

# Defrauding government stimulus schemes

Unfortunately, it is the case that some people will try to personally benefit from the misfortune of others. There are countless examples of this, including as recently as the Australian bushfires in 2019-20 when people sought to enrich themselves by claiming to represent charity and rescue groups seeking donations from the public.

Other examples arising from tragedies around the world include:

- Shortly after Hurricane Katrina (2005), Scott Benson and Chris Armstrong masqueraded as Salvation Army workers to con more than 2,500 police officers, firefighters, sheriff's deputies and FBI agents into disclosing personal information. The men told officers that they were eligible for debit vouchers worth \$5,000 in a program sponsored by media company Viacom. The men were charged with false impersonation and conspiracy to commit identity theft;
- A South Florida man collected \$23,244 in Federal emergency management aid after Hurricane Frances in 2004 by claiming that the boat on which he lived was damaged. His primary residence was actually an apartment. He was among 26 other Florida residents to be charged with filing false claims following that hurricane;
- A Federal Emergency Management Agency (FEMA) inspector was arrested on charges of accepting kickbacks for approving false hurricane claims;

- A 1972 earthquake in Managua, Nicaragua, led to large scale government corruption in relief and reconstruction; and
- Following the Grenfell Tower fire in 2017 an individual falsely claimed over £95,000 of government support by fraudulently claiming he was sleeping in the building at the time of the fire.

In the Northern Territory, we have recent experience of fraudulent claims against the Indigenous Employment Provisional Sum (IEPS) scheme.

Delivering government stimulus packages is fertile ground for the commission of committing fraud. As the UK Cabinet Office noted:

**'Where the public sector is responsible for leading emergency management, there is an expectation that the government will play a role in controlling broader fraud.'**

In an emergency situation, public officers are responding to government decisions made at short notice with the principal goal of getting money to those who need it the most.

Agencies should have risk management teams in place to identify and assess the risks peculiar to the scheme(s) they administer.

Risk management plans should address grant acquittal processes.

More broadly, agencies should be alert to:

- the need to cross-check and verify business or company registration numbers;

- the need to confirm that the business meets the criteria of grant eligibility and does trade in the Northern Territory;
- companies operating in several locations across Australia that make repeated claims using the same or different ABNs;
- fraudulent claims from individuals claiming to be the proprietors of a small business;
- price gouging by suppliers engaged to perform works for grant recipients;
- individuals falsely claiming to be financial advisors;
- individuals claiming to provide crisis accommodation;
- price gouging by crisis accommodation providers;
- fraudulent paperwork in relation to valid legal entity status;
- incomplete provision of details may be indicative of identity theft; and
- home-based business operators claiming against funds intended for commercial venues (restaurants, hotels, etc).

## Contact information

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