

# Accounting Graffiti: Connecting the Dots of the Pandora Fallout

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## Introduction

Newspapers and other media outlets have this week reported stories on corrupt activities involving casinos, money laundering, foreign influence, tax avoidance, offshore companies, tax havens, anti-corruption bodies, lax regulation, quantitative easing, and young families being shut out of overheated real-estate markets.

Are these disparate issues, or do they have a common theme?

*It is time to connect the dots.*

This article will argue that these issues all stem from compliant accountants and lawyers, and also politicians and government regulators who knowingly look the other way.

This week – hot on the heels of an exam cheating scandal at Big-4 Accounting firm KPMG<sup>2</sup> – comes news from the murky world of offshore finance involving global chartered accounting firms ably abetted by international law firms.

The latest investigation by the *International Consortium of Investigative Journalists (ICIJ)*, a Washington-based group that became independent in 2017, has exposed thousands of offshore companies used by some of the richest and most powerful people in the world to hide their wealth.<sup>3</sup>

The exposé lifted the lid on the financial affairs of dozens of world leaders, other public officials, and billionaires in 91 countries. The focus of this leak, as with ICIJ's past ones, such as *the Panama Papers* in 2016<sup>4</sup> and the *Paradise Papers*<sup>5</sup> a year later, is the offshore dealings of the global elite.

Among those named were not only 330 politicians from 90 countries, but also celebrities, sports stars, judges, tax officials and the world's richest individuals.

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<sup>1</sup> Institute of Certified Management Accountants.

<sup>2</sup> Janek Ratnatunga (2021), "KPMG Caught Out by US Watchdog: Why Do Australia's Regulators Remain Impotent?", CEO Blog, *On Target*, September 21. <https://cmaaustralia.edu.au/ontarget/kpmg-caught-out-by-us-watchdog-why-australias-regulators-remain-impotent/>

<sup>3</sup> ICIJ (2021), "The Pandora Papers", *International Consortium of Investigative Journalists*, October 3. <https://www.icij.org/investigations/pandora-papers/global-investigation-tax-havens-offshore/>

<sup>4</sup> SN (2016) "What are the Panama papers and why do they matter?", *The Economist*, April 5. <https://www.economist.com/the-economist-explains/2016/04/04/what-are-the-panama-papers-and-why-do-they-matter>

<sup>5</sup> Economist (2017), "The Paradise Papers shed new light on offshore finance", *The Economist*, November 9. <https://www.economist.com/finance-and-economics/2017/11/09/the-paradise-papers-shed-new-light-on-offshore-finance>

The ICIJ investigation is a timely reminder that often there is one set of rules for the global elite, and another for everybody else.

## Tax Avoidance vs. Tax Evasion

Before we continue, a word of caution. Not everyone that has been named in the various leaked papers by the ICIJ is undertaking criminal activity. There may be very legitimate reasons why individuals and companies wish to keep their financial dealings private. More on this later.

In Australia, the Pandora Papers have raised two related issues which are often confused – transparency about the ownership of Australian assets by *non-residents*, and disclosure by *Australian residents* of assets held overseas.

These two issues have very different effects for the Australian tax base.

As Australia's tax laws are currently legislated, *non-residents* holding passive investments generally only have to pay Australian income tax on interests in Australian real estate. By comparison, *Australian residents* who hold assets offshore have obligations under tax laws to disclose those holdings in their Australian income tax returns and declare income earned overseas.<sup>6</sup>

Accountants and lawyers assist individuals in various ways to *avoid* tax legally by using structured tax shelters or changing their place of residence.

However, the mischief from a lack of transparency relating to foreign ownership is not one of legal tax avoidance, but one of *tax evasion*, a criminal activity often linked to money laundering. This article will focus on why Australia is seen as a 'light-touch' in terms of *Anti-Money Laundering (AML)* rules, and why this has come about.

Tax evasion is treated as a criminal offence in many countries (though famously dealt with more leniently in Switzerland). The smartest *individual evaders* use a combination of bank accounts, shell companies, trusts and foundations—often fronted by nominees so as to hide the real beneficial owner or controller—in one or more offshore financial centres.<sup>7</sup>

*Corporate tax avoidance* is an even greyer legal area. Companies naturally push the envelope, often betting that the authorities will have neither the wit nor the resources to confront them over their tax-minimisation strategies.

