

Junkets due diligence and persons of interest process review

Interview Plan

Interviewee: Mary Gioras, Manager Credit Team

Purpose: The purpose of this engagement is to review Crown's governance, reporting and due diligence frameworks in respect of the processes for:

- (a) assessing applications by prospective junket operators;
- (b) periodic assessment of existing junket operators; and
- (c) decision-making in relation to whether 'persons of interest' are permitted to enter or play at Crown's casinos or be on Crown's properties.

Focus Areas identified for exploration:

- Due diligence
- POI process
- Junket approval process and monitoring
- Broader compliance / control measures

Materials: NA – due to current restrictions/recommendations around Coronavirus this will be delivered remotely over Zoom.

Logistics: The interview will last for one hour

Specific questions:

- General views on the junket program:
 - Key risks
 - Areas of improvement / recent focus
 - Best means to balance commercial and compliance/reputational concerns – how is this currently working.

Been working since we took it over in 2017.

Enhanced, developed, continually looked at.

Started being a small process to fill obligations since that point, it's evolved, risk AML interest as well. As those requirements captured or introduced, so has the process.

Becomes more complex as we move along. As we consider all those components, the process becomes more complex and we need to capture more info as we move along.

Between 2019 – 2020, we've undertaken to add more to what we do, eliminate some of the gaps. A lot of information, knowledge, within Crown. Need to start sharing that within Crown. It is difficult trying to get authority to access info or convince other departments to share info and why.

We have reached a milestone and there's a long way to go.

Expand a bit on challenges:

Let's choose one of the areas, where we have a relationship to some degree – Surveillance. They do a lot of work, background checks. When we're doing some of those reviews, they hold a lot of the information regarding junkets and whether to continue relationship.

Presented junket due diligence to Executive Team for approval. We weren't privy to information from Surveillance. We had copied in compliance manager, who had heard of patron quite coincidentally, had made some enquiries. There were incidents at Crown, patron involved with card cutting, caught out cutting that. Junket was not approved. Luckily compliance was copied in.

In the end we now have an agreement, a simple database check which my team now look up, check if there have been any hits. Escalate it to myself. Internal database, which they can check. Ongoing discussion, took some time to coordinate. Team can do a database search, just shows if there's a hit. Gets escalated up for further escalation and discussion with surveillance. Also links to other departments. If there's a hit it will also go to AML. For that particular situation yes, just AML and surveillance. We started a lot of inground with AML around 2018. We started tying up and having a discussion on understanding, to be trained and understand what to look for. A lot of initiatives from that side which take place.

I subscribe to a lot of webinars, it's really educating myself and trying to sense what we should be looking at and reflecting on some of those reports. They're probably the key things. I know some of those things are legally privileged. We had no feedback between you seeing us and now. Key information to improving these processes. They're probably the main things. Internal, there's a lot of information at Crown that needs to come together. Risk is another one, I haven't had any conversations with Ann. We've done a risk assessment, but not insights.

- Junket approval process – application
 - We've seen the most recent iteration of the form. How were decisions made around what to include and what not to? I.e. decisions not to include character references, declarations.
 - Form includes 'additional information' section on other junkets and source of wealth. Does this tend to be responded to? What is the rationale around this not being compulsory?
 - Credit application form then asks for details of facilities at other casinos. What is done with this information, is there information sharing between Crown and other casinos?

Two processes, new patrons. New application, generally Sales or Marketing team that have discussions. Then complete the junket application form. Utility bill, passport. Personal rather than business. Collect all that, once collected we go off and do validations, are they currently a patron. What their play is, relationships, that's out of SYCO.

Casino checks, contacts other casinos to establish if that particular patron is a junket, limit, history, whether they've had any issues. Once we collect all that we do DOW Jones search, surveillance, VIVO search -check whether they've had a visa into Australia. If there's a hit, we'll let AML know.

We also look at Factiva, to see if there are any articles, external searches.

Development of process:

The form itself that the junket submits hasn't changed, it's when we're profiling that junket. The requirements of the team have changed over the last year. One thing we found, we were providing these to legal. When we revisited older pieces, 2017-18, it was really hard to match. Although we're meant to do these annually, doing Dow Jones, form changed. Moved from that, late 2018, 2019. Simple initiative.

This year we are getting the junkets re-approved. 2017 was last time. Now we are preparing each junket to be re-approved. Long winded process, behind the junket profile, will sit all the documents and searches. Whole document will be scanned to them. At least know that this is the document that was provided.

