



## Junket Due Diligence and Persons of Interest Process Review

Crown Resorts Limited  
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## Context

Deloitte were engaged to conduct a review of Crown's decision-making processes related to junket operators and persons of interest (POIs). The purpose of the review was to identify opportunities for Crown to enhance its junket operator and persons of interest due diligence frameworks to ensure that Crown is well-placed to make appropriate, informed decisions in accordance with Crown's risk appetite.

Our approach involved conducting a review of relevant policies and procedures, internal communications and other documentation as deemed relevant. We also undertook interviews with the key Crown staff and leadership team involved in the processes. We have consolidated our findings through end-to-end mapping of the current decision-making processes relating to new and existing operators and POIs. Further details on our methodology is included in Appendix F.

## Guidance and Limitations

The purpose of this document is to summarise the findings from Deloitte's review into the junket due diligence and persons of interest processes at Crown Resorts Limited (Crown).

Our engagement is not an assurance engagement and we did not perform any audit, testing or verification of the information provided to us throughout the engagement and will not provide legal advice. We have also not made assessments of the accuracy of any data in underlying systems.

This report is prepared solely for the internal use of Crown in accordance with our engagement letter. This document is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose set out in our engagement letter. You should not refer to or use our name or the presentation for any other purpose.

The Services provided are advisory in nature and have not been conducted in accordance with the standards issued by the Australian Auditing and Assurance Standards Board and consequently no opinions or conclusions under these standards are expressed. Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made.

Our work is performed on a sample basis; we cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud.

We conducted this review during restrictions imposed by covid-19, therefore all interviews were conducted via video conferencing and we were not able to review any physical copies of artefacts all documents were provided to us in electronic form.

# Executive Summary

Crown's junket approval process and ongoing probity measures are primarily managed by Crown's Credit team. During the course of our review we have identified a number of recent enhancements that have been made to increase the robustness of the due diligence process, and made recommendations for opportunities to enhance this further including through increased collaboration and clarity around the roles of different parts of the business.

## Junket operators

The processes for ensuring integrity of the junket operator program at Crown Melbourne (Crown) are primarily managed by Crown's Credit team. The team is responsible for conducting due diligence and open source research to produce a recommendation for Executive decision makers as to whether Crown should enter into business with the junket operator, and then play a central role in ongoing probity and risk management through conducting an annual review into each operator.

The process has evolved over time, beginning as a credit check to now incorporating increasingly robust controls and bringing in expertise and intelligence held in other areas of the business. The current process is reflective of Crown's growing understanding of the potential risks and we note evidence of genuine critical review of the potential risks throughout the process.

There remains several areas where processes would benefit from increased documentation and clarity of the accountabilities of different teams and have identified opportunities to improve the training of staff to ensure they are equipped to effectively manage the risk areas for which they are responsible.

## Key Recommendations:

There are several opportunities to strengthen the information inputs to the due diligence processes undertaken by Crown. Specifically, we recommend:

- Crown obtain additional declarations from operators in relation to litigation history and financial status to inform the research undertaken.
- Review the external data sources accessed and include additional risk and reputational focussed sources and the capacity to engage external investigation support.
- Provide formal opensource research training to staff members conducting due diligence research.
- Formalise the current protocols for trace checking with Crown's Security & Surveillance team and outline how these are considered in decision-making.
- Clearly articulate the risk priorities and red-flags to be considered and align the view of risk with the AML team via greater oversight and involvement.
- Update the due diligence summary sheet to reflect the risk issues investigated and the outcomes and ensure both the decision and rationale are recorded along with the information upon which the decision was based.
- Align the operating model for the new junket and the review processes with a clear three lines of defence model that articulates the roles and accountabilities of all relevant areas.

# Executive Summary

Crown's Persons of Interest (POI) process is a positive initiative which will add structure to decision making and ensure diverse perspectives are brought together to provide a holistic overview of risk. Our review considered the information inputs involved, and the process for reviewing and making decisions about persons of interest.

## Persons of Interest (POI) process

The Persons of Interest (POI) process has sought to add more structure to the decision making process around high-risk patrons. As with the junket program, this process began as an informal review, and has been developed over time. The process has recently undergone a review and refresh led by the Risk Department. This has led to the introduction of a Patron Decision Assessment (PDA) form, to provide structure in decision making through the use of an automated risk scoring system that supplies a risk rating of low, medium or high.

All assessments that receive the medium or high rating are recommended to be actioned through a POI Committee process, which involves either an email being sent to members of the committee, or a meeting being held in which the patron is discussed by all members present prior to a decision being made.

The process is a good example of Crown bringing differing perspectives and expertise together to ensure that the decisions are informed by a holistic review of risk. It is currently in its early stages, and through our review we have identified a number of areas where policy and process documentation could be strengthened to ensure consistent application.

## Key Findings:

The POI process is a positive initiative to add a framework around decisions regarding persons of interest, which will increase consistency and ensure that Crown's values and priorities are considered as part of the process. We recommend that the assumptions upon which the tool is designed are clearly articulated, and that the reliability of information sources are also considered. All decisions made through the POI process should be recorded with the rationale documented.

The information inputs that trigger the POI process are understood internally, however not yet captured within Crown's policy documentation which would assist in ensuring consistency and communicating the process externally. At present, the processes are not established to consistently manage law enforcement requests, which may pose significant reputational risk to Crown.

The membership of the POI Committee effectively brings in stakeholders from relevant internal departments to ensure that a holistic view of risk and internal perspectives is included within the decision making process. Crown may benefit from a more defined approach to Executive and Board escalation. It may also be appropriate to appoint a secondary committee that is restricted to senior leaders in the organisation for the management of particularly sensitive matters relating to law enforcement.

## Executive Summary

Crown's Persons of Interest (POI) and Junket Program represent key risk management approaches for Crown and should be overseen by Crown's Risk Management Committee (RMC).

### **Involvement of Crown's board and subcommittees**

Both the POI and Junket due diligence and approval processes represent key risk management approaches for Crown.

Given the charter of the RMC, this remains the most appropriate forum for oversight of both programs. While the decisions in relation to specific operators and individuals should remain operational decisions of the Crown Executive, the RMC should have a role in approving the operating model in relation to both programs and agree the key risks assessed during decision-making.

We further recommend the SOPs relating to both the junket and POI programs clearly articulate the requirements of reporting matters to the RMC in alignment with the Risk Management Statement.

# 07 / New Junket Operators

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# New Junket Operators

## Introduction and areas of focus

The processes for assessing and approving prospective junket operators at Crown Melbourne (Crown) are primarily managed by Crown's Credit team, who are responsible for conducting due diligence and open source research to produce a recommendation for the decision maker as to whether or not Crown should enter into business with the junket operator.

The process has been subject to a number of enhancements over the last few years, however our review has focussed on the current state, with further information on the enhancements included within Appendix D.

We have made a number of recommendations for Crown to strengthen its processes, which have developed organically. Notably these include defining probity and Crown's risk appetite in this space, along with increasing the role and involvement of other key parts of the business to support the Credit team in their initial assessments.

Our review examined three areas in relation to Crown's processes regarding prospective junket operators: information inputs; the process for assessing an application and the role for different aspects of the business.

### **1.1– Information Inputs**

- Information obtained from prospective junket operators
- Due diligence searches
- Internal information
- Staff training
- Use of investigations support

### **1.2 – the Process for Assessing an Application**

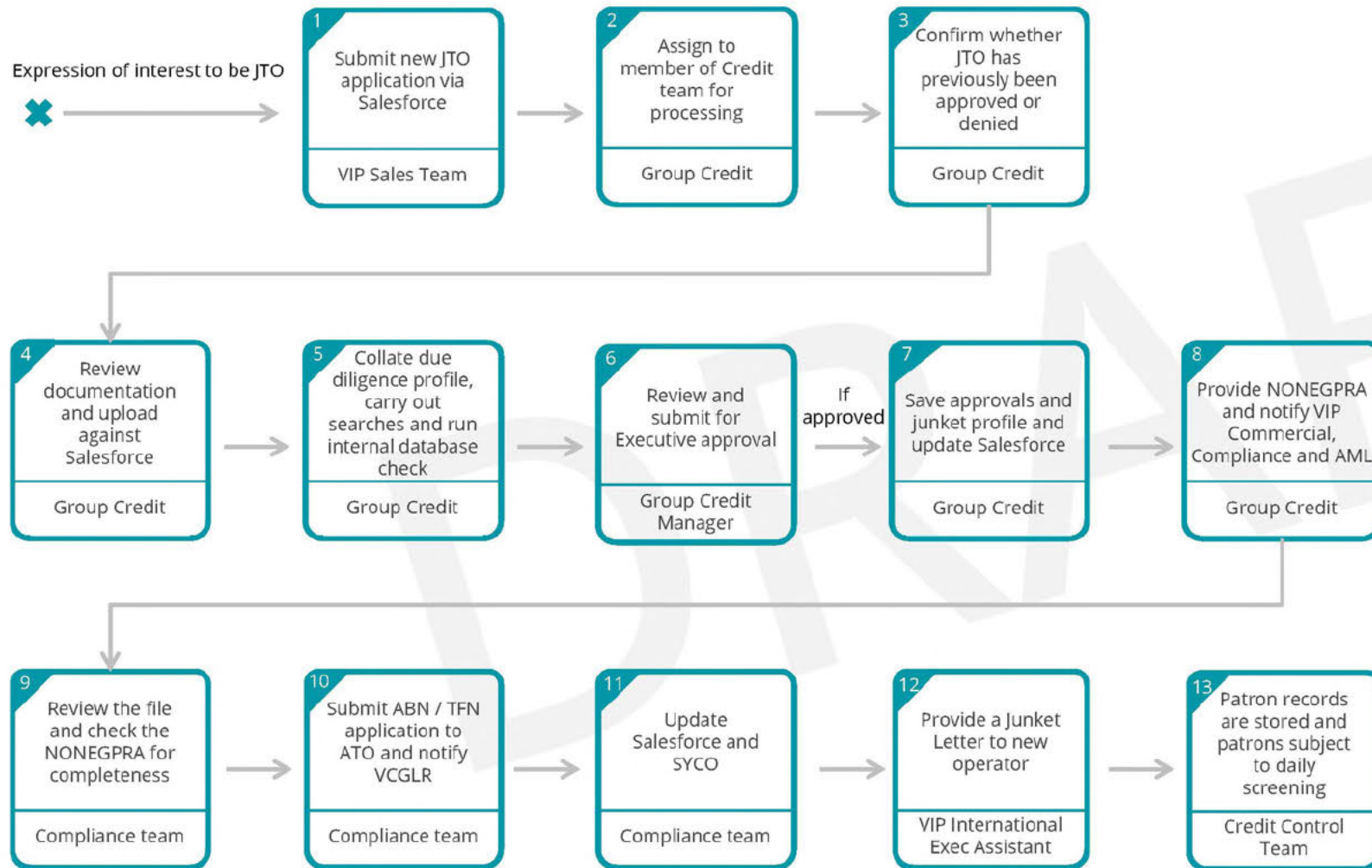
- Definition of probity and risk appetite
- Scope of Crown's Due Diligence Assessment
- Information management and documentation
- Characterisation of risk associated with Junket Operators
- Reliance on DICJ Licensing Process
- Decision making process
- Communicating risk categories in the due diligence summary sheet

### **1.3 – the Role for Different Aspects of the Business**

- The role of the Security & Surveillance Team
- The role of the AML team
- The role of the compliance team
- Three lines of defence model

# New Junket Operators

Process map: the junket operator approval process and documentation



## JTO APPLICATION INCLUDES :

- JTO's personal details
- Joint NONEGPRA (Melbourne & Perth)
- Passport
- ID card or driver's license
- Proof of address
- Business card
- Personal cheque
- Police check
- DICJ license
- ABN / TFN or application
- Credit or cheque cashing facility request
- Application for deposit account, cheque cashing, credit facility/funds advance facility

## + ADDITIONAL DOCUMENTATION

- Evidence of other junket operations
- Source of wealth
- Comments/other information