Schemes concocted by accountants and lawyers to both 'avoid' tax (often just marginally legal) and to 'evade' tax (criminal) grew in line with financial globalisation in the late 20th century. Evasion became easier with the explosion of tax havens, which was tacitly approved by rich countries (especially Britain and later Singapore) that saw them as useful adjuncts to their own financial centres. Some small countries in places like the Caribbean and South America also viewed the creation of tax haven environments with zero/low corporate tax rates and strict secrecy laws, as a way to boost their local economy and attract new "business".

Today the world has as many as 50 tax havens, some of them more accurately described as "secrecy jurisdictions". Not all are offshore: American states such as South Dakota and Nevada peddle secrecy

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<sup>6</sup> Mark Molesworth (2021), "Tax office has offshore focus", *The Age*, October 7, p.22.

<sup>7</sup> Economist (2021), "How do people and companies avoid paying taxes?", *The Economist*, October 4.  
<https://www.economist.com/the-economist-explains/2021/10/04/how-do-people-and-companies-avoid-paying-taxes>

through the trusts they offer (which have featured in several of the Pandora Papers stories published this week).

In such a landscape, accountants and lawyers have found ingenious ways for their multinational corporate clients to exploit loopholes in cross-border tax rules, which were designed for an earlier age. International and bilateral tax agreements that were designed to avoid double taxation can be gamed to produce *double non-taxation*.<sup>8</sup>

## Offshore Companies

Anyone can set up a “shell company” in a low tax jurisdiction, like Puerto Rico, Panama or the Cayman Islands, with relative ease (for a fee). The use of an offshore company to move money or buy property is not necessarily suspicious. Even in Australia, although not a low tax jurisdiction country, it is easier to register a company than get a library card.

There are legitimate reasons why a person or company might set up a ‘shell company’; e.g. a billionaire may mask a purchase made with legitimate wealth for privacy reasons. Almost every listed Chinese company owned by international investors, including tech giants like Alibaba and Tencent, use offshore companies to bypass local laws that restrict offshore investment.<sup>9</sup>

People with business dealings spanning multiple countries often set-up offshore companies in tax havens to pool profits to avoid being taxed twice. This only becomes illegal if the profits are not declared in the individual’s home country.

While there is a lot of grey in the world of multi-jurisdictional finance, shell companies are also used for outright illegal purposes – tax evasion, money laundering, fraud, corruption and organised crime. It is estimated around 10 per cent of the world’s wealth is parked in offshore tax havens, costing governments hundreds of billions of dollars in lost tax revenue.<sup>10</sup>

This is the murky waters in which some high-profile accounting and legal firms operate, often ably assisted by governments that are either slow to regulate, or governments that will accept less tax in return for investment by “mobile capital”.

However, whatever the reason, such lax government regulation can have a serious and negative impact on a country’s economy in unforeseen ways. It is connecting the dots of such economic impacts that is the focus of this article. The Australian economy will be used as a case in point.

## What is the Australian connection?

There are around 400 Australians, out of the total 40,000 global citizens, who have been caught up in the Pandora Papers.

*The Age* newspaper reported that one of the 14 entities involved is *Asiaciti*, a company established by Sydney accountant Graeme Briggs. While there is no suggestion by *The Age* that the accountant has done anything illegal, it stated that Briggs’ firm helped exploit legal loopholes to minimise tax

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<sup>8</sup> Ibid

<sup>9</sup> Charlotte Grieve (2021), “Corporate crackdown: China’s quest for ‘common prosperity’ splits investors”, *Sydney Morning Herald*, September 25. <https://www.smh.com.au/business/markets/corporate-crackdown-china-s-quest-for-common-prosperity-splits-investors-20210924-p58uj0.html>

<sup>10</sup> Charlotte Grieve (2021), “The Pandora Papers explained”, *The Age*, October 5, p.12-13,22

and scrutiny for scores of Australian elites.<sup>11</sup> Australian lawyers have also been heavily involved in such schemes. *The Age* newspaper also ran a story about Patrick Flynn, an Australian lawyer, who has built a booming international legal practice by advising Australians how to exploit tax loopholes to minimise their tax.<sup>12</sup>

Interestingly, these two professions often feed off of each other. For example, accounting giant PwC has been accused by the *Australian Tax Office* of improperly using lawyers to provide tax advice to multinational clients for the sole purpose of invoking legal privilege to deny authorities access to documents during tax audits.<sup>13</sup>

Although the actions of a couple of recalcitrant accounting and legal firms and their elite clientele have been in the news of recent times, the origins of the Australian story on trans-national crime goes back to the mid- 1960's, if not earlier.