Every year, we look at all documents, some expire some don't. Check ABN now as well, to see if that's still valid. Also look after Nonexclusive gaming agreement. Check DICJ license each year, also do searches as well on the licence holders in Macau. See who the directors are.

- Junket approval process – approval
 - How are trips authorised? Are individual agents all authorised separately for each visit, or is more like a blanket pass for the JTO for the time period with agents all approved prior to being issued?
- Junket operator, two parts for this, when we're looking at the due diligence side, we do this annually, but other activities throughout the year, documents expiring that we are continuing collect. From this year, that will be sent to the executives for approval.
- For trips, credit facility is looked at trip by trip. We look at documents required on a trip by trip basis, Dow Jones, personal checks. Review these at other intervals based on arrival.

- **Murray – to clarify, most of your work is operators. Agents on visits are covered under the AML.**
- We do a little bit for key players on junkets, only if they are a credit customer. Preparing an arrival for credit facility, we do DD on list of key players. Run Dow Jones, Casino checks, Factiva. Due diligence is minor, we don't do the checks on the internal databases. Have had discussions in background, a few people approach us from different areas, it hasn't been handed to us.
 - Credit - Junket Due Diligence Arrivals states part of the role is to determine whether 'full due diligence' process required. What are the different levels? What are the factors in this?
 - Once file completed, it is reviewed by Group Credit Manager before being submitted to commercial team for approval. What does this stage involve? Are there final checks? Is a recommendation made?
- There is a recommendation, if an annual review we might put – continue to do business. Use red text if adverse, black if not. Allowed to commence business, also black. Initially goes to Roland and Jacinta who head up VIP team, if domestic, we will include domestic approvers. Probably Tim or Mark at this stage for their recommendation. Then gets escalated to Josh, Mike Johnson, Barry.
 - Do they receive challenge from Executive Team, i.e. requests for more information or further due diligence? What feedback do you receive on decisions?
- Often conversations that happen, email trail back and forth, Josh and Barry. Doesn't happen very often. We also copy in Compliance and AML. That's one area we've started looking closely at. They've handed over their part in this process. Made some in-roads to make the customer experience a lot better.
- **What are you requesting on behalf of compliance?**
- Getting application for an ABN at that time, NONEGPRA, to be signed up front and returned to us with all their documents required. We have a compliance credit meeting, I sit with Justin, we review what he deems as active vs inactive. Make sure our list is the same. It's really important we share this information to make sure its consistent throughout the organisation. AML & Comp copied in at Roland and Jacinta's level. Roland generally sends off to Executive Team. Each time Exec Team responds to email, keep a copy on Exec file.
 - What needs to change in how the decisions are made and communicated?

From a process side it's seamless, works ok. By the time it gets to Roland and Jacinta, there are other conversations happening. Looking at setbacks, what we've found. We do have a lot of discussions, if it needs to be escalated. Usually filtered prior to going up. We're not going to send up if there are big gaps. Relationships are another thing. Are they really a junket. A lot of discussions with sales staff on new junkets. Sales team needs to verify / ratify who these people are.

- Assessment of existing junket operators:
 - What role does Credit play in the ongoing probity and monitoring measures for the junket program?
 - Are there information / reviews conducted during and after the trip?
- Due diligence / EDD
 - What is the process for determining when enhanced due diligence is required? How does this align with standardised Crown criteria, i.e. customer risk ratings, POI process etc? Better question is to ask how what their team does aligns with the EDD requirements which are fulfilled under the AML team's remit.
 - Not really sure, how to answer question. In terms of risk rating, junket operators considered high risk. Just to make sure that they aren't an AML risk. It's collecting information for various areas now copied in. Compliance /AML and executive to ratify whether we continue new business.
 - The process involves scans of the Crown Database against WorldCheck database (for identifying PEPs, terrorist links etc) – what other platforms are used? What is your experience with them?
 - External databases used – Wealth X, Acuris & Global Data. Confirm when and how these are utilised.

We have refreshed all the C6, the rationale for that was the expense. When we tested that year to year, there was really no change between the first report and second. Between the first report and three or four years

down the track. We've found in some changes there have been changes to these reports. So we may not do them annually, but maybe every second year. Wealth X, is 2.5k USD for each report if we request one. This is probably the biggest gap for us. These wealth reports are great however they have their limitations from that side. You pay this money, and they find limited information. Or prepare a report based on information we have provided them. It's a time thing. I have a list of other providers. We need to fill that gap. The link between these two, or whether it's our team. There are gaps with certain countries, Indonesia, Thailand. We need to have something more, there's something missing with that process.

