

Crown Resorts Limited

15 October 2020

Bank Statement Analysis

The following provides an update on the internal investigation undertaken by Crown in recent weeks into cash deposits, potential structuring activity (aggregated and individual) and suspicious deposit descriptors used through our various bank accounts from 2013 through to December 2019.

[RM – 'aggregated' means aggregated into a single cage transaction upon entry to SYCO. 'Individual' means that the deposit was entered into SYCO as an individual deposit.]

It is important to note that this review is ongoing and will include external review and validation of the internal findings.

In some cases, finding and reviewing source bank documents from the distant past has proven difficult but any gaps in the data are highlighted in the information below.

Further, the various banks use very different codes and references when describing transactions which has hampered our ability to clearly determine the source and description of certain transactions. Further work with the ANZ (being our current transactional banker), in particular, is underway to understand and agree information references and codes used in the past and moving forward.

The following table lists a summary of the bank statements compiled and analysed:

Entity	Bank	Period	Remarks
Southbank Investment Pty Ltd	CBA	Nov 2013-Dec 2019	Account closed in Dec 2019
	ASB (NZD)	Aug 2016-Mar 2019	Account closed in Mar 2019
Riverbank Investments Pty Ltd	HSBC	Jan 2007-July 2013	Account closed in July 2013
	ANZ	Jul 2013-Jul 2014	Account closed in July 2014
	CBA	Mar 2014-Dec 2019	Account closed in Dec 2019
Crown Melbourne Ltd	ANZ	Jan 2013-Dec 2019	
Burswood Nominees Ltd	ANZ	Jan 2014-Aug 2020	

These entities also had bank accounts in foreign currencies (HKD, SGD, USD) through the banks listed above. The review of the bank accounts substantially concentrated on the AUD accounts. Some review was undertaken of the Riverbank and Southbank FX accounts and found no cash deposits that could be readily identified, however further review may be required.

A review of the Southbank ASB NZD account was completed for the period August 2016 - March 2019. Although we did not find any Cash Deposit in the description, there were some transactions that appeared to be structuring in nature. There is not enough information on the bank statements to confirm if these were cash transactions and further investigation is required before raising these as unusual activities.

There was also an HSBC account in Southbank from April 2004 to December 2013 that we were not able to review due to the lack of source data.

Bank Statement Formats

Each bank statement format is different with the CBA proving to be the most user-friendly. The following details are provided to indicate the data that we relied on in finalising the outcomes of this review to date.

CBA (Nov 2013 – Dec 2019):

From the transaction description (“Cash Dep”) cash deposits, prima facie, can be easily identified along with a the reference number which appears to be a patron ID in most cases.

For the purposes of this report we have classified all of these descriptors as cash deposits.

HSBC (Jan 2007 – Jul 2013):

HSBC statements do not provide adequate details to identify cash transactions. The transaction narrative usually only provides details of the customer making the deposit but it cannot be clearly determined if those are in the form of bank transfers, cheque or cash deposits.

ANZ (Jan 2013 – December 2019):

ANZ Statements provide details of Transaction Type with a variety of descriptors. In our review of the ANZ accounts which included cross-referencing to the alleged cash deposits introduced through the Inquiry, it appeared that all cash deposits identified through the Inquiry were using the AGT descriptor.

Accordingly, our review focused on identifying AGT transactions. In addition, the use by the bank of the BAI366 code when combined with the AGT code in the same transaction seemed to also indicate a cash deposit. There is a transaction reference in the form of a BAI Code (Bank Administration Institute) where code 366 appears to refer to Coin & Currency Deposited, (cash), however these BAI codes do not appear on hard copy bank statements and are only available on the ANZ online banking system. Therefore, we have only been able to identify transactions with BAI code 366 from 2019 given the detail in the online banking system is only available on a rolling two year basis.

In an effort to validate that the above codes were indicators of cash deposits, on 15 September we sent to the ANZ, 137 recent examples from January 2019 – August 2020 of transactions which were allegedly cash deposits with the transaction type AGT and code BAI366 to verify that these transactions were in fact cash deposits. The ANZ have yet to come to a final conclusion on this review, however they indicated via email on 1 October that “...the team conducted some sampling and did not identify cash activity on those examples. The bulk of the sampling suggested that the larger deposits were in-branch transfers with some of them originating as bank cheques deposited into the Crown account.”