Whilst some claim that offshore banking originated in the Channel Islands of France, most accept that offshore banking was born when the neutrality of Switzerland was established during the Vienna Congress in 1815. The first Pacific Island offshore financial centre (OFC) was created in 1966 on Norfolk Island, a unique external territory of Australia with a peculiar form of self-government. However, promoters of Norfolk's tax haven have seen its potential to become a major global OFC blocked by the Australian Federal Government.

In the rest of the Pacific Island Nations, all except Tuvalu, have dabbled with developing OFCs; although none have become fully functional, and the returns have often disappointed the island politicians who sponsored them. While there was some synergy with up-market tourism, construction, and telecommunications – financial centre development has also increased island countries' contacts with criminals. It has also increased their conflicts with metropolitan states and international organisations.<sup>14</sup>

Samoa is the Pacific Island OFC now most associated with Graeme Briggs' *Asiaciti* and the Pandora papers.

## Anti-Money Laundering (AML)

The Pandora papers have also landed while the federal government is (supposedly) conducting an inquiry to probe the resilience of Australia's AML regime.

It has been more than ten years since the arrival of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* ("AML/CTF" Act) in Australia. The Act regulates how certain types of businesses manage the risks of money laundering and terrorism financing. These AML laws force certain institutions, like banks and remitters, to detect and report suspicious transactions to the

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<sup>11</sup>Ibid.

<sup>12</sup> Nick McKenzie, Charlotte Grieve and Joel Tozer (2020), "The Australian lawyer who built a booming practice on finding loopholes" *The Age*, October 19. <https://www.theage.com.au/national/the-australian-lawyer-who-built-a-booming-practice-on-finding-loopholes-20201016-p565xm.html>

<sup>13</sup> Charlotte Grieve (2021), "ATO accuses PwC of improper use of lawyers to conceal tax affairs", *Sydney Morning Herald*, September 7. <https://www.smh.com.au/business/companies/ato-accuses-pwc-of-improper-use-of-lawyers-to-conceal-tax-affairs-20210906-p58pa3.html>

<sup>14</sup> Anthony van Fossen (2002), "Offshore Financial Centres and Internal Development in the Pacific Islands", *Pacific Economic Bulletin*, 17 (1), pp.38-62.

*Australian Transaction Reports and Analysis Centre (AUSTRAC)*, which collaborates with law enforcement to trace money trails and stop crime.

A bipartisan parliamentary committee in 2015 called for laws that would make lawyers and accountants become money laundering "reporting agents". The need for Australia to speedily enact these laws was also pushed by the *Financial Action Task Force*, a global intergovernmental financial crime agency.

In 2018, The Australian Government concluded a feasibility study into broadening the AML/CTF Act to include a number of additional designated services, known as 'tranche two'. But to date (October 2021), this broadening of the Act has not been passed into legislation.

'Tranche two' was expected to extend the legislation to include "designated non-financial businesses and professions" who, unwittingly or otherwise, can be used to enable the laundering of money or the financing of terrorism. These non-financial businesses and professions included:

- **Lawyers, Conveyancers, Accountants, Trust and Company Service Providers.** Known as 'gatekeepers', these service providers can be used to disguise money laundering and terrorism financing through the misuse of legitimate financial and corporate services. They have the potential to, intentionally or unintentionally, hide the true ownership or control of funds or assets and can also misrepresent the source of funds or the true purpose of *transactions*.
- **Real estate professionals.** Often when criminals launder money by purchasing and selling assets, they are unconcerned about whether the transactions themselves are profitable, the object of attaining 'clean' money is worth any losses on the transaction. However, due to the nature of Australian real estate, the criminals investing proceeds of crime into real estate will usually either break even or make a profit. This, coupled with the lack of AML/CTF regulation, provides a tempting mechanism for criminals to launder funds.