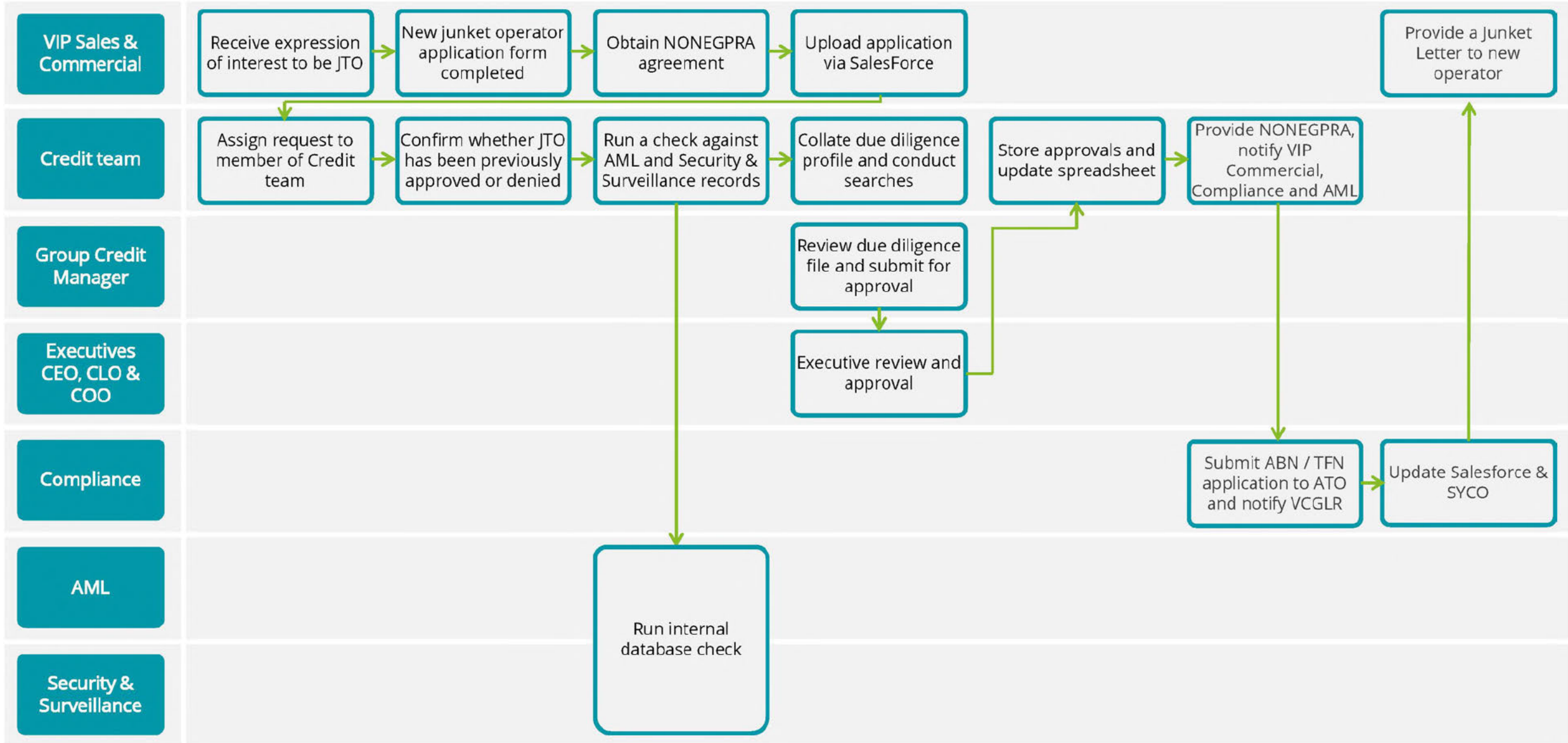
## DUE DILIGENCE FILE INCLUDES :

- Crown history
- Other casino activity
- ID details
- Police check from every country of residency
- Police check via Fit2Work (Hong Kong & Singapore)
- DICJ link
- VEVO check
- DOW Jones
- Global Data
- Wealth X
- Factiva
- Searches: personal, company, property
- Recommendation



# New Junket Operators

Process map: roles in the junket approval process



## 1.1 – Information Inputs (New Junkets) (1/3)

All prospective junket operators are required to submit an application and supporting documentation. Crown's Credit team then conduct due diligence, including through use of external providers and open source searching. To strengthen the process, Crown could request more information up front to allow for further verification and interrogation through the due diligence checks, and ensure that these are sufficiently tailored towards the international nature of the junket sector.

### 1.1.1 Information obtained from prospective junket operators

Prospective junket operators are required to complete an application form and provide supporting documentation. Mandatory supporting documents include a police check, identification documents including and credit related applications. The form also includes a space to provide additional documentation such as source of wealth and evidence of other junket activity.

Declarations are not sought regarding litigation history, financial situation or other business operations. Other gaming companies require operators to make specific declarations in relation to these issues. The advantage of such declarations is to strengthen the due diligence approach by collecting information from the operator which can be checked throughout the process. Requiring declarations can also deter potential dishonesty or corruption in the application process.

### 1.1.2 Due diligence searches

Crown currently makes use of a number of external providers whilst carrying out searches into prospective junket operators as part of the due diligence process, including:

- Factiva: searches on name and date of birth.
- WealthX and Global Data: aggregators of information, which focus heavily on wealth.
- Acuris C6: provides reporting on compliance and reputational issues.
- Google searches.

Of the searches undertaken, Acuris C6 provides the highest quality reporting for matters of compliance and reputation risk, however is used infrequently by Crown due to cost, primarily at the start of a new relationship. We have provided further insights into the providers used in Appendix E.

The current providers are generally limited when searching in Chinese due to nature of Chinese character transliteration. Recognising the international nature of the junket sector, additional providers such as Wisers and Baidu may supplement the information obtained through the current process.

Internet searches are currently run through Google. Best practice in this area is to use multiple search engines as well as metasearch engines to provide a more comprehensive findings.

Another important source of information that is not currently being mined to full effect in Crown's current due diligence is social media.

Our review of the sample due diligence files indicated that online searches do not include additional investigation of companies that the operator is affiliated with or known associates. In one of the due diligence files we reviewed, we found that potential adverse information had been identified regarding potential business associates and affiliated company. This information was listed in the due diligence summary, however additional searches did not appear to have been conducted by Crown to verify the information.

### 1.1.3 Recommendations

We recommend that Crown considers seeking declarations from prospective junket operators as part of the application process, including on litigation history, financial situation and other business operations. This will strengthen the due diligence approach through providing the Credit team with additional information to cross-reference through their searches.

Our review identified that there are opportunities to strengthen the junket due diligence through ensuring it is sufficiently tailored to the international nature of the program, including through:

- Ensuring Crown's operational preferences for all current external due diligence providers are set to include searches in the relevant languages used by the prospective operator.
- Conducting searches on junket operator and agent aliases.
- Considering using additional international providers as part of the due diligence process.

## 1.1 – Information Inputs (New Junkets) (2/3)

The due diligence research for prospective junket operators is currently conducted by Crown's Credit team and can be strengthened through additional training in open-source research and improved access to internal information and intelligence held by Crown. Recent introduction of an internal check with the AML and Security and Surveillance teams is a positive step in increasing the robustness of the due diligence process, however this is not yet documented within training or policy documentation to ensure consistent application.

### 1.1.4 Internal information

Currently, different departments within Crown maintain independent databases and intelligence records. This reflects the differing roles the departments play in Crown's overall integrity program; with the Security and Surveillance and Compliance departments responsible for liaising with law enforcement, and AML overseeing suspicious matter reports and the transaction monitoring program. Whilst it is necessary to restrict access to sensitive information, the lack of a holistic view of internal intelligence could result in Crown entering into a relationship with an operator about whom adverse information is held internally.

To mitigate this risk, the Credit team has recently introduced an additional check into its junket operator due diligence process, which involves cross referencing the operator details against internal databases held by the Security and Surveillance and AML teams. This check provides a positive measure towards ensuring Crown's systems are effectively aligned, however at present is not formalised within policy or training documents therefore may not be consistently being applied.

In the due diligence files reviewed in this engagement we noted examples of these checks that highlighted the existence of suspicious matter reports related to the named operator without providing details of these reports. The presence of a trace on Crown's internal databases however is an important consideration for the decision maker, which may signal adverse information being held regarding the prospective operator from any previous dealings with Crown or intelligence received from external agencies or other casinos.

Crown's policies should formalise this check within their processes, and include guidance on how any identified traces are investigated and communicated to the decision maker, to ensure they are effectively reflected and considered within the approval process.

### 1.1.5 Staff training

The due diligence process is currently conducted by staff in the Credit team who have not received formal open-source research training.

Furthermore, the internal training guide outlining the process does not include details of different risks, AML typologies or red flags that should be considered whilst carrying out the searches and checks.

### 1.1.6 Recommendations

We recommend that Crown formalises internal checks as part of the junket approval process. These should be included within policy and training documents to ensure consistent application.

Deloitte recommends that those staff members in the Credit team who are responsible for conducting due diligence are provided with formal training in open-source research and information collection. We also recommend that the internal training documents are supplemented to include guidance on carrying out searches and due diligence checks, including risks, red flags and typologies, along with better defined escalation points and triggers for further investigation.

## 3.1 – Information Inputs (New Junkets) (3/3)

Crown does not currently make use of third party investigation support to undertake due diligence in relation to high-risk business partners, including junket operators. Doing so could enhance the robustness of Crown's approach, particularly in instances where red flags have been identified or in high-risk jurisdictions such as those where records are not easily accessed.

### 1.1.6 Use of external investigations support

At the current time Crown does not engage third party investigation support to undertake due diligence in relation to junket operators. Across the industry it is common for companies to utilise appropriately qualified investigation providers to undertake in depth due diligence into identified high-risk business partners, including junket operators.

The value of this approach is the ability to undertake research in the relevant local languages by professional investigators who are familiar with accessing the relevant corporate and other records available in a particular jurisdiction. For example, a number of Chinese legal records can only be accessed within China via a manual search of a particular database. Third-party information aggregators such as those utilised by Crown are often unable to access this information.

Typically, providers will also undertake standard compliance checks related to international sanctions, conduct local language media, corporate records and litigation searches and where required can conduct inquiries via in-country contacts to obtain information on the reputation and background of operators.

Organisations differ in how and when they utilise such services. Some casinos outsource the due diligence process to an external provider while others will only engage these services where initial red-flags have been noted in the course of their in-house research. Given the value of research being conducted in local language by staff trained and experienced conducting due diligence research in the relevant jurisdiction, including this capability can significantly enhance the robustness of the due diligence process.

### 3.1.7 Recommendations

Crown identify suitably qualified investigations professionals with the experience and capability to undertake more in-depth due diligence investigations in regions relevant to the junket program. Given Crown already undertakes its own due diligence research, it is recommended this support be engaged on an as needs basis when red-flags are noted during the course of research but are unable to be resolved.

## 1.2 – the Process for Assessing an Application

Crown does not currently articulate its risk priorities or tolerance regarding the junket program and relevant documentations does not provide a clear definition of probity in this regard. Doing so would provide grounding for the due diligence process and guide decision making.

### 1.2.1 Definition of probity and risk tolerance

There is no clearly articulated statement of Crown's risk priorities and tolerance regarding the junket program, nor is there a clear definition of the term 'probity' in the context of junket operations. Clearly articulating the key risks related to the junket program and Crown's tolerances in respect of these risks will provide grounding for the due diligence process and guide to eventual decision.

Crown's 'Junkets & Premium Players Internal Control Statement ("ICS")' aims to identify and evaluate risks inherent in the conduct of Junkets and Player Programs. According to the ICS Risk Assessment Matrix, the possible occurrence of criminal influence and exploitation may have moderate reputational, operational and financial risks to Crown. Overall, the risk presented by junket Operators is deemed as significant.

We note the current version of the ICS was approved by the VCGLR in December 2015.

The ICS outlines the various Minimum Standards and Controls underpinning the Risk Assessment of Operators and Players. In section 2.5 of the ICS, Crown states that "Crown will ensure that it has robust processes in place to consider the ongoing probity of its registered Junket Operators, Junket Players and Premium Players". The ICS does not explicitly define Crown's definition of probity in relation to the junket program. Similarly, no explicit definition of probity is included in the Junket SOPs document.

Probity in relation to junket operators is instead operationalised throughout the SOP document guiding the junket due diligence process. Current and previous versions of documents relating to Crown's program note one component of the assessment of probity as 'the absence of a criminal record' which is verified by Crown obtaining a current police clearance and evidence of registration with the Macau DICJ, where relevant.

We noted also Crown's discussions with the VCGLR in 2003 during which the regulator accepted that if a junket operator or agent was able to obtain a visa and to travel to Australia, this constituted tacit probity approval. This is reflected in the Crown Junket Processes requiring that Operators physically visit an Australian Crown property prior to the maiden junket visit and at least every two years thereafter.

The review of junket processes completed in March 2019 noted Crown's brand and reputation may be compromised should junket program activity be linked to unethical or criminal conduct and states program activity must ensure integrity and transparency. This recent definition is indicative of the growing recognition and understanding of the risks associated with the program and this is reflected in the ongoing enhancements of the due diligence process. However, there is a lack of explicit definition of these risks in the SOPs and related documents. It also remains unclear whether the consideration of probity includes, or is in addition to, the assessment of the creditworthiness of the Operator.

