as this to help parents. And I know how expensive childcare is as a parent and I'm only paying a portion of the fee. If the government didn't pay these payments, childcare would be completely unaffordable. It is just a slap in the face, I suppose, for the money that's being given out, which are our taxes, our taxpayers money at the end of the day, essentially to fund lifestyles of people that aren't working at all.

Host

So what was this community doing with the huge amounts of money they were earning?

Amanda Humbley (36.43)

This group were predominantly just funding their own lifestyles. They were paying rent, paying their mortgages, buying takeaway food, going shopping, going overseas, sending money to their family. They were essentially just living their lives as everybody else does, but without having to work for.

Host

At the time of the offending, the penalties weren't really a deterrent.

Amanda Humbley (37.09)

Prior to Caulis, if it's being dealt with directly by the Department of Education, they would be issued fines and non-compliance notices. I'm unsure exactly what the amount would be. However, there was no risk of going to jail and the worst thing that could happen, I suppose, was that their license for operating a day care would be revoked.

Host

But at the time, as Rosa and her family had done, it was easy to simply start a new service provider business and continue the fraud. With Operation Caulis, the AFP and the Department of Education hoped to send a strong message into the community to the people rorting the childcare system.

Amanda Humbley (37.52)

The message we're hoping to send was that we were taking this seriously. We knew it was happening and you can go to jail if you do this. And a number of did spend time in jail, particularly the high-end offenders that were claiming a lot of money.

Host

It's one thing to commit what seemed to them like a justifiable fraud; it's quite another to be followed by covert surveillance operatives from the AFP.

Amanda Glover (38.15)

Part of our surveillance strategy was to have our surveillance operatives go to the educator's place and see if children turn up or to see what the educator was doing. We actually found sometimes that the educator would leave the house. There were no children. And in one case, our surveillance operatives followed a person to the train station. They got on the train, came all the way into the city and went to university and was undertaking a university course. So, we were starting to piece together things with surveillance. There was certainly no children being dropped off at school. No children being dropped off in the morning. No educators going to collect children before school. There was educators who were to be looking after children under school age for the entire day. We didn't observe that either.

Host

With hundreds of babies and children on the books of the service provider, the investigators decided not to include them in the investigation in attempting to find out where they actually were. It was enough to prove that they weren't at the homes of the educators who were claiming large amounts of money to look after them.

Amanda Glover (39.34)

What we decided to do about the children was to wait until our investigation had reached its, what we call our overt phase, where we are decided that we'll go and start to talk to people because the educators and the service provider are the people that we're investigating. So if there's no children going there, then it's the educator or the service provider that's committing the offence. So after we did all of our arrests, we had a mammoth task of going and speaking to grandparents and parents as well as schools to get school records.

Host

Rosa and her family needed to be shut down. The AFP was able to call upon its vast resources to bring the case into the overt phase.

Amanda Glover (40.25)

Our overt phase included five arrests, 14 search warrants across two days because we couldn't physically do 14 search warrants in one day, four other compliance checks on other family day care service providers. A number of these educators were claiming with multiple providers. We did door knocks on grandparents whose grandchildren were being claimed. We had 110 AFP investigators. We flew people in from around the country to be able to support us. We had

10 people from Centrelink, eight people from the Department of Education. We also had our state regulatory partners come out and do compliance activity. So, over the course of that two-day overt phase, we had in excess of 150 people working on this case. That's just to collect the evidence. So, once we've collected it, we then, because we had undertaken arrests, in Victoria, you have six weeks in which to prepare the brief of evidence. So, on that first court appearance, we went to court and sought an extra five months to put the brief of evidence together, which we were fortunate to obtain.

Host

In the overt phase where educators were interviewed by the AFP, they were clearly unprepared. Rosa and her family had done a good job of coaching them on what to say if they were interviewed by the Department of Education, but not the police. Amanda Humbley saw that they couldn't answer even the most simple questions.

Amanda Humbley (42.17)

They were not mindful of a potential police investigation, which really was evident when we did make arrests and we did interview the educators. We were very careful to go through very specific questions that someone who was looking after a particular child each day would be able to answer – questions such as: what the child's name was; how tall they were; what they looked like; what they ate; which school they went to; how they would physically take these children to school in their vehicles and come back. Some of them didn't have driver's licences. Most of them did not have vehicles equipped to drive around the number of children that they claimed to be caring for and taking to school and picking up. We've paid particular attention to their vehicles, whether they were fitted out with the appropriate baby capsules and booster seats. Most of the time they were not. And then we focused on all that information as we went through the interview, right down to what brand of nappies they were using for infants, and what sort of formula, where everything was kept. And they really could not answer all of those questions, or they came up with ludicrous explanations of how they could get children from where they lived to various different schools around Melbourne and back home again, which was impossible.