High value dealers who, in the course of carrying on a business, engage in a transaction that relates to the buying and selling of high-value goods such as jewellery, antiques and collectibles, fine art, jet skis, boats, yachts, luxury motor vehicles and buildings, bathroom and kitchen supplies were also intended to be covered by 'tranche two'. However, the Australian Government announced in the Budget 2018-2019 that it would simply outlaw large cash payments made to businesses for goods and services in the Australian economy from 1 July 2019. The Government intends to consult on the detail of the measure as part of its implementation.<sup>15</sup>

Lobby groups including the *Australian Banking Association* and *FinTech Australia* have strongly supported tranche two reforms, claiming the current regime is 'light touch' and inequitable. *FinTech Australia* said in its submission said:

*"[The] onus is on the financial institutions involved to be the first and last lines of defence, whereas lawyers, accountants or real estate agents (the 'gatekeepers') involved have little or no education or incentive to deter or prevent the proceeds of crime entering the Australian economy."*<sup>16</sup>

Clearly there is a need. Then why the delay?

<sup>15</sup> FTI (2018), "Is tranche two on Australia's AML/CTF horizon?" *FTI Consulting*. p.1-3. <https://www.fticonsulting.com>

<sup>16</sup> Charlotte Grieve (2021) "Offshore Cash Report Sparks Reforms Push", *The Age*, October 5, p. 12.

It is due to the lobbying by the *Chartered Accountants of Australia and New Zealand (CAANZ)* and *Real Estate Institute of Australia (REIA)*. These bodies have warned that tranche two could create ‘onerous red tape’ that might not improve the overall system and could lead to ‘unintended consequences’ such as higher costs for consumers.

The *Chartered Accountants (CAANZ)* in their submission essentially made a ‘motherhood statement’, that it supports its members contributing to the detection and reporting of potential money laundering and terrorism financing. It then sought for the design of any new regulations to: (1) not duplicate existing compliance obligations’ (read – ‘add more red-tape’); (2) consider and reflect the cost impact (read – ‘clients will have to bear the added costs’) and (3) stimulate participation rather than see services withdrawn to prevent breaching complex rules (read – ‘we won’t do this work anymore as we may get caught and fined!’).<sup>17</sup>

The *REIA*’s submission states that:

*“Small businesses also lack the time, resources and expertise to carry out compliance activities. The introduction of a reporting scheme addressing money laundering in real estate would impose a cost much larger than the relatively small, anticipated benefit to the community through detection of money laundering.”*<sup>18</sup>

This article will show that, in reality, the ‘anticipated benefits’ of including accountants and lawyers as AML reporting agents can be positively significant for society – as financial crime ultimately affects everybody.

Let us now connect the dots.

## Connecting the Dots – The Australian Experience

**Dot No. 1 – Money Laundering:** Let us start with the recent case of the *Crown Casino*, in Melbourne, Australia. Casinos are favourite places for the *placement* of millions of dollars of dirty money for laundering. In 2019, it was reported in the Australian media that the high-roller room at Crown (run by the Suncity junket company) was operating “a cash desk” and accepting cash deposits from patrons. In return for bringing high rollers from overseas (mainly China), junkets were permitted to share in the takings of the casino and often operate their own high-roller facilities within the casino.<sup>19</sup> In fact, Crown sales staff were told to divide Chinese gamblers into four categories: *minnows, catfish, guppies and whales*, and offer them gifts, “lucky money” and private jets.<sup>20</sup>

**Dot No. 2 – Foreign Influence:** There was evidence that showed that the laundered money was open to exploitation by hostile foreign powers. In fact, the *Australian Security Intelligence Organisation (ASIO)* suspected that Crown casino agents gamble cash in Australian casinos to disguise its origin, so that they could give it to politicians and political parties as donations or favours, seeking to buy

<sup>17</sup> CAANZ (2021) “Submission to inquiry into Australia’s AML and CTF regime”, *Institute of Chartered Accountants in Australia and New Zealand*, Sept 21, <https://www.charteredaccountantsanz.com/news-and-analysis/advocacy/policy-submissions/submission-to-an-inquiry-into-australias-aml-and-ctf-regime>

<sup>18</sup> Op. cit. Grieve (2021) October 5.