### 1.2.2 Recommendation

Deloitte recommends the Junket Program SOPs and related policies and procedures regarding junket onboarding and due diligence be updated to include a specific statement of the legal and reputational risks which are to be considered during the process. At a minimum, we recommend this definition include consideration of criminal history; potential money laundering and other forms of financial crime (e.g. fraud and corruption); financial and trade sanctions; and unethical business practices (e.g. forced labour etc.).

## 1.2 – the Process for Assessing an Application

Crown's due diligence process does not currently include junket agents, who play a central role in junket activity including visiting the casino during junket programs. We therefore recommend that agents should be considered as part of the initial junket operator approval and due diligence process. The overall process could be strengthened through enhancements to record keeping and information management.

### 1.2.3 Scope of Crown's Due Diligence Assessment

Crown's current due diligence process applies to Junket Operators and Premium Players, and both groups undergo the same due diligence procedures and assessment of credit worthiness. Our discussions with Crown staff highlighted the awareness that the process should also include the Agents appointed by Operators.

From our understanding, Agents act as the representative for the Operator, often being present to manage the group during the visit to Crown. We were informed that Agents often have financial delegations on behalf of the Operator, including arranging cash outs and transfers as required. Given their position, Agents present a potential risk of legal and reputational issues for Crown.

While we note the additional ECDD applied under the AML Framework to Agents who visit Crown, their important role in junket operations warrants further due diligence being conducted. We note that while Crown keeps records of Agents attending the casino, no electronic records are kept regarding which Agents attended various visits or when they were added or removed by the Operators.

Crown's approach differs from that of other companies who obtain an approved list of agents at the outset of the relationship and record and track their visits to the casino over time. Including Agents as part of the due diligence process will assist in strengthening Crown's approach and improve the opportunity to identify individuals with known adverse histories.

### 1.2.4 Recommendation

Crown obtain details of authorised Agents as part of the initial information provided for new Operators and that these Agents be subject to risk-based due diligence procedures along with the Operator. We recommend also that Crown consider recording information about when Agents are added and removed by Operators and formally documenting their visits to Crown.

### 1.2.5 Information management and documentation

The records for Crown's current junket program are maintained via a series of excel workbooks which maintain records of the operators approval and revalidation details. These spreadsheets are then cross-referenced and updated from the other relevant internal systems via manual updating of the junket operator register.

Information collected during the due diligence process along with the due diligence summary sheet are contained on a secured shared drive with each operator being allocated a separate folder. We were informed the information contained within the folders has historically been updated by adding only the most current findings into the folder and replacing any previously held documents. Crown has identified the difficulty this creates in locating previously obtained information and in being able to recreate the exact information put before decision-makers when reviewing past decisions. Under the current processes, the executive decision-maker receives a hard copy of the due diligence summary and file for review which are not then retained as a record.

This approach to collecting and storing information is not optimal in creating an auditable trail of the due diligence process and documenting the discovery of information throughout the due diligence process. Crown is currently considering what enhancements can be made to this approach to improve record keeping within the due diligence and approval processes.

### 1.2.6 Recommendation

Crown should create a digital, point in time record of all information collected during the due diligence process along with the due diligence summary and the recorded outcome and rationale of the decision for the purpose of establishing a clear audit trail.

## 1.2 – the Process for Assessing an Application

Responsibility for the due diligence process currently sits with the Credit team and has evolved organically alongside the assessment of creditworthiness. Whilst recent enhancements, such as mandatory police checks, are welcome additions, the process does not currently appear to be sufficiently tailored to consider potential reputational risks or align with the AML risk categorisation.

### 1.2.7 Characterisation of risk associated with Junket Operators

We note the due diligence process has evolved organically alongside the assessment of creditworthiness. The information collected at the outset of the onboarding process, as outlined in Section 1.1, is limited to basic identification, ABN registration and signed agreements. The first phase of review conducted by the Credit team is focussed on establishing identification and creditworthiness. It is during the subsequent due diligence phase, that efforts are undertaken to obtain information relating to the reputation, track record and probity of the Operator.

As part of this initial review, the Credit team allocate a Category Number based on the reliability information provided by the applicant and the weight attached to the KYC information as outlined below.

Code	Description
1	DICJ Individual License Holder / Director of Corporate License Holder
2	DICJ Collaborator Licence Holder (per COD list only)
3	Shareholder of Company who holds DICJ license
4	Director / Shareholder of Parent Company who holds DICJ license
5	Expired DICJ Principal License Holder
6	Director / Shareholder of Company who holds Expired DICJ license
7	Certificate of Criminal Record / Fit2Work
8	Junket in another jurisdiction (non DICJ)
9	Other (e.g. unverified sub agents, guarantors)
10	No link to DICJ or other jurisdiction
11	Ceased relationship with Crown
12	In progress

From our discussions with Crown representatives, we understand this scoring system was developed as part of the review of Operators conducted in 2017. While we recognise the score is only finalised following approval, we observe it acts as a form of risk score during the due diligence process.

We note that applications that have a Category Number of 1-4 are assigned a green marker whereas applicants who have Category Numbers of 5-8 are assigned an amber marker. Unverified sub-agents and guarantors are designated in red, inferring that they are of higher risk. During the assessment process, the applicant is given a Category Number of "12" which indicates that the application is 'In Progress'. As more information is obtained throughout the process, the score is varied to reflect the increased information and understanding gained about the operator.

Recent changes to make obtaining a police clearance mandatory for all operators and obtaining clearance from multiple jurisdictions where an operator is identified as resident in different countries is a welcome enhancement. However this is yet to be updated in the approach to allocating a category number.

The allocation of the Category Number to Operators is not consistent with the scoring regime utilised under the AML program. The current credit scoring approach remains focused on whether the junket operator is registered with DICJ or has provided some means to check criminal history. It does not appear to consider other potential reputational risks that may be associated with the operator or agents.

### 1.2.8 Recommendation

Crown should consider aligning the risk assessment processes for junket operators with other risk assessments, such as the AML rating, and create a common risk assessment process for each operator. This rating should be established at the outset of due diligence and updated to reflect the outcomes of the process. For example, the risk assessment should reflect any potentially adverse reputational issues noted in connection with the operator.

It is also recommended Crown consider the appropriateness of separating the assessment of potential risks from the process for assessing creditworthiness. As noted in the approach taken by the Star, commercial and credit decisions are made after due diligence into potential risk has been completed. Alternatively, Crown could ensure all views from Credit, AML and Compliance are reflected in documents reviewed by the decision maker.

## 1.2 – the Process for Assessing an Application

The process for assessing and making decisions about prospective junket operators is taken at a sufficiently senior level. There are opportunities to strengthen communication around this decision making however, including through increased analysis and supporting commentary being issued to the decision maker, along with ensuring feedback being provided around the rationale for decisions made.

### 1.2.9 Reliance on DICJ Licensing Process

We observed that Crown has historically placed a high level of trust in the DICJ Licensing Process. Emphasis is placed on DICJ registration, or a valid police clearance, as a mandatory requirement before progressing in the process. Whilst we understand that DICJ conducts some verification and research on applicants, we note that the central criteria for obtaining a license is that the individual does not have a criminal record.

Recent changes to Crown's approach has strengthened this process by making mandatory that Crown obtain a police check from the country of origin irrespective of whether the operator holds a DICJ licence.

Where an operator is not registered in Macau, Crown's current process has historically relied on a police check obtained from the home jurisdiction to satisfy the requirements. The most recent update to the program now requires that, in the event an operator is identified as being resident in multiple jurisdictions, that a police check from each relevant jurisdiction is obtained.

Recent changes to the junket operator requirements have sought to reduce reliance on the DICJ licence as a proxy for police clearance and has introduced a mandatory requirement for clearances from multiple jurisdictions where relevant. Over time, this is an appropriate enhancement to ensure Crown collects as much information as possible on the probity of operators and is consistent with better industry practice.

### 1.2.10 Decision making process

Crown's current approval process for new junket operators adequately reflect the risks associated with the program. Following completion of the due diligence and internal review by the credit leadership team, the Due Diligence Summary Sheet and all underlying information collected during the due diligence process is provided to the executive approval team consisting of the CEO, CLO and the COO. After reviewing the information, this committee is responsible for approving the new junket operator application.

Through our consultations with Crown staff, it was evident this process does involve genuine critical review of the information and we were informed decision makers can and do refer questions for additional research back the credit team in instances where they consider further information is required to inform their decision.

We did, however, note several areas for improvement related to the documentation and communication of executive decisions in relation to junket operators. During interviews with Crown staff, we noted that staff often have limited visibility of decisions made, particularly when a decision is made to continue business with an operator that has been subject of adverse reporting during the due diligence process.

During our engagement, we reviewed three examples of completed due diligence files that had been prepared as part of the annual review process for existing junket operators. In one of these files, we noted the individual was listed as a former shareholder of a company with which Crown had ceased to business some years prior. While the summary included reference to this shareholding under the bullet points for both the GlobalData and Acuris Risk Intelligence findings, it provided no further analysis and did not reference Crown's having ceased its business relationship with the company. Such information is relevant to the decision and should be explicitly highlighted for the attention of the decision maker.

### 1.2.11 Recommendation

The junket due diligence summary should include the rationale for the decision made and be held on the junket due diligence file. Creating a contemporaneous record of both the decision and the rationale would strengthen Crown's ability to review previous decisions and help ensure all relevant issues have been considered.



## 1.2 – the Process for Assessing an Application

The decision maker receives a due diligence summary sheet which comprises of a summary of all due diligence information collected throughout the course of the Credit team's work. We note that the sheet adequately summarises the outcomes of all searches undertaken and includes a section for the Credit team to make recommendation to the decision-maker. It does not include specific consideration of the risk categories which were the investigated throughout the due diligence process.

### 1.2.12 Communicating risk categories in the due diligence summary sheet

We have reviewed the current due diligence summary sheet which has been enhanced recently by creating an excel based summary of all due diligence information collected throughout the course of the credit team's work. This document replaces the earlier Microsoft Word-based template.

In reviewing a worked example of this new format for one existing junket operator. An example related to a new junket application was not available given the recent introduction of the new format and the shut-down of Crown's activities due to COVID-19 meant it had not yet been used for a new application.

We note that the sheet adequately summarises the outcomes of all searches undertaken and includes a section for the Credit team to make recommendation to the decision-maker. In reviewing this document, we noted it has been improved to include the historical information collected through the course of the relationship with the particular operator.

Within the summary reviewed, we note key information derived from the external data sources largely related to wealth information rather than other risk categories. Our discussion with the team noted no adverse information had been noted in relation to this particular operator.

The summary sheet does not include specific consideration of the risk categories which were the investigated throughout the due diligence process. For the purpose of informing the decision made by the executive, the due diligence sheet could be improved to explicitly document the risk issues to be considered and highlight whether any information was or was not found in relation to these issues. The specific categories should align to those outlined in defining probity and Crown's risk appetite in relation to junkets as outlined in section 3.2.1.

The current version of the due diligence summary sheet should also incorporate an area for the recording of both the decision made and a short statement from the executive explaining the rationale for the decision. Once recorded a contemporaneous record of the document and the underlying information should be created and stored securely.

### 1.2.13 Recommendation

We recommend the due diligence summary template be updated to include:

1. Documentation of the risk categories considered in the due diligence research and the findings or otherwise against each of the categories; and
2. A section for the decision-maker to record to record the outcome and the rationale for their decision.

## 1.3 – the Role for Different Aspects of the Business

The junket approval process has historically been managed through the Credit team, with limited input from other areas of the business. Crown has introduced new measures to improve internal oversight and collaboration, including through running a check of Security and Surveillance, and AML databases as part of the due diligence process. There remains scope of more active involvement and oversight, particular from the AML team to ensure a holistic view of risk is established and that the research is reviewed by someone with an appropriate level of specialist training and expertise.

### 1.3.1 The role of the Security & Surveillance team

Under Crown's current process, responsibility for the junket operator due diligence rests with the Credit team. We note that historically this process has involved limited input from other risk owners in the business such as the AML team or the Security & Surveillance teams. While the Compliance team has had an ongoing role since at least 2017, until recently this has largely focussed on ensuring compliance with the requirement to notify regulators of junket relationships and ensure records are up to date.

As noted in Appendix D, recent enhancements to the due diligence process have introduced a check of the information held by Security & Surveillance. This is a positive step, though we have recommended further clarification of how these are resolved is included in the junket operator due diligence procedures.