Do you have the list of potential providers? Looking at databases isn't in the scope, but ML willing to have a look and make recommendations.

Bureau Van Dyke is one we looked at and really liked.

Credit risk profile, but more from a due diligence side. Gave us a starting point on customers we can get no information on. It's good what we produce, but looking at the report there are gaps. It needs more meat around the middle part. Wealth providers give us the same thing.

All external, look at estimated wealth, business, whether there are any adverse hits. Cross-reference this further. Sometimes we have gone back and questioned some of the facts on there. It's not just taking these reports. Then we do land titles, company searches, where it is available. Finally we use google to do some general searching.

We try and see if it correlate with other information.

That's the profile in a nutshell.

We have standard templates, and standard presentation. All manual documents. Done on Excel. Were doing on word but moved to Excel.

We'll put on our list to Ann to get

- Research Manual – the teams were using a draft research manual to guide their due diligence – has this since been finalised?
- Junket operator Internal Control Statement and SOP's – have these had any updates since last year (Note: if we don't have these, can you please add to the doc request list).
- Offshore databases – RAMCI, Company Search etc. – confirm the databases they are using now and how this is working for them.
- Media searches – google, Dow Jones
- PEP and sanctions searches – how are these being conducted now?

Dow Jones. And Factiva and look in wealth reports, they run some of their own sanctions etc.

- Criminal records – are these requested for all jurisdictions in which the JO has a presence?
- Non-English research – were using google translate and trying to do this themselves.

There are occasions where you have that issue, we have a person that reads and writes in Cantonese and Mandarin, conscious to employ someone with those skills. Within broader VIP team, have Indonesia.

- What's done in-house vs. by a third party?
 - To confirm – they use some third-party information providers but still do most of this in house.
- The credit form asks for 'alias, if any', is it common for players to operate under aliases? How is this information used when provided?
- Systems
 - What are the different systems in use, i.e. Salesforce, Syco? How do these speak to each other??

- Do these pose any challenges? What is your experience of using these?
- Findings from previous audits included considerations around incorrect data entry, has there been work taken to amend this?
- Where are the possibilities for human error? How are these mitigated?
- Do the systems provide an audit trail?
- Required documents on the credit or cheque cashing facility – states ‘not these documents must be provided as a minimum every 12 months and in some circumstances every 6 months’ – what is the process for updating and refreshing checks? How do the time limits work? Are there automated prompts?

Done through data warehouse, we’re actually searching the surveillance system. Only just gives us a pop-up. Salesforce, SYCO. Everything else is done outside.

At the moment, we have g-drive folders for all our patrons. Folder for each of those patrons we’ve labelled due diligence, the profiles, ID documents, and searches.

- Reporting / external collaboration
 - Does your role involve external reporting, i.e. reporting to VCGLR?
- Broader control / compliance for junkets
 - How are staff within the legal department trained to manage risks associated with junkets or POIs?
 - Are there flags or criteria throughout the process that trigger specific escalation or action?

Training:

We have a team meeting every morning, the people that are assigned to a specific junket and look at some of the barriers etc for that junket. In the credit space, a lot of the information has been around. Searches, collecting of documents has been ongoing for a number of years. Barrier has been to think differently from a risk AML perspective. Part that was difficult to pitch, historically they were credit people, looking in that space. Really changing their mindset. I’ve created a training document for them, sets out general steps. Everything else is ongoing. They’ll complete a certain part if it. They’ll look at information on junket profile, it’s really questioning their thought process. It’s evolved, we have to question what we see, what does it mean from a junket perspective, is that a risk? The education process continues, some struggle more than others. Re-define the team for skilled staff to produce reports.

You can hand something back one or two times, but do it three or four times. You’ve have to be careful. They weren’t employed to be due diligence officers, they were employed to be credit officers.

Anything else:

As I said, I was expecting to hear something back, in terms of recommendations. I’m really keen for recommendations and filling those gaps. I’m very mindful of how under the spotlight they are. We need to make sure what we produce is foolproof. I don’t want to find something that should have been found.



Send sample patron and one in the process of being completed.

Few challenges to try and recreate what was approved at that time. It’s come from various things. Investigation or inquiry probably one of the main areas, so we have the answer there and then.