<sup>19</sup> Anne Davies (2020), “Crown casino inquiry chair tells CEO money laundering allegations 'extraordinarily troubling'”, *The Guardian*, September 23. <https://www.theguardian.com/australia-news/2020/sep/23/crown-casino-inquiry-chair-tells-ceo-money-laundering-allegations-extraordinarily-troubling>

<sup>20</sup> Nick McKenzie, Nick Toscano and Grace Tobin (2019), “Gangsters, gamblers and Crown casino: How it all went wrong”, *The Age*, July 27. <https://www.theage.com.au/business/companies/gangsters-gamblers-and-crown-casino-how-it-all-went-wrong-20190725-p52aqd.html>

influence. Their aim is not just business favours and influencing regulation beneficial to them. Their aim was also to turn Australian policy in favour of a foreign government. In short, to subvert Australian sovereignty. The provision of political donations in itself is not illegal in most countries. However, the unusual source of the funds, involving potentially covert international money movement, raises concerns for potential foreign interference. In 2019 alone, before Covid-19 closed the Australian borders, Crown's Melbourne casino reported just under 50,000 suspicious transactions to AUSTRAC.<sup>21</sup>

**Dot No. 3 – Influencing AML Legislation:** The last stage of any money laundering scheme is the *placement* of funds, most often in Australian listed companies and in Australian real estate. This placement of funds is easier when the transaction does not have to be reported to AUSTRAC. Therefore, potentially, it is conceivable that some of the laundered money is used to lobby the government (either directly or via interested professional bodies such as CAANZ or REIA) to delay/water-down 'tranche two' legislation.

**Dot No. 4 – Investing in Real Estate:** As long as 'tranche two' is not passed into legislation, it is very possible that dirty money acquired in foreign countries is routed through money laundering schemes, tax avoidance, offshore companies, and tax heavens – using schemes concocted by Australian accountants, lawyers and real-estate agents – to purchase real estate either directly or via resident nominees in the same community.

**Dot No. 5 – Safe Haven:** Over the past decade, a significant amount of money has moved from China to Australia. This has been not only because Australia is seen as a safe haven politically, but also due to two recent events in that country. First, Chinese President Mr. Xi says has put China's tycoons on notice saying that it is time for them to share more wealth with the rest of the country by pursuing a "common prosperity" goal.<sup>22</sup> The risk of being forced to "share" some of this wealth has motivated them to move wealth offshore using a variety of approaches. The second is the imminent implosion of *Evergrande*, a multi-billion-dollar property developer in China. It is very likely that a property crash in China will cause major social unrest and severely affect its shadow banking system.<sup>23</sup> This will undoubtedly result in more money being parked in Australian real estate via accountants, lawyers and real-estate agents, easily by-passing AUSTRAC reporting requirements.

**Dot No. 6 – Red-Hot Housing Market:** Much of this money has been invested heavily in real estate, sending house prices soaring in recent years, even before Covid-19. Since the coronavirus pandemic began, the *Reserve Bank of Australia* has undertaken quantitative easing (money printing) by slashing its interest rate to a record low and flooding the financial system with cash; a potent stimulus for one of the world's most expensive housing markets. The problem is that this cash is not reaching those most affected by the virus, but instead, going to financial institutions and shadow banks that are then giving loans to investors at extremely low interest rates. Thus, although wages have lagged far behind, all of this laundered money and quantitative easing has resulted in house prices nearly doubling nationwide since the global financial crisis of 2007-09; and more than double in the same decade in Sydney and Melbourne, the country's two biggest cities.<sup>24</sup>

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<sup>21</sup> Janek Ratnatunga (2021), "Money Laundering: Fiat Currency vs Cryptocurrency", *Journal of Applied Management Accounting Research*, 19 (1), Winter, pp. 29- 46.

<sup>22</sup> Chris Buckley, Alexandra Stevenson and Cao Li (2021), "Warning of Income Gap, Xi Tells China's Tycoons to Share Wealth", *New York Times*, September 9. <https://www.nytimes.com/2021/09/07/world/asia/china-xi-common-prosperity.html>

<sup>23</sup> Stephen Bartholomeusz (2021), "Evergrande Threat to China's Shadow Banking System", *The Age*, October 6, p.21,25.

<sup>24</sup> Vivek Mishra (2021), "Australia's red-hot housing to get hotter, affordability to worsen", *Reuters*, August 19. <https://www.reuters.com/world/asia-pacific/australias-red-hot-housing-get-hotter-affordability-worsen-2021-08-19/>

**Dot No. 7 – Inter-Generational Societal Breakdown:** As in other major housing markets, the accelerating trend in house prices in the major cities in Australia has created a divide between those with substantial savings who are already sitting on piles of home equity and those who are struggling to get on the property ladder. A median house price of \$1.3 million in Sydney and more than \$950,000 in both Canberra and Melbourne means the chances of a debt-fuelled inter-generational breakdown across society is increasing. Hence, the *Australian Prudential Regulation Authority (APRA)* has taken a decision to increase the minimum interest rate buffer banks use when considering how much a person can borrow. According to APRA, this will reduce the maximum borrowing capacity of a potential homeowner by about 5 per cent. This is extremely modest adjustment which is unlikely to take the heat out of the housing market.<sup>25</sup> Clearly preventing money laundering, foreign influence, tax avoidance, offshore companies, tax heavens, lax regulation, would be of significant benefit to the wider community, especially in preventing young families being shut out of overheated real-estate markets.