### 1.3.2 The role of the AML team

Historically the AML team has had a limited role in the oversight of Crown's junket program. We were informed a key reason was the limited resourcing of the AML and the historical nature of the program. We are aware Crown is currently making investments into the AML team to support their work and that internally Crown is assessing options for strengthening the role of the AML team in the program.

This work is encouraging and should be prioritised. Given the significant risk of financial crime within junket operations globally, the AML team should have a central role in overseeing all aspects of the new junket registration program. Crown recognises these risk by considering junket operators as high risk under the AML program, however this prioritisation is not adequately reflected throughout the due diligence process as it currently stands. It is critical Crown's processes support it gaining a holistic view of the risk associated with a junket operator from the outset of the process. Including AML team members at the commencement of the due diligence process and throughout is required to ensure all potential red flags are considered and identified appropriately.

We note the Credit team has undertaken independent work to uplift their knowledge of AML/CTF risks and that this is ongoing. Their role should be supported by staff appropriately trained in AML/CTF and conducting enhanced due diligence who review the research and provide input on each case before a decision is made about the relationship. The outcome of AML review should be explicitly documented within the due diligence summary.

### 1.3.3 The role of the compliance team

While the compliance team have had an ongoing role in the due diligence process for some time, our inquiries noted this role acts as a point of review to ensure all information held is up-to-date and that all relevant regulatory requirements, such as notification to the VCGLR have been satisfied.

Compliance have not traditionally had a role in reviewing the extent and quality of the research undertaken during the due diligence process. Given the remit of the compliance team, their current role in providing an oversight of the regulatory requirements is appropriate. They should continue to act in this role while the input to the due diligence process from the AML team should be increased to ensure appropriate risk assessment and evaluation occurs throughout the due diligence process.

### 1.3.4 Recommendation

Crown strengthen the role of the AML and Compliance teams within the due diligence process to ensure a holistic view of risk is established at the outset of the due diligence process and establish a rating system that creates a holistic view of the potential risks and outlines the appropriate red flags to be investigated throughout the due diligence process. The due diligence research should be fully reviewed by an appropriately trained and experienced AML analyst prior to being forwarded to the decision maker. The outcomes of this review should be recorded on the due diligence summary sheet.

## 1.3 – the Role for Different Aspects of the Business

Crown adheres to a three lines of defence model, however the process would benefit from clear articulation of roles and responsibilities of different teams involved to ensure that this is understood and working effectively. This includes ensuring that VIP International staff are aware of their responsibilities and role in risk management as the first line of defence for the junket program.

### 1.3.5 Three lines of defence model

As outlined in Crown's risk management strategy, it adheres to a three lines of defence model. As already noted, there are several areas where the specific roles and responsibilities of aspects of the business require clarification in respect of the junket program.

As the customer facing team, VIP international are the first line of defence in the junket approve process. This is not articulated clearly in the junket processes and procedures, and their role in contributing to the integrity process is not defined. Clarification of their role and appropriate training and support related to identifying red-flags should be included. From our discussions we are aware that the credit team does have discussions with the VIP internal team on potential issues throughout the process, there is no clear accountability for the VIP international team and the information obtained through these discussions is not formally recorded.

During our consultations we were informed Crown is currently assessing how to align the junket process more clearly with a three lines of defence model. This work is encouraged so as to establish clear roles and risk accountabilities which would enhance the identification and management of risk throughout the junket program.

Within this model, VIP international should be considered as the first line, with Credit, AML and Compliance acting as second line functions to manage in the in-depth due diligence and approvals program and providing specialist input to the VIP international teams. At the current time, the most detailed outline of Crown's process for new junket applications is in the form of a training document for the Credit team. This does not include consideration of the role of the VIP Sales Team as the first line of defence, or the additional step of engaging with Security and Surveillance and AML as part of the information gathering.

The three lines of defence model should also establish the relevant audit function across the program to selectively review the approvals and due diligence process and ensure the appropriate policies and procedures are adhered to.

### 1.3.6 Recommendation

Crown continue with its work to establish a three lines of defence model across the junket program which clearly articulates the roles and responsibilities of relevant parties and provides clear guidance on the risk issues to be considered during the consideration of new junket applications.

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Existing Junket Operators

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# Existing Junket Operators

## Introduction and areas of focus

Following the initial approval process, Crown has a number of measures in place to review its existing relationships with junket operators and monitor the probity and integrity of the program.

The central control involves an annual review, again led by Crown's Credit team. This involves re-verification of the documentation held by the junket operator, and conducting repeat checks using a number of the same inputs as mined during the initial due diligence process.

Alongside the review, there are a number of different measures in place that contribute to the ongoing probity of the junket program, including daily Dow Jones screening of patrons, spot checks into junket activity and an inactivity threshold.

As with the process for approving new junkets, Crown has recently introduced a number of control enhancements to strengthen ongoing probity of operators. These include requesting updated criminal record checks, and instituting Executive approval as part of the annual review process. Our review has identified a number of additional areas where Crown may be able to strengthen the process, including through improved collaboration and use of internal information.

Our review examined the following areas in relation to Crown's processes regarding existing junket operators: the information inputs considered in the annual review, including in connection with existing operators' activity; the process for updating previous probity and background checks and role of different aspects of the business.

### **2.1 - the information inputs to be considered and sources to be mined in connection with the annual review, including in connection with existing operators' activity over the prior year**

- Due diligence searches
- Internal information

### **2.2 - the process for updating previous probity and background checks**

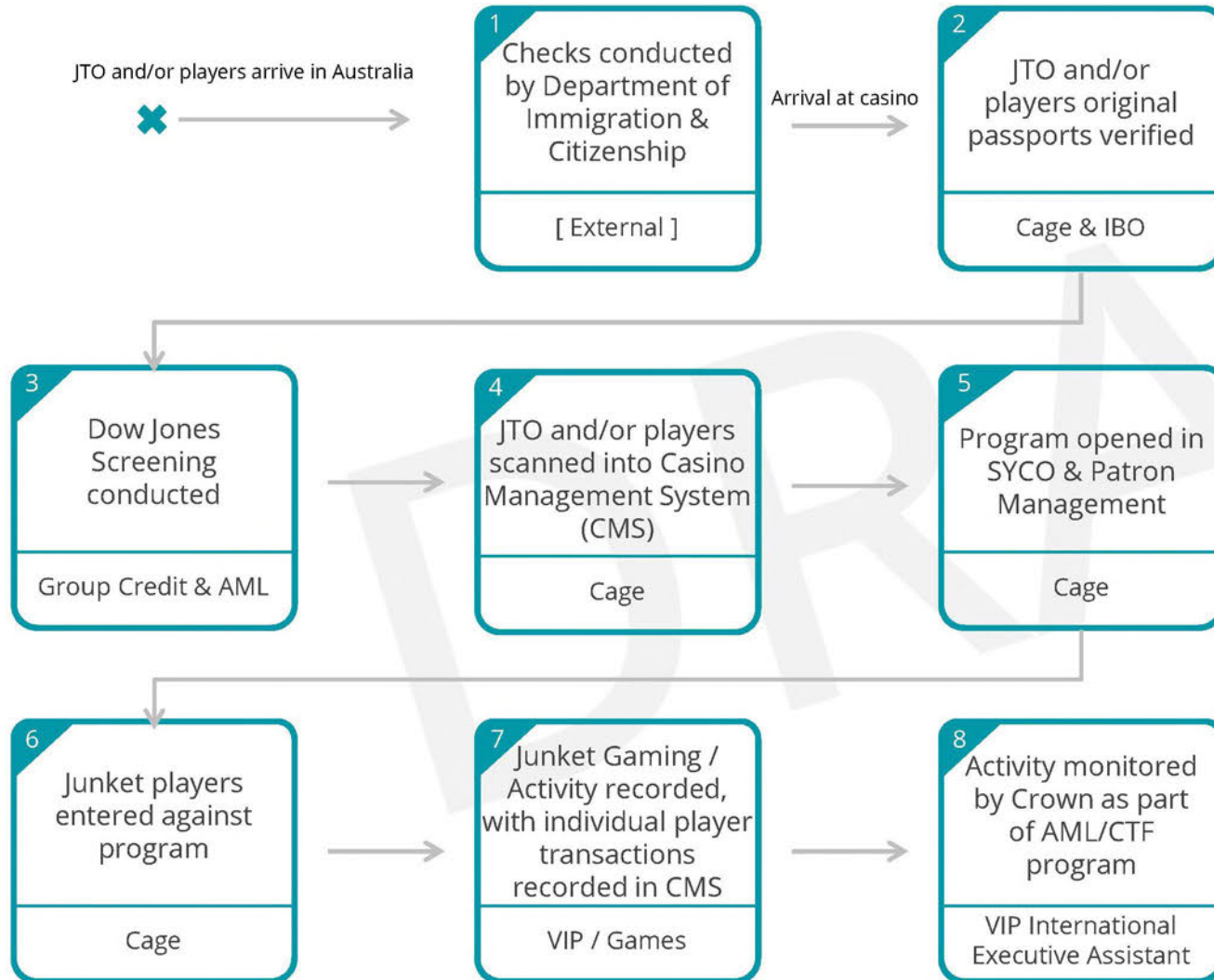
- Annual review process
- Additional probity measures
- Junket agents
- Developing a holistic view

### **2.3 - the composition of the committee reviewing existing operators and the role for different aspects of the business**

- Composition of the committee reviewing existing operators
- Roles and responsibilities

# Existing Junket Operators

Process map: junket activity



## DUE DILIGENCE

- Due diligence of key junket players is currently only carried out if they are credit customers.
- In this instance, the Credit Control Team conduct a light touch due diligence on the list of key players, including:
  - Dow Jones checks
  - Casino checks
  - Factiva searches.
- Other checks or searches on internal databases are not carried out.

## AGENTS

- Agents or representatives are subject to the same ID verification and screening as key players.
- All junket organisers, agents and players under a junket arrangement are recorded in Crown’s database.
- Junket operators send an appointment letter to Crown confirming the agent has authority to transact on their behalf.
- Any persons invited by the junket players into controlled areas are required to provide ID, which is verified.

## 2.1 - the **information inputs** to be considered and sources to be mined in connection with the annual review, including in connection with existing operators' activity over the prior year

The annual review process of existing junket operators largely makes use of the same sources mined during the initial due diligence process, which can result in similar reports being received. To increase the robustness of this process, we recommend that Crown strengthens the processes to review information held both internally, and within its external network.

### 2.1.1 Due diligence searches

To ensure ongoing probity for the junket program, junket operators with an existing relationship with Crown are subject to an annual review process. This review comprises of a refresher of the due diligence checks, conducted by the Credit team. As with the initial approval process, the team utilises Crown's external search providers to request reports on the junket operators, and conduct open source searches. Updated copies of required documentation are also obtained, including identification documents.

The same information sources are mined and external providers used for both the initial due diligence and annual review. During our consultation phase we were informed that this can result in very little to no change in the contents of the reports each time. As such, Crown tends to only obtain Acuris C6 reports every other year, due to the financial cost. As highlighted in the previous section, we recognise Acuris as currently providing the highest quality reporting for matters of compliance and reputation risk. Through excluding its use in the annual review process, the information obtained in this process may therefore be less comprehensive than during the original due diligence process.

### 2.1.2 Internal information

Our review found that the mining of internal data sources for the annual review process is currently limited, as with the original junket approval process. The internal check with Security and Surveillance, and AML databases has also been instituted for the annual review, although this is a recent development that has not been formalised within policy and process documentation.

During our review of due diligence files we found evidence of this check occurring in all three occasions. In two out of the three files, SMRs were identified, and SEER intelligence of Suspicion Transaction Reports was identified in the third. There was no further details provided, and these were not recorded on the summary form, which only provides a space to indicate whether an exclusion or barring was identified.

The presence of a trace on Crown's internal databases is an important consideration for the decision maker and should be explicitly referred to within the summary sheet. Crown's policies should also explain how such traces should be resolved and require the decision maker to review this information prior to approving the continuance of the relationship.

Alongside internal checks, the process for sharing internal information could be strengthened through introducing additional feedback loops to share relevant intelligence following junket visits, for example whether any issues were encountered by Security and Surveillance or if any flags were raised by the transaction monitoring program. At present this information is only requested during the annual review, or if it is sufficiently serious so as to trigger the Persons of Interest process. Strengthening internal feedback loops and sharing any relevant information as part of the close out of each junket program would assist in building up the internal picture and determining whether reviews are required outside of the annual review process.