Host

As well as not being able to answer simple questions about the children they were supposed to be minding, the educators were not prepared to be confronted with the wealth of evidence that proved their fraud.

Amanda Humbley (44.00)

They were not prepared to be asked questions to the level of detail that we had, and also to be presented with the evidence that we had, such as recordings of phone calls that they had, video footage of their houses without children being dropped off or picked up, banking records showing that they're shopping when they've made claims to be at home looking after children.

Host

When the case went to court, Amanda Glover's dash-cam footage trying to duplicate the trips claimed by one educator, painted a stark picture of the fraud.

Amanda Glover (44.35)

If you're presenting a story in court, whether it's for a judge or a jury, actually moving pictures and sounds and words really paint a great picture. And that's what we were trying to do. We

were trying to be able to have the person that we're telling that story to, be able to put themselves in that car themselves, driving along, trying to get between the locations.

Host

Facing the avalanche of evidence against them, there were guilty pleas all round.

Amanda Glover (45.07)

All 13 people entered a plea of guilty. So, I think they all realised on the strength of the evidence that we had collected and put before the court that they could see that what they'd done was wrong.

Host

Rosa and her son were sentenced to four years' imprisonment with a non-parole period of two years. Her daughter was sentenced to 18 months' imprisonment but released on a good behaviour bond for 18 months.

It was a good result for the AFP, the Department of Education, and Operation Caulis.

Even though it can cost the community a fortune, the general consensus is that fraud is not as bad as other crimes. The AFP sees it differently.

Amanda Glover (45.52)

People see fraud as a victimless crime, but really in fraud in the Commonwealth sphere, we're all victims. That's money that we've all worked really hard for, paying our taxes to give to the government, to be able to provide services to the community. So, for me, the victim is the Australian community. But there's a large part of the community that see fraud as: *oh, it's just money. It doesn't hurt anybody.* And in the past, sometimes some courts have I guess inadvertently contributed to that mindset by fraud offences not getting custodial sentences. So, when we got to the end of Operation Caulis and in particular the family group were being sentenced, and I'm sitting there in the courtroom. I was so happy to see that fraud is taken seriously and that there are penalties for taking money that you're not entitled to.

Host

Because Operation Caulis found there was an element of genuine day care provided by some of the educators, it's hard to know exactly how much the Family Day Care fraud cost the community. But we do have the total amount Rosa and her family claimed.

Amanda Glover (47.20)

The three family day care service providers that the family group ran, in total claimed \$13 million dollars. How much of that is fraud? We will never know.

Host

How much of the money was the government able to get back? Amanda had a background in looking for assets from the proceeds of crime.

Amanda Glover (47.44)

Having come from the criminal asset confiscation task force prior to fraud and anti-corruption, one of the things with our asset confiscation task force is to look for proceeds of crime. And in

this particular case, we are talking millions of dollars over the course of the operation of these family day care service providers. So we started to look for assets, and surprisingly to us, the money that was deposited into bank accounts was withdrawn in cash very soon thereafter. And the money trail with cash often goes cold quite quickly. So that also made us think perhaps it's being shared out in the community. There was only one educator out of the 57 who had put their money into property, and we were able to have that property forfeited to the Commonwealth.

Host

Rosa's son was a young man who seemed to enjoy the trappings of wealth and the message it sent to the community – until his assets were seized too.

Amanda Humbley (48.50)

He did enjoy the status, I suppose, that earning that sort of money brought. He would dress well in suits, drive around in expensive cars, wear expensive jewellery and really portrayed himself as a successful businessman that other people could look up to. And so it was good to show the community that that level of success was brought about through fraud and that it can all be taken away from you if you are not obtaining money in a legitimate way, which is what happened in this case. We did seize the vehicles and we seized other assets that they had purchased with fraudulent funds.

Host

So rather than displays of wealth being the message the community received, Operation Caulis sent a bigger message. Do this at your own risk.

Amanda Humbley (49.48)

One of the motivating factors with Operation Caulis was to send that message to other people committing the same offence that it is very serious, and the federal police are looking at it and we're aware of it. And that you will potentially go to jail. You will potentially lose your house if you've paid for it based on the proceeds of crime. A lot of this, a lot of the criminality, a lot of the offending in this was committed by women with children themselves and there is a risk, and some of them did go to jail for periods of time away from their children,

Host

Amanda Glover was also happy that Operation Caulis was picked up in the media to help spread the message into the community, loud and clear.