## Latest Developments

There may be some light at the end of the tunnel.

The fallout from the Pandora papers has put a spotlight on the need for the *Anti-Money Laundering and Counter-Terrorism Financing Act* to be extended to non-financial businesses, including accountants and lawyers.

On 23 June 2021, the Senate referred the adequacy and efficacy of Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime to the Legal and Constitutional Affairs References Committee for inquiry and report by 2 December 2021. On 18 October 2021 the committee's reporting date was extended to the last sitting day in March 2022.

Federal Australian Labor Party (ALP) Senator Deb O'Neill is pushing for 'tranche two' to be implemented into law. Senator O'Neill said:

*"These Pandora Papers are a reminder that a nondescript accountant can be at the heart of a massive international abuse of power and siphoning off money and illegal activity that costs the community. When we look around at international standards, it's clear Australia is not meeting those international standards."*<sup>26</sup>

The very latest development (9 October 2021) was the announcement by the *Organisation for Economic Co-operation and Development (OECD)* that 136 (of its 140) member countries and jurisdictions had agreed to join an accord to impose a two-pillar global tax reform plan which imposes global minimum *corporate tax* of 15%. The OECD said countries involved in the deal would aim to sign a multilateral convention next year, with effective implementation of the tax reforms in 2023.<sup>27</sup>

The deal aims to stop large firms booking profits in low-tax countries such as Ireland regardless of where their clients are – an issue that has become ever more pressing with the growth of 'Big Tech' giants that can easily do business across borders.

<sup>25</sup> Shane Wright (2021), "APRA takes (very) modest step to rein in the housing market", *The Age*, October 7, p.9.

<sup>26</sup> Op. cit. Grieve (2021) October 5.

<sup>27</sup> Richard Partington (2021), "OECD deal imposes global minimum corporate tax of 15%", *The Guardian*, 9 October. <https://www.theguardian.com/business/2021/oct/08/oecd-deal-imposes-global-minimum-corporate-tax-of-15>



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However, the accord will be a tough sell in Washington, where a group of Republican U.S. senators have raised serious concerns. Under the Constitution, the Senate must ratify any treaty with a two-thirds majority, or 67 votes. US President Joe Biden's fellow Democrats control only 50 seats in the 100-member chamber; and Republicans in recent years have been overwhelmingly hostile to treaties and have backed cuts in corporate taxes.

Clearly the 2023 implementation deadline of this accord is wishful thinking.

## Summary

The exemption of accountants, lawyers and real estate agents from reporting suspicious transactions to AUSTRAC opens a back-door for the illegal movement of money to Australia. These professions are resisting any tightening of reporting requirements with simplistically framed 'red tape' and 'cost increase' arguments.

However, this article has connected the dots to demonstrate that such criminal activity has a significant impact on the ecosystem protecting the wider community. Australia's lax AML legislation has flow-on effects of reduced tax revenues for society, the potential impact of foreign influence, lobbying, and ultimately property prices that shut-out the younger generation homebuyers.

It is incumbent upon Australia to meet the international standards and interrupt the illegal movement of money around the community.

The resistance from the financial accounting community is very concerning, but not surprising.

In fact, the real estate agents lobby group has stated that the allegations that home buyers were potentially competing with crime gangs is a surprise to them; with REIA president, Adrian Kelly, claiming that he had not seen any evidence that Australian real estate was particularly vulnerable to money laundering.<sup>28</sup>

The resistance from the financial accounting community is very concerning, but not surprising.

Senator O'Neill said that the recent developments of exam cheating at KPMG and the misuse of legal privilege by PwC showed a troubling culture within the accounting industry.

As such, it is important to differentiate *management accountants* from the rest of the accounting fraternity.

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<sup>28</sup> Sarah Danckert (2021), "Criminals laundering billions through Australian housing market", *The Age*, Nov 11, p.23.