### 2.1.3 Recommendations

We recommend Crown formalises its internal feedback and information sharing as part of the ongoing probity measures for junket operators. This should include considering more regular feedback loops to build up a more holistic picture of junket activity, and ensure that any concerns are responded to promptly ahead of the annual review.

We also recommend that any records relating to junket operators flagged by internal departments during the annual review are included on the summary form, along with further details on the results of these checks and their resolution.

## 2.2 - the process for updating previous probity and background checks

The process for updating the probity and background checks of existing operators has been enhanced over the last few years to include additional checks around reconfirming the operator's criminal record and Australian visa status, however it still centres around updating the currency of information rather than establishing whether Crown still wishes to hold the relationship with the patron. As with new junket operators, the process focusses on the operator and does not consider their agents.

### 2.2.1 Annual review process

The process for updating previous probity and background checks on existing junket operators centres around the annual review. This is conducted by the Credit team, and as outlined in Section A: Information Inputs (Existing Junkets), for the most part involves conducting a repeat of searches and requesting updated documentation.

We were informed during our consultation that the process has evolved to include additional scrutiny of some of the documents provided, such as checking the ABN, DICJ license and conducting searches on licence holders in Macau, including to verify the directors.

Additional enhancements introduced over the last couple of years include introducing the requirement to provide an updated police clearance, and conducting a VEVO check on junket operators. This allows Crown to understand the junket operator's current Australian visa status and conditions. Whilst these are positive steps, the review process remains focussed on updating the currency of information. Further strengthening of the program should reframe the process as a review of whether or not the relationship should continue and be based on all information available to Crown at that point. This should include all intelligence and information Crown holds including any information obtained during the course of the relationship such as outlined in Section 2.12.

### 2.2.2 Additional probity measures

Alongside the annual review process, all junket operators are subject to daily screening via Dow Jones to ensure Crown is aware of any significant adverse information that enters into the public domain on a real-time basis. The process does not currently have trigger points built in for additional reviews to be conducted where adverse information is identified. This should be formalised within the process to ensure a consistent response.

To ensure the junket operator register remains current, Crown marks junket operators as inactive after three years without junket activity. Should an inactive junket wish to resume operations, they are required to re-apply and are treated as a new junket operator.

The training document outlines that urgent re-approvals are considered, with the minimum threshold of due diligence checks being an ABN check, Executive approval, Non EGPA on file and a Dow Jones search, the rest may be completed as soon as practicable. In such instances the junket operator must accompany players.

Further details of ongoing probity measures are included in the diagram on page 23.

### 2.2.3 Junket agents

As with the initial junket approval process, the review of existing junkets does not involve due diligence being conducted on agents and representatives. Due to the higher risks posed by these groups, they should be considered as part of the process.

The annual review also provides an additional opportunity for Crown to conduct due diligence into those agents who have been most active with the junket over the previous year, without relying upon the operator to provide those details.

### 2.2.4 Developing a holistic view

The review of junket operator relationships should bring together all intelligence and information Crown holds to inform the decision of whether to continue a particular relationship and should be reviewed by an appropriately trained AML analyst prior to being forwarded to the decision-maker for review.

### 2.2.5 Recommendations

We recommend that the annual review process should seek to reconsider and test the decision as to whether Crown wishes to continue the relationship the patron, and be based on a detailed summary of both the updated checks completed and a review of the internal information collected by Crown relating to the operator, rather than focussing on updating the currency of information held.

We further recommend the scope of the review incorporate junket agents and that they be subject to the same levels of repeat due diligence as the junket operators.



## 2.2 - the process for updating previous probity and background checks

Diagram: ongoing probity measures for existing junket operators

- Our review has focussed on the annual review, which we recognise as the central process for updating the information held on file regarding existing junket operators, and reviewing this to ensure Crown still wishes to continue their relationship with them.
- We do recognise that there are a number of additional controls however which contribute to the ongoing probity of the junket program within Crown. These range from the daily screening of patrons, to the three year inactivity marker.
- Alongside controls around the junket operators themselves, junket players and activity are subject to Crown’s transaction monitoring program, and subject to external reporting obligations. We have included further context around the regulatory environment in which junkets operate within Appendix B.

<b>Daily</b>	All junket operators and players are screened daily against Dow Jones. AML	Adverse hits on searches trigger a POI assessment form to be completed. Manager, Compliance Reporting
<b>Monthly</b>	Spot audits are carried out. Gaming	Meeting to cross reference junket records. Group Credit Manager / Compliance
<b>Six-monthly</b>	The junket register is reviewed to ensure compliance with processes. Manager, Program Compliance	The review includes: patron name, VCGLR notification, SYCO ID, ABN, minimum visit to Crown (every 2 years)
<b>Annually</b>	Due diligence is carried out on active junket operators. Credit team	Annual due diligence refreshers are subject to Executive approval. CEO, CLO, COO
<b>Every three years</b>	After three years of inactivity, a JTO is marked inactive. Credit team	After this time, a new application is required to resume activity. Credit team

## 2.3 - the composition of the committee reviewing existing operators and the role for different aspects of the business

At present, the review of existing junket operators is conducted by the Credit team as part of their annual due diligence refresh. As with prospective junket operators, the AML and Compliance teams are not engaged throughout the process to inform decision making or the content of the summary file that is issued to the Executives for approval.

### 2.3.1 Composition of the committee reviewing existing operators

The Credit team is responsible for compiling the file as part of the annual review of junket operators, which is then shared with VIP International, with Compliance and AML in copy, before being submitted to the Executive approval team made up of the CEO, CLO and COO.

This introduction of Executive approval is a positive step that will assist with elevating the exercise from reconfirming the accuracy of information towards re-evaluating the information held on file and deciding whether or not to continue the relationship based on the information presented.

At present, however, there is limited articulation of what factors the committee should weigh in the decision to continue business, but primarily seems based on whether they have successfully updated their information and held visits to Crown premises as required.

The due diligence file should summarise up front what risks what risks were considered during the searches, and what the outcome was. We have provided details regarding our findings around Crown's definition of probity and risk appetite with relation to the junket program in the previous section of this report. These findings are also relevant to the program regarding existing junket operators.

### 2.3.2 Roles and responsibilities

The annual review process is currently managed by the Credit team. As with the initial due diligence process, this results in the process being framed from a credit perspective, as already mentioned, the process can be strengthened by ensuring other potentially adverse information or AML red flags and typologies are identified.

The process does not systematically include engagement with AML, Security and Surveillance and Compliance on an ongoing basis to inform decision making within the annual review process. For approvals, it is initially shared with the VIP International General Manager and Senior VP International Business with AML and Compliance copied in.

We would suggest that the process could be strengthened through instituting a review to ensure that the file is scrutinised and the Credit recommendations are reviewed by a staff member with relevant training and expertise in AML and Compliance risks.

### 2.3.3 Recommendations

We would recommend that the AML and Compliance teams hold a more central role in the due diligence program and review of existing junket operators, including through conducting a review prior to the file being escalated for approval. Any findings around potential red flags from an AML perspective should be included within the junket annual review summary document.

We have outlined our recommendations regarding risk appetite and defining probity within the previous section. These are also relevant for review of existing junket operators.

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Persons of Interest Process

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# Persons of Interest

## Introduction and areas of focus

The Persons of Interest (POI) process has sought to add more structure to the decision making process, having begun as a more informal review. The revised process involves the use of a Patron Decision Assessment (PDA) form, which provides structure through an in-built scoring system that supplies a risk rating of low, medium or high.

All assessments that receive the medium or high rating are recommended to be actioned through a POI Committee process, which involves either an email being sent to members of the committee, or a meeting being held in which the patron is discussed by all members present prior to a decision being made.

The process is a good example of Crown bringing differing perspectives and expertise together to ensure that the decisions are informed by a holistic review of risk. It is currently in its early stages, and we identified a number of areas where policy and process documentation could be strengthened to ensure consistent application.

An area highlighted as contentious during our review was around requests from law enforcement and how Crown can best manage reputational and other risk associated with continuing relationships where requests have been received. We have made recommendations for potential steps Crown can take to strengthen its process in this regard.

Our review examined the following areas in relation to Crown's processes regarding the Persons of Interest process: the information inputs considered in the POI process; and the process for reviewing and making decisions about persons of interest, including the role of different aspects of the business.

### **3.1– information inputs**

- Information triggering the Person of Interest (POI) process
- Law enforcement requests
- Ongoing management of internal information

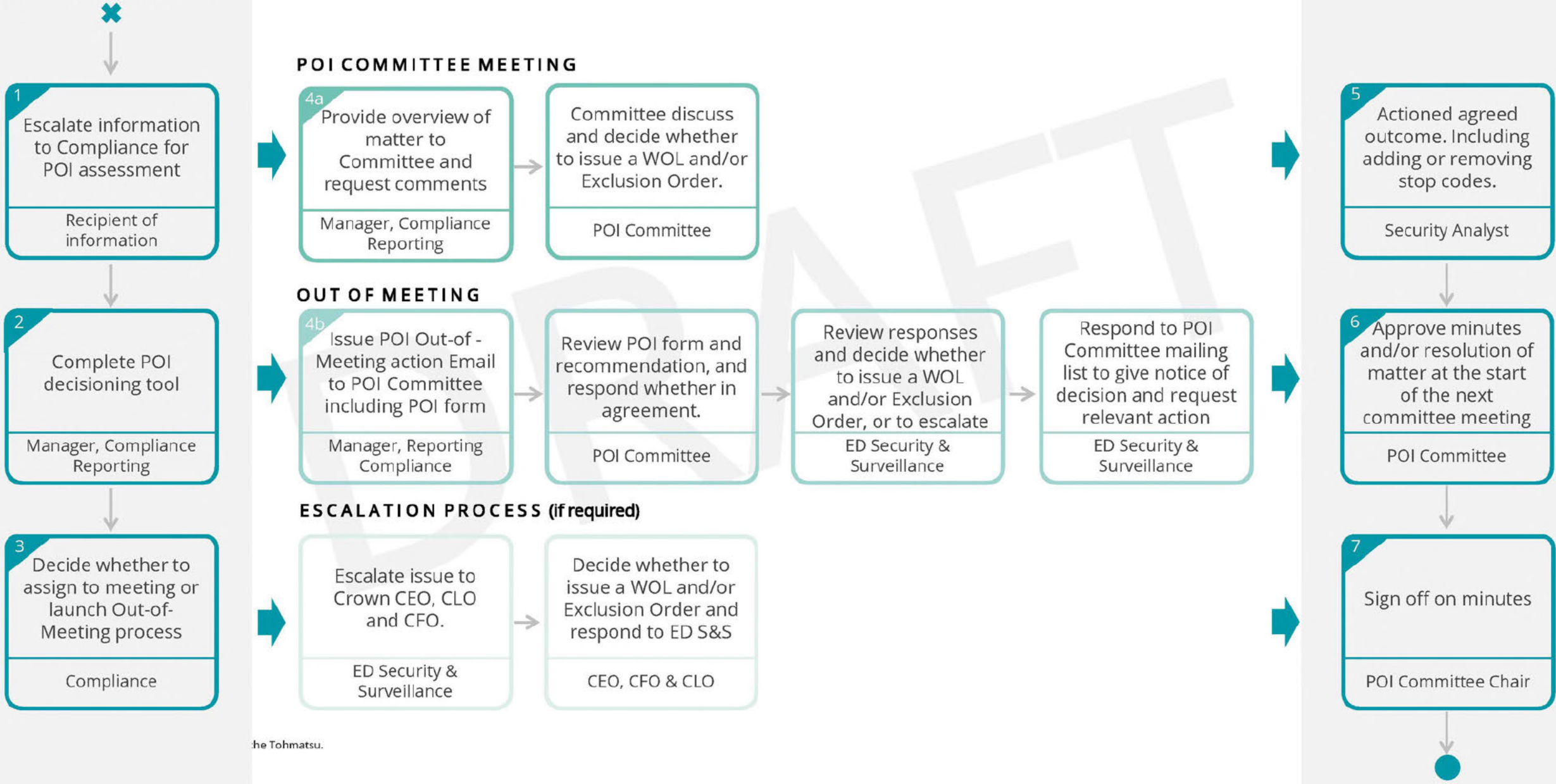
### **3.3 – the process for reviewing and making decisions about persons of interest**

- Information available to the persons of interest committee
- Process undertaken to weigh various factors in connection with a review of or decision about a person of interest
- Composition of the POI Committee
- Role for different aspects of the business

# Persons of Interest (POI) Process

## Process Map

Adverse information identified



## 3.1 – Information Inputs (POI)

The information inputs that trigger the POI process are understood internally, however not yet captured within Crown’s policy documentation which would assist in ensuring consistency and communicating the process externally. At present, the processes are not established to consistently manage law enforcement requests, which may pose significant reputational risk to Crown.