Amanda Glover (50.33)

We were fortunate after the court verdict that some news media outlets ran the story. The community were able to see that if you commit large scale fraud that there are penalties, and those penalties are severe, and they can include custodial sentences.

Host

At the sentencing, the judge made special mention of the work done by the AFP. He said, 'On behalf of the community, I should congratulate both the Commonwealth DPP and the Australian Federal Police for the degree of professionalism involved in the extensive work required in order to protect the revenue of this community.'

The ultimate success of Operation Caulis was twofold. Firstly, the perpetrators of large-scale fraud were caught and sentenced. And secondly, there was a reduction in this type of fraud in the wake of the arrests.

Amanda Glover (51.31)

After Operation Caulis, we did see a change in the community, and we certainly saw a reduction in the number of referrals into, to the AFP for frauds of this nature. And it wasn't just the family group that got custodial sentences; it was also the educators who were given custodial sentences as well. Some of those were suspended wholly, but there certainly were two educators who served time in a prison for fraud.

Host

So while the government system is based on trusting people to do the right thing, after cases like Operation Caulis, the Department of Education tightened its rules.

Amanda Humbley (52.18)

A lot of changes were made after Operation Caulis. There are caps put in place for the amount of money you can claim per hour, so they can no longer claim the exorbitant fees that were claimed back in these days. There's a lot more checks and balances in place, particularly in relation to if you are registering yourself as an educator. I think prior to this job, there was a perception in the community that the government agencies didn't talk to each other, and you could tell one agency, for example, you could tell Centrelink that you're unemployed and receive a unemployment benefit. Then you could tell the Department of Education that you're a full-time educator and receive quite a substantial income from being an educator, and just happily receive both of these payments. However, these agencies do all work together. There's a lot more cross checking that occurs today. And with the AFP, we can then use all of that information to put together what's actually happening and what a person in the community is actually doing.

Host

And for the people who come under the radar of such a fraud investigation, it's worth remembering the powers that the AFP has to stop this.

Amanda Humbley (53.31)

The AFP have, either through our own powers or by using powers of other agencies and working together, we have the ability to monitor bank accounts. We have the ability to follow you around and watch what you're doing. We have the ability to listen to your conversations that you are having wherever you may be. We have the ability to listen to your phone calls. And we have the ability to obtain your immigration records, have a look at your passport, your vehicle registration, your licence details. We have access to all of that information that we can use to investigate these offences that people are committing.

Host

With the huge investigation by Operation Caulis, the AFP learnt a lot about how to best investigate these kinds of fraud.

Amanda Humbley (54.28)

We have evolved with the way we investigate these types of offences. We are more aware of the extent of it now. We do have AFP members seconded in other agencies such as Centrelink and the Department of Education. And we do work a lot closer together with them now. And when an investigation such as this comes up, if it's taken on and accepted by the AFP, we do second members from all those agencies into the AFP to form part of the core investigations team. So we have access to each other's information, and we then work together to target them the best way we can. Whether it's a criminal charge; whether it's compliance activity. And we all work together to stop this fraudulent activity from happening.

Host

After Operation Caulis, the investigators had time to reflect.

Amanda Humbley (55.24)

I guess it taught me to not take for grant... I suppose I trusted human nature a lot more that something like this couldn't happen. You couldn't get this many people together to do something like this. And it has taught me that there are opportunistic people out there that are willing to groom other people into these sorts of offences. And if it isn't nipped in the bud, it will, it, it does spread like wildfire through the community. They weren't just telling the Department of Education something that wasn't true. They were committing a Commonwealth crime.

Amanda Glover (56.02)

It's a great sense of pride and community service that we've been able to get those resources together, been able to identify a large scale fraud in a really short period of time, and get to a point where we have sufficient evidence to put people before the court and to protect that money that the community has worked so hard in their jobs to give to the government for then to come back to the community. When we first got Operation Caulis, we started out with one or two investigators looking at this fraud and became apparent quite quickly that it was big and I was really heartened that the AFP drew together with our partners, additional resources so that at the height of our investigation and putting the brief together, we had nearly 25 people working on this one job. That enabled us to put together a high-quality brief of evidence resulting in 13 guilty pleas.

Host

A great result indeed by the AFP and their partner organisations.

Host (AFP outro)

The AFP is all about protecting Australians and Australia's way of life. If you are interested in learning more about the AFP's fraud and anti-corruption capabilities, visit [a-f-p-dot-gov-dot-a-u](http://a-f-p-dot-gov-dot-au)

Stay tuned for our next instalment of Crime Interrupted as we take you behind the scenes of the second prosecution of foreign bribery in Australia's history.