### 3.1.1 Information triggering the Person of Interest (POI) process

According to Crown’s POI Charter, the role of the POI committee is to ensure that Crown remains “free from criminal influence or exploitation, by reviewing persons of interest (POIs) who are brought to the attention of the Committee, for a variety of behaviours, be it at Crown or external to Crown, including but not limited to alleged matters relating to: drugs; money laundering; thefts; frauds; terrorism financing; assaults.”

The charter does not document what different factors or sources of information may trigger the POI process. During our consultation phase we were informed that this could include any of the following:

- A patron facing criminal charges;
- Law enforcement enquiries or requests;
- Adverse information in the media;
- Reports of untoward behaviour or barring from other casinos; or
- Red flags from transaction monitoring or criminal behaviour detected whilst at Crown.

### 3.1.2 Law enforcement requests

Responding to law enforcement requests poses a challenge for Crown, through striking a balance between the requirement to restrict dissemination of sensitive information and protect the organisation from reputational damage. This was discussed during our consultation phase, with staff explaining the particular challenges that arise due to Crown not being able to respond to media requests to confirm they are working with law enforcement when questioned regarding ongoing relationships with patrons.

Law enforcement requests either come through the Compliance department or Security and Surveillance. The Compliance Reporting Manager is responsible both for managing the POI process and for acting as the lead for law enforcement requests. We were informed some requests made via Security and Surveillance are not always escalated through the POI process. During our consultation it was suggested that this should occur, even if only to note that the request had been made, to ensure completeness of Crown’s records.

### 3.1.3 Ongoing management of internal information

Crown is taking initial steps to ensure the information inputs and outcomes of the POI process connect with its other internal systems. The AML customer risk rating, for example, includes the provision that any customer reviewed by the Crown POI Committee becomes a ‘high risk’ on the risk rating scale.

Similarly, all patrons with whom Crown continues to do business following a POI Committee review become subject to increased scrutiny following the high risk rating. This increased monitoring may include daily screening via Dow Jones.

We asked staff responsible for the POI process whether it has the capability to take into account repeated flags being received for the same patron, such as multiple SMRs or law enforcement requests, however were informed that the data is not sufficiently sophisticated to do so at this stage. For example multiple law enforcement requests may be received regarding the same case, therefore would be inappropriate to trigger multiple POI processes. There may be little Crown can do to resolve this at this stage, depending on the nature of how these external requests are made.

### 3.1.4 Recommendations

Deloitte recommends that Crown documents the information sources and events that trigger the POI process, to ensure consistency of application and ensure the process for responding to such matters is documented.

We would also recommend that Crown look to streamline the POI process with law enforcement requests, to ensure that there is a complete record of information Crown holds regarding its patrons and ensure Crown’s decisions to continuing a relationship with patrons remains defensible.

Moving forward as the process becomes more established, Crown may wish to explore how adverse information, such as SMRs or law enforcement requests are recorded to establish whether data driven solutions could assist with building up the intelligence picture and for consideration in the POI process.

## 3.2 – the process for reviewing and making decisions about persons of interest (1/2)

The POI process is a positive initiative to add a framework around decisions regarding persons of interest, which will increase consistency and ensure that Crown's values and priorities are considered as part of the process. We recommend that the assumptions upon which the tool is designed are clearly articulated, and that the reliability of information sources are also considered. All decisions made through the POI process should be recorded with the rationale documented.

### 3.2.1 Information available to the persons of interest committee

The POI committee takes one of two forms: either through discussion during the meeting, or the out of meeting process in which the decision regarding the POI is made through email. The out of meeting process is used much more frequently, with meetings generally favoured for more controversial matters.

At POI meetings, the committee are provided with an overview of the matter and relevant information is provided including a Patron Decision Assessment (PDA) form. For the out-of-meeting process, the relevant information is shared via email, including the PDA form.

The PDA form includes the details of the person involved, the rationale for the request along with details of any allegations, including their status and source. The form also contains a risk assessment which factors in questions around the nature of the allegation, whether the individual has been charged, convicted or served their sentence, whether they may pose a threat to safety of Crown staff and patrons, as well as their relationship with and potential direct impact to Crown.

Once completed, the PDA provides an initial risk rating of low, medium or high. All patrons rated as medium or high risk go through the POI process. This is a positive measure in adding consistency, which allows the POI Committee to test out the scale and ratings from the PDA form with real life use cases as the process is in its infancy.

The exception to the rule with regards to information provided to the Committee is around law enforcement requests, as elaborated in the previous section: *Information Inputs (POI)*. Further discussions are required within Crown to reach agreement on how POI Committee members are informed about sensitive cases that are exception to the POI process.

### 3.2.2 Process undertaken to weigh various factors in connection with a review of or decision about a person of interest

The purpose of the committee is to review information brought to it and decide whether the POI should be permitted to continue frequenting Crown, or whether they should have a withdrawal of licence (WOL) and/or Exclusion Order (EO).

To assist with the decision, the PDA tool provides an automatically generated numeric weighting to different responses provided, and their perceived risk level. The tool is therefore implicitly codifies Crown's priorities and values. The assumptions upon which this is built, however are not clearly stated in related policies, for example how we have not seen anywhere that the reasons which give rise to the various weightings are articulated. For consistency, the process would benefit from an articulation of the relative priorities to be considered during the POI process.

We were informed during our consultation that there is often limited discussion dialogue for out of office decisions, and rationales are irregularly recorded. The meeting process involves an additional layer of discussion, and is therefore reserved for the more controversial matters. Considering the central role the tool therefore plays in determining Crown's response, we would recommend the Risk Management Committee review the decision-making tool and the weighting structure to ensure it is satisfied the relevant priorities are being considered.

Along with the completed tool and discussion, a clear record of the judgement and rationale should be made. At present we were informed that the outcome is recorded, however providing a more substantive rationale and record of the discussion would assist with ensuring Crown's decision can be defended in the event of review.

### 3.2.3 Recommendations

Deloitte recommends the assumptions upon which the Patron Decision Assessment tool is based are clearly articulated, including how the information is weighted.

We would further recommend that this include consideration of the reliability of information sources.

All decisions made through the POI process should be recorded, with the rationale behind each decision documented to ensure that Crown's actions are defensible, particularly when Crown decides to continue a relationship with a patron about whom adverse information is held.

## 3.3 – the process for reviewing and making decisions about persons of interest (2/2)

The membership of the POI Committee effectively brings in stakeholders from relevant internal departments to ensure that a holistic view of risk and internal perspectives is included within the decision making process. Crown may benefit from a more defined approach to Executive and Board escalation. It may also be appropriate to appoint a secondary committee that is restricted to senior leaders in the organisation for the management of particularly sensitive matters relating to law enforcement.

### 3.3.1 Composition of the POI Committee

The current composition of the POI Committee consists of one GM (or suitable delegate) from the following departments: Security & Surveillance, Table Games, Gaming Machines, Legal, Regulatory & Compliance, Responsible Gaming, Risk, Cage, AML. The Group General Manager of Regulatory and Compliance is the Chairperson, and the Manager of Compliance Reporting is the Executive Officer.

The POI Committee charter states that all members must have the skills and experience required to enable them to fulfil their duties and responsibilities as members of the committee.

We note it is a positive development to bring different aspects of the business together, which will provide a more holistic overview of the different risks associated with the decision and ensure that there is an aligned understanding around Crown's appetite in this regard. During our consultation however, that the size and seniority of the committee may not be suited to dealing with particularly sensitive matters such as law enforcement or other information shared in confidence. We note the committee involves a wide range of representatives at the current time.

To ensure the committee can address the full range of the matters required, Crown may wish to review the seniority and number of staff constituting the POI committee. Other areas may then be invited to participate or contribute information to the committee as needed and appropriate. This would ensure that process was still being followed, and that decisions and rationale for such cases were still documented.

### 3.3.2 Role for different aspects of the business

It is positive that the responsibility for the day to day management and oversight of the group sits within Compliance, due to the oversight they hold of other related areas of business, including SMRs and law enforcement requests.

We were informed that the composition has evolved as the process grew, starting with Compliance and Gaming, before expanding to include other departments. The current list of departments represented is sufficient to introduce diverse perspectives to the discussion, and allow for a consideration of both the risk and commercial aspects associated with the decision. We were informed during our consultation that the voices that carry the most weight in discussion are those bringing expert perspectives, such as the legal view or that of Security and Surveillance.

The POI process includes the provision for escalation, with the CEO, COO and CLO being the next level for judgment on matters where the committee is in disagreement or cannot reach a decision. There is no clear or defined threshold however of the level of disagreement required to trigger escalation, which would ensure this was consistently applied.

In terms of the role of the Board, at present there is no standard POI report that is escalated. Matters would instead only be referred up on an ad-hoc basis, where there may be a significant risk posed for Crown.

### 3.3.3 Recommendations

We recommend that Crown considers the seniority and makeup of the POI committee to ensure it represents sufficiently senior staff from the most relevant areas so as to improve efficiency and ensure all relevant information can be considered fully by the committee.

We also recommend that the policy documentation includes clear direction on the threshold upon which decisions should be escalated for Executive Approval to ensure consistency. Crown may also wish to consider and document the principles around Board escalation thresholds.



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Board Involvement

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## 4.1 – the involvement of, and reporting to Crown’s board and subcommittees

Crown’s Risk Management Committee remains the appropriate board sub-committee to maintain oversight of both the POI and junket programs and should review and approved the operating model related to these programs.

### 4.1.1 Board reporting in relation to the junket and POIs programs

Historically, Crown has not provided detailed reporting to Board level in relation to the junket and POI processes. Under the terms of reference for this review, we have considered what reporting and involvement would be appropriate for the board and it’s subcommittees in relation to this process.

In forming our view, we have considered the general requirements of the duties of directors, Crown’s Risk Management Strategy and the charter of relevant sub-committees including the Risk Management, Audit & Governance and Corporate Responsibility Committees. Under Crown’s Risk Management Strategy 2019, Crown clearly articulates it’s risk appetite and tolerances with respect to various risk categories and outlines the triggers for reporting to the RMC associated with each.

Of specific relevance to the POI and Junket processes under review both junkets and POIs have the potential of creating reportable events relating to the brand a reputation of Crown, its regulatory and legal compliance obligations and its ability to maintain a safe and healthy workplace. Under Crown’s RMS, any event which creates a significant impact on these categories should trigger reporting to the RMC.

Crown’s current RMS clearly articulates the key triggers for reporting to the RMC as appropriate. However, it is relevant to consider whether any additional reporting in relation to the RMC is warranted with specific reference to the junket and POI programs given the potential risks associated with the decisions involved. In relation to junkets, the decisions relate to entering or maintaining potentially high-risk business relationships and in relation to POIs, to granting or preventing the access of potentially high-risk patrons to Crown’s premises. As such, it may be relevant for key metrics for these programs be reported to the RMC.

### 4.1.2 Risk Management Committee

Under its charter, the RMC is the most appropriate sub-committee to maintain oversight of both the junket and POI programs within Crown. It has clearly articulated responsibilities in relation to identifying areas of significant risk and ensuring the implementation of appropriate risks management and internal controls.

The role played by the RMC in both processes should be consistent with its charter which requires it to assess the adequacy and effectiveness of the risk management and internal control processes in relation to the junket and POI process.

In relation to the junket program, the decision to enter into or continue a relationship with a particular junket operator remains an operational decision and should remain the responsibility of appropriately senior executives as per the current framework. There is, however, a role for the RMC in reviewing the operating model in relation to the program and determining its adequacy and effectiveness in managing risks associated with the program. In particular, the RMC should consider and agree on the key risk factors to be considered throughout the due diligence process and ensure the operating model includes adequate representation from relevant risk and control owners including Credit, AML and Security & Surveillance. The RMC should review and approve any material changes to the operating model going forward. Crown should also consider informing the RMC in instances where potentially adverse information has been unable to be resolved through the due diligence process for a particular operator, and Crown has chosen to accept the risk by commencing or continuing a relationship with that operator.

In relation to the POI process, the RMC should similarly review and agree the operating model in relation to the POI process. In particular, the RMC should agree and approve the key factors and weightings underlying the POI decision-making framework. Consistent with the RMS, any matters potentially leading to sustained negative media or potential legal/regulatory implications should be reported.

### 4.1.3 Recommendations

Crown establish a target operating model for both the junket and POI programs for consideration and approval by the RMC. This model should clearly articulate the risks be addressed within each process, the procedures and the relevant responsibilities and accountability frameworks.

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# Appendix A

## Terms of Reference (1/2)

### Matters to be reviewed

The Review is intended to make recommendations in relation to:

- a) Crown's **decision-making frameworks in respect of junket operators**, and the Crown policy settings which inform the decisions Crown makes in respect of junket operators;
- b) Crown's **decision-making frameworks in respect of persons of interest**, and the Crown policy settings which inform the decisions Crown makes in respect of those individuals;
- c) **how these frameworks and processes might be improved** to assist in the making of decisions reflecting Crown's risk appetite; and
- d) **the reporting to, and involvement of, Crown's board and board sub-committees** in relation to these matters.

### New Junket Operators

- a) the **information inputs** to be considered and sources to be mined in connection with the assessment of a prospective operator;
- b) the **process for assessing an application** made by a **prospective operator**, including any consideration of any broader group of persons or entities with which the prospective operator might be associated;
- c) the **role for different aspects of the business**, including the AML department, the compliance department, the credit department, the VIP International department, and other aspects of the business, in the assessment process; and
- d) the **governance framework and responsibility for approving a new junket operator**, including whether the framework and processes are well designed to make decisions reflecting Crown's risk appetite.

### Existing Junket Operators

- a) the **information inputs** to be considered and sources to be mined in connection with the annual review of existing operators;
- b) the process for reviewing existing operators, including, without limitation:
  - i. the process for **updating previous probity and background checks** on existing operators;
  - ii. the **process undertaken to weigh various factors** in connection with existing operators' activity over the prior year, including review, analysis, and consideration of:
    - A. **any law enforcement requests** in respect of the existing operator;
    - B. any **suspicious matter reports** in respect of activity connected to the existing operator;
    - C. any other information relevant to the existing operator available to Crown;
  - iii. the **composition of the committee reviewing** existing operators;
  - iv. the role for **different aspects of the business**, including the AML department, the compliance department, the credit department, the VIP International department, and other aspects of the business, in reviewing the background and probity of existing operators.
- c) the governance framework and responsibility for the review of existing junket operators, including whether the framework and processes are well designed to make decisions reflecting Crown's risk appetite.

# Appendix A

## Terms of Reference (2/2)

### Persons of Interest

- a) the **information inputs** to be considered and sources to be mined in connection with reviewing and making decisions about persons of interest;
- b) the **process for reviewing and making decisions about persons of interest**, including, without limitation:
  - the **information available** to the persons of interest committee (and any other relevant body) in making decisions on particular persons of interest;
  - the process undertaken to **weigh various factors** in connection with a review of or decision about a person of interest, including review of:
    - (A) any **law enforcement requests** in respect of the person of interest;
    - (B) any **suspicious matter reports** issued in respect of activity connected to the person of interest;
    - (C) any other information relevant to the person of interest available to Crown;
  - the **composition of the committee** tasked with reviewing persons of interest;
  - the role **for different aspects of the business**, including the AML department, the compliance department, the credit department, the VIP International department, and other aspects of the business, in reviewing persons of interest; and
- c) the governance framework and responsibility for reviewing and making decisions about persons of interest including whether the framework and processes are well designed to make decisions reflecting Crown's risk appetite (and whether it is desirable to more clearly articulate Crown's risk appetite).

### Governance and reporting

The Review is also to make recommendations for any improvements in governance or reporting frameworks for:

- (a) **decision making** in the process of assessing junket operator applications, the periodic junket operator review process, and the persons of interest committee process; and
- (b) **reporting and referral to the Board** and/or a Board subcommittee of decisions and/or any issues arising from such processes.

# Appendix B

## Regulatory Landscape

### Regulator expectations in Victoria, Western Australia and New South Wales

The respective regulatory bodies in Victoria, Western Australia and New South Wales do not provide specific guidance on what due diligence should be undertaken in relation to junket operators. Likewise current regulations do not proscribe any particular processes or procedures with respect to managing potential risks associated with junket operators, agents and players. However, they do specify that the Casino must establish an appropriate system of internal controls to appropriately mitigate the risks of operators and players.

Appropriate risk-based due diligence procedures are a key component of the internal controls that form part of Crown's compliance with regulatory requirements. As such, Crown's internal controls related to Junket Operations should be commensurate with the risks identified.

### Queensland regulatory approach to Junket Operations

The *Queensland Casino Control Regulation (1999)* outlines the requirements for junket operations relating to casinos licenced in the state. Under the regulations, casinos enter into a junket agreement specific to each visit to the casino and strict requirements are outlined relating to reporting of all players and agents and provision of identifying information to the regulator.

Under the regulations, the casino must provide details of a new junket operator to the regulator prior to any activities occurring under the junket agreement for the purposes of allowing the regulator to 'assess the suitability' of the promoter.

At the current time Queensland is the only state in which the regulator takes on responsibility for approving junket operations.

### Overseas regulator approaches to Junket Operator due diligence

The approach taken by the Casino Regulatory Authority (CRA) in Singapore represents the most conservative approach in the Asia-Pacific region. Applicants are required to provide comprehensive disclosures relating to ownership, financial position and reputation and track record. The CRA then engages a licenced investigations firm to verify all information including interviewing applicants and visiting the operations at other casinos outside of Singapore. As such responsibility for any due diligence is assumed by the regulator as part of the licencing process. At the time of writing, only two companies have been approved to operate junkets in Singapore.

### Macau Gaming Inspection & Coordination Bureau

The Gaming Inspection & Coordination Bureau (DICJ) in Macau also requires detailed disclosure of information by the applicant, however we understand it has historically not undertaken steps to verify the information provided. Experienced gaming industry specialists in the Macau casino environment with knowledge of the DICJ have previously described the process as largely 'passive', with little investigation conducted by the DICJ to verify information supplied by applicants.

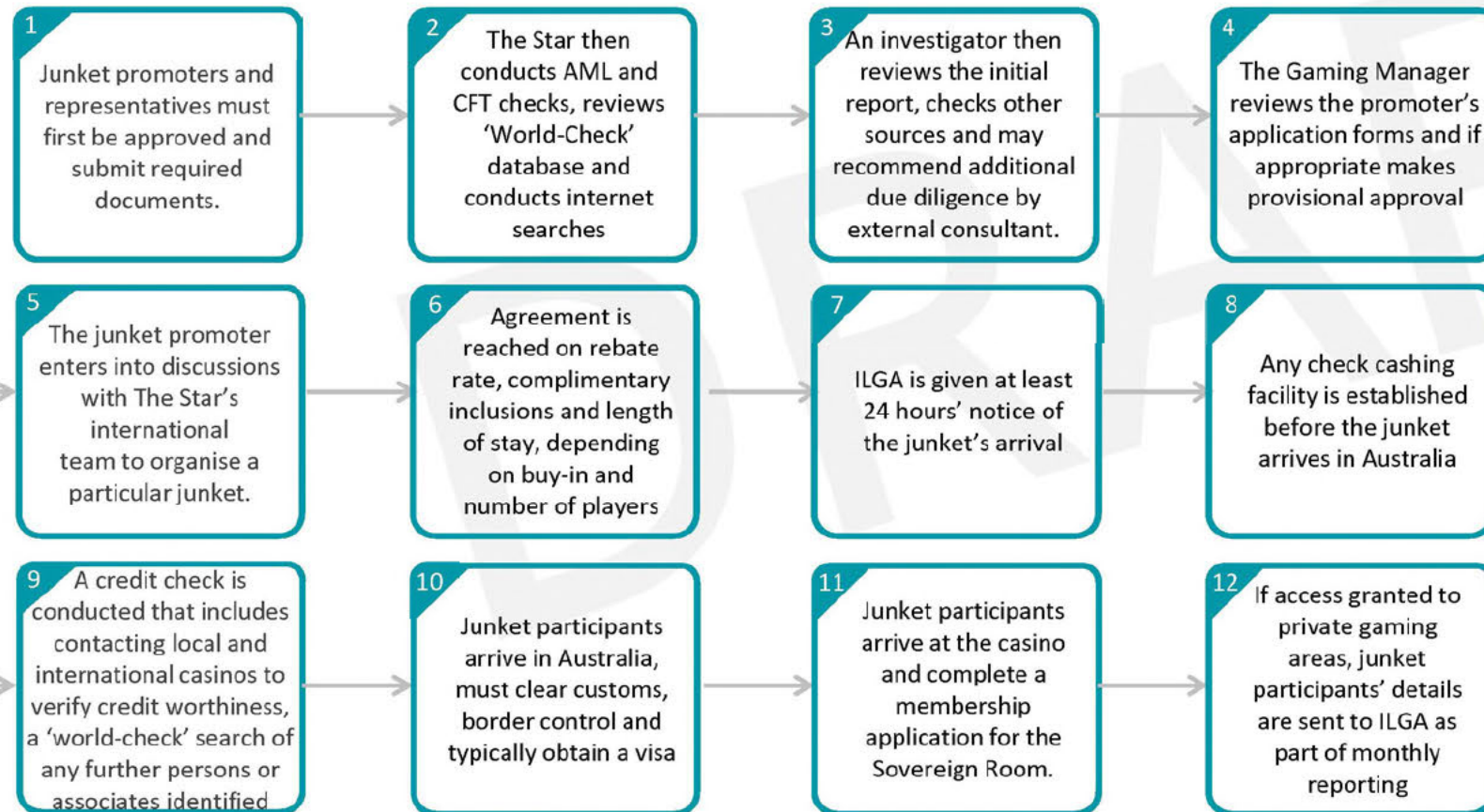
The DICJ have announced several planned changes to strengthen transparency and regulation of junket operators including higher capital requirements, publicising the details of shareholders senior employees and partners on the website of the DICJ and ensuring at least one shareholder that is a permanent resident of Macau. As of December 2019 the new legislation was yet to be introduced into the Macau legislative assembly.

The DICJ have continually increased scrutiny of junket licences as indicated by the reduction of licenced junket operators from a high of 235 in 2013 to just 95 licenced operators in 2020.

# Appendix C

## Industry Approaches

During our research we identified publicly available information provided by Star Entertainment (“Star”) as part of the 2016 review of its casino licence. The Star conducted a walk-through with the reviewer, J Horton, QC, who provided a summary of the process in his final report. While we have been unable to verify that the process operates as outlined in the course of normal business, we identified that several features of The Star’s approach are worthy of note to inform our review and for Crown’s consideration alongside our recommendations. We have outlined their process below:



### KYC information collected

We note that the Star obtains detailed information from the prospective junket operator at the outset of the process. This includes the following:

1. Personal information including:
  - Police clearance certificate
  - Photo Identification
  - Certified copies of passport
2. Employment history
3. Business Associations
4. Junket operations with other casinos
5. Disclosure of involvement in litigation
6. Financial details
7. Character references
8. Notice of consent for The Star to conduct investigations into the Junket Operator
9. A release and indemnity

### Roles and responsibilities

As the process diagram also demonstrates, Star conducts the risk assessment process independently of the assessment of creditworthiness, with the risk assessment carried out between stages 2 to 4, and the Credit check carried out at stage 9.

We also note that both operators and agents undergo Star’s due diligence procedure prior to any commercial agreements being made. The Star applies the same level of due diligence to agents who attend the casino and manage the junket program as it does to the Operators themselves.

### Review processes

The Star holds a regular junket and player monitoring meeting to discuss information received in relation to proposed promoters, representatives or participants.

# Appendix D

## Crown's Program and History of Enhancements

### Development of the Due Diligence Process at Crown

Control	Purpose	Enhancement
Police check obtained where operator does not have a DICJ license	Additional due diligence	Check was introduced in 2018, and carried out for all relevant jurisdictions from 2019
Copies of other casino licenses requested if available	Additional due diligence	Control introduced in 2018
VEVO check of Australian visa status	Currency	This control was introduced in 2020
Junket profile	Summary document of key information	This document has evolved from 2018, with revisions also made in 2019 and 2020.

### Junket annual review process

Control	Purpose	Enhancement
Copies of utility bill, bank statement or other proof of address	To determine residence for credit purposes	Exemptions could apply in 2017 / 18, however is required in all instances from 2019
Copy of personal cheque	For credit purposes	Exemptions could apply in 2017 / 18, however is required in all instances from 2019
Police check obtained where operator does not have a DICJ license	Additional due diligence	This check was required from 2019 for all relevant countries.
VEVO check of Australian visa status	Currency	This control was introduced in 2020
Global Data check	Source of wealth	This was conducted on a case by case basis from 2018, becoming a requirement in 2020
Wealth X & C6 checks	Source of wealth	This became a requirement in 2018, if a change was detected by Global Data or the online platform
Junket profile	Summary document of key information	This document has evolved from 2018, with revisions also made in 2019 and 2020
Executive approval required		Previously only where adverse or material changes were identified, in 2020 this was required in all cases



# Appendix E

## Information Sources Used During the Junket Due Diligence Process

### Global Data

GlobalData is a data analytics and consulting company that delivers market and industry intelligence, servicing companies primarily across the consumer, retail, technology, healthcare and financial services sectors. GlobalData proprietary database is its Intelligence Center platform, which delivers its services through an online interface that combines search, browse and alert functionality.

The GlobalData dossier, ordered for individual Operators, extracts information from the GlobalData Intelligence Center. The dossier outlines Operators' estimated net worth, employment history, wealth/asset ownership details, relationship groups and contact information.

Our experience with GlobalData is that the Intelligence Center consists of verified information which is ascertained from primary and secondary sources and is updated by analysts who both conduct research and make direct inquiries to confirm this information. Importantly, GlobalData does not offer what they call verticals into the gaming and casino's sector, therefore limiting insights into this industry.

### Wealth X

Wealth-X specialises in data and insights on the world's wealthiest individuals to help organisations to effectively understand and engage them. The Wealth-X dossiers outline an Operator's biography, career history and wealth analysis.

Wealth-X does not capture all Operators, given that the database contains high net worth and ultra-high net worth individuals (over USD 30 million net worth). There are also inherent limitations in the platform due to the English-language capabilities.

Wealth-X among other third-party information platforms appear to simply scrape and collate data from information that is often made available/carefully curated by representatives of the individuals in question.

### Acuris

C6 Data and Intelligence identifies risks associated with entities and individuals in the context of enhanced due diligence, adverse media, sanctions, PEPs and global ID verification. Acuris provides this offering by way of a customised report. Acuris also has a unique proprietary database called KYC6 which is claimed to contain over four million profiles collated over 15 years from public sources which are manually updated by its research team.

We understand that C6 offer varying levels of reports covering basic or in-depth due diligence checks. The Express Report is a basic check which provides insufficient information around an Operator, particularly in identifying adverse media reporting and classifying reputational risks.

Previous experience of the reviewer with the platform noted the KYC6 product differs to other information providers because the research team is involved in collating and verifying the information displayed on the profiles, rather than relying on automated software that trawls public sources for information. Acuris claims that the database is manually updated with new adverse media records on a frequent basis.

**We recommend that the Executive level report is obtained from C6, which should be supplemented with in-house adverse media checks through Factiva and online research.**

## Appendix F: Our Methodology

A four-phase approach to assessing Crown's decision making processes relating to junket operators and persons of interest (POIs).

### Background

Deloitte were engaged to conduct a review of Crown's decision-making processes related to junket operators and persons of interest (POIs). The purpose of the review is to identify opportunities for Crown to enhance its junket operator and persons of interest due diligence frameworks to ensure that Crown is well-placed to make appropriate, informed decisions in accordance with Crown's risk appetite.

### Approach

Our approach involved conducting a review of relevant policies and procedures, internal communications and other documentation as deemed relevant. We also undertook interviews with the key Crown staff and leadership team involved in the processes. We have consolidated our findings through end-to-end mapping of the current decision-making processes relating to new and existing operators and POIs.



# Appendix F

## Staff Interviewed

No	Name	Job Title
1	Joshua Preston	Chief Legal Officer
2	Mary Gioras	Manager, Credit team
3	Michelle Fielding	Group GM Regulatory and Compliance
4	Nick Stokes	Group GM Anti-Money Laundering (AML)
5	Adam Sutherland	AML Manager
6	Craig Walsh	Executive Director Security and Surveillance
7	Anne Siegers	Group GM Risk and Audit

# Appendix F

## Documents reviewed

No	Name
1	New Junket Operator Application
2	PREVIOUS New junket application checklist (Jan 2017)
3	PREVIOUS New Junket Operator Application Checklist_Nov 2018
4	CURRENT Credit or CCF Request V1 11.11.17 (1)
5	CURRENT Crown Joint Application and Credit reporting Policy V7.0 Chinese Translation (2)
6	C - M F14 AMLCTF Program Compliance Audit Rpt
7	c - Cash Transaction Reporting Audit Report
8	c - M F14 ICS Junkets & Premium Player Programs Audit Report
9	C M 515 AMLCTF Program Compliance Audit Report 1
10	C - M F15 Junket Processes - Audit Report
11	C - M F18 Junket and Premium Players Process Audit Report
12	C - P 151023 AML CTF Internal Audit Report #01-16
13	C - P 180216 Anti-Money Laundering Couter Terrorism Financing
14	C - Salesforce Compliance Panel Screenshots
15	C - SYCO Junket operator screens
16	TG & EGM Program Play Audit - June & July
17	C - TG & EGM Program Play Audit May
18	181122 Presentation to Austrac
19	E - AML program - customer risk rating
20	E - Credit - Junket Due Diligence Arrivals

No	Name
21	E - New Junket Operator V2
22	E - Overview of junket processes
23	G - Crown_2018_05_18_Compliance_Assessment_Report
24	AUSTRAC Cover Letter
25	G - VCGLR 2011 audit letter
26	G - VCGLR Letter to Crown - Decision regarding disciplinary action
27	A1 Crown Resorts RMC Charter (002)
28	B - Risk Management Policy (002)
29	D - Crown Resorts Limited - Risk Management Strategy - Approved 12 June 2019
30	200506 Crown Melbourne Limited Person of Interest Charter
31	190920 Austrac JTO
32	Summary Table of Approval Processes
33	Current Training Document
34	FW: Junket Operator approvals
35	Junket and Premium Player Programs ICS
36	Standard Operating Procedures - Junket and Premium Player Programs
37	AML CTF Slides
38	New junket operator training manual
39	Existing Junket Operator
40	[Name redacted] - word form

No	Name
41	[Name redacted]- excel form
42	POI Decisioning Tool - v1.1 - unlocked
43	200506 Crown Melbourne Limited - Person of Interest Committee Charter - May 2020
44	Crown Resorts Consolidated Risk Profile - June 2020
45	A sample of 3 x due diligence files [names redacted]

# Appendix G

## Recommendations Table (1/2)

No	Section	Recommendation
1	<b>New Junket Operators</b> 1.1 Information Inputs	Crown considers seeking declarations from prospective junket operators as part of the application process, including on litigation history, financial situation and other business operations.
2		Our review identified that there are opportunities to strengthen the junket due diligence through ensuring it is sufficiently tailored to the international nature of the program, including through: <ul style="list-style-type: none"> <li>• Ensuring Crown's operational preferences for all current external due diligence providers are set to include searches in the relevant languages used by the prospective operator.</li> <li>• Conducting searches on junket operator and agent aliases.</li> <li>• Considering using international providers as part of the due diligence process, such as Wisers and Baidu.</li> </ul>
3		Crown formalises internal checks as part of the junket approval process. These should be included within policy and training documents to ensure consistent application.
4		Those staff members in the Credit team who are responsible for conducting due diligence are provided with formal training in open-source research and information collection. We also recommend that the internal training documents are supplemented to include guidance on carrying out searches and due diligence checks, including risks, red flags and typologies, along with better defined escalation points and triggers for further investigation.
5		Crown identify suitably qualified investigations professionals with the experience and capability to undertake more in-depth due diligence investigations in regions relevant to the junket program. Given Crown already undertakes its own due diligence research, it is recommended this support be engaged on an as needs basis when red-flags are noted during the course of research but are unable to be resolved.
6	<b>New Junket Operators</b> 1.2 the Process for Assessing an Application	The Junket Program ICS and related policies and procedures regarding junket onboarding and due diligence be updated to include a specific statement of the legal and reputational risks which are to be considered during the process. At a minimum, we recommend this definition include consideration of criminal history; potential money laundering and other forms of financial crime (e.g. fraud and corruption); financial and trade sanctions; and unethical business practices (e.g. forced labour etc.).
7		Crown obtain details of authorised Agents as part of the initial information provided for new Operators and that these Agents be subject to risk-based due diligence procedures along with the Operator. We recommend also that Crown consider recording information about when Agents are added and removed by Operators and formally documenting their visits to Crown.
8		Crown should create a digital, point in time record of all information collected during the due diligence process along with the due diligence summary and the recorded outcome and rationale of the decision for the purpose of establishing a clear audit trail.
9		Crown should consider aligning the risk assessment processes for junket operators with other risk assessments, such as the AML rating, and create a single risk assessment of each operator. This rating should be established at the outset and updated to reflect the outcomes of the due diligence process. For example, the risk assessment should also reflect any potentially adverse reputational issues noted in connection with the operator.
10		Crown consider the appropriateness of separating the assessment of potential risks from the process for assessing creditworthiness. As noted in the approach taken by the Star, commercial and credit decisions are made after due diligence into potential risk has been completed.
11		The junket due diligence summary should include the rationale for the decision made and held on the junket due diligence file. Creating a contemporaneous record of both the decision and the rationale would strengthen Crown's ability to review previous decisions and help to ensure all relevant issues have been considered.
12	We recommend the due diligence summary template be updated to include: <ol style="list-style-type: none"> <li>1. Documentation of the risk categories considered in the due diligence research and the findings or otherwise against each of the categories; and</li> <li>2. A section for the decision-maker to record to record the outcome and the rationale for their decision.</li> </ol>	

# Appendix G

## Recommendations Table (2/2)

No	Section	Recommendation
13	<b>New Junket Operators</b> 1.3 the Role for Different Aspects of the Business	Crown strengthen the role of the AML team within the due diligence process to ensure a holistic view of risk is established at the outset of the due diligence process and establish a rating system that creates a holistic view of the potential risks and outlines the appropriate red flags to be investigated throughout the due diligence process. The due diligence research should be fully reviewed by an appropriately trained and experienced AML analyst prior to being forwarded to the decision maker. The outcomes of this review should be recorded on the due diligence summary sheet.
14		Crown continue with its work to establish a three lines of defence model across the junket program which clearly articulates the roles and responsibilities of relevant parties and provides clear guidance on the risk issues to be considered during the consideration of new junket applications.
15	<b>Existing Junket Operators</b> 2.1 Information Inputs	Crown formalises its internal feedback and information sharing as part of the ongoing probity measures for junket operators. This should include considering more regular feedback loops to build up a more holistic picture of junket activity, and ensure that any concerns are responded to promptly ahead of the annual review.
16		Any records relating to junket operators flagged by internal departments during the annual review are included on the summary form, along with further details on the results of these checks and their resolution.
17	<b>Existing Junket Operators</b> 2.2 Updating Probity & Background Checks	The annual review process should seek to reconsider and test the decision as to whether Crown wishes to continue the relationship the patron, and be based on a more detailed summary of both the updated checks completed and a review of the internal information collected by Crown relating to the operator, rather than focussing on updating the currency of information held.
18		The scope of the review should incorporate junket agents and that they be subject to the same levels of repeat due diligence as the junket operators.
19	<b>Existing Junket Operators</b> 2.3 Role for Different Aspects of the Business	The AML and Compliance teams should hold a more central role in the due diligence program and review of existing junket operators, including through conducting a review prior to the file being escalated for approval. Any findings around potential red flags from an AML perspective should be included within the junket annual review summary document.
20		Crown documents the information sources and events that trigger the POI process, to ensure consistency of application and ensure the process for responding to such matters is documented.
21	<b>Persons of Interest</b> 3.1 Information Inputs	Crown look to streamline the POI process with law enforcement requests, to ensure that there is a complete record of information Crown holds regarding its patrons and ensure Crown's decisions to continuing a relationship with patrons remains defensible.
22		Crown may wish to explore how adverse information, such as SMRs or law enforcement requests are recorded to establish whether data driven solutions could assist with building up the intelligence picture and for consideration in the POI process.
23		Deloitte recommends the assumptions upon which the Patron Decision Assessment tool is based are clearly articulated, including how the information is weighted. We would further recommend that this include consideration of the reliability of information sources.
24	<b>Persons of Interest</b> 3.2 Process for Reviewing & Making Decisions	All decisions made through the POI process should be recorded, with the rationale behind each decision documented to ensure that Crown's actions are defensible, particularly when Crown decides to continue a relationship with a patron about whom adverse information is held.
25		Crown considers establishing a secondary committee made up of senior stakeholders for management of sensitive cases involving law enforcement, to ensure that these are reviewed and documented appropriately whilst restricting knowledge to a need to know basis.
26		Policy documentation includes clear direction as to the threshold upon which decisions should be escalated for Executive Approval to ensure consistency. Crown may also wish to consider and document the principles around Board escalation thresholds.
27	<b>Board Involvement</b> 4.1 Reporting & Involvement of Board & Sub-Committees	Crown establish a target operating model for both the junket and POI programs for consideration and approval by the RMC.



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