We continue to work with the ANZ to finalise the outcome of their review but clearly there remains some ambiguity about the nature of the deposits identified as cash. Regardless, the tables below include transactions identified as including the AGT transaction type based on the information we have at hand, representing the worst-case scenario for numbers of cash deposits.

Review Activity Undertaken

Cash Deposits

A full analysis of banking transactions through all banks across the period from 2013 to 2019 listed in the table above was completed to identify, where possible, cash deposits under the \$10k threshold subject to the limitations of the details available from the bank statements as described above.

The work undertaken across the various bank statements is described below.

Southbank and Riverbank CBA accounts - The PDF bank statements from December 2013 for Southbank and March 2014 for Riverbank to December 2019, when the accounts were closed, were converted to machine readable format in excel. The total debits and credits were matched against the PDF totals for the corresponding periods to ensure completeness. A word search on the transaction description was done to identify all Cash Deposits ("Cash Dep") and based on these, all credits below \$10,000 were filtered out.

Riverbank ANZ account – The statement for the period July 2013 – July 2014 which was referenced during the Inquiry was obtained from Minter Ellison. The PDF statements were converted to Excel and a word search for 'AGT' was completed on the transaction descriptions as these were the transaction types that matched the examples referred to in the Inquiry. AGT transactions below \$10,000 were then filtered out as potential cash deposits.

Crown Melbourne ANZ Account – Statements for the period January 2013 to December 2018 were mainly in daily word document which had to be converted to excel tables. From 2019 onwards the statements were downloaded in excel format from the bank portal. As the transaction type was readily available, all AGT transactions below \$10,000 were filtered as potential cash deposits.

Burswood Nominees ANZ Account – The bank statements were mostly readily available in excel format. All AGT type transactions below \$10,000 were filtered out as potential cash deposits.

In addition, a manual bank statement review process was undertaken in Perth which identified potential cash deposits under \$10k and matched them with the relevant Cage transaction.

The detailed findings are included in the tables in Appendix 1. A summary table is presented below. Cash deposits into Crown bank accounts had diminished significantly in recent years.

	Potential Cash Deposits <\$10k - Transactions						Potential Cash Deposits <\$10k - Value					
	SB CBA	RB ANZ	RB CBA	CM ANZ	CP ANZ	Total	SB CBA	RB ANZ	RB CBA	CM ANZ	CP ANZ	Total
2013	-	185		203		388	\$ -	\$ 1,517,895		\$ 1,631,674		\$ 3,149,569
2014	102	112	42	51	9	316	\$ 666,661	\$ 934,114	\$ 266,684	\$ 377,036	\$ 61,558	\$ 2,306,053
2015	83		54	24	20	181	\$ 414,906		\$ 317,665	\$ 143,490	\$ 141,597	\$ 1,017,658
2016	150		24	18	3	195	\$ 1,009,798		\$ 154,660	\$ 108,000	\$ 24,000	\$ 1,296,458
2017	61		3	11	9	84	\$ 277,876		\$ 23,890	\$ 72,900	\$ 53,000	\$ 427,666
2018	13		-	8	3	24	\$ 50,875		\$ -	\$ 41,300	\$ 20,636	\$ 112,811
2019	7		-	14	-	21	\$ 43,580		\$ -	\$ 88,980	\$ -	\$ 132,560
Total	416	297	123	329	44	1,209	\$ 2,463,696	\$ 2,452,009	\$ 762,899	\$ 2,463,380	\$ 300,791	\$ 8,442,775

Except for Riverbank, the potential cash transactions below \$10k were less than 2% in terms of number of transactions and less than 0.2% in terms of value when measured against total credits.

For Riverbank, the period July 2013-July 2014 with ANZ was the peak. This was an unusually high number as a percentage of the whole and requires further investigation to determine whether the transactions were in fact cash transactions.

Subsequently when the bank account was moved to CBA, the number and value of potential cash deposits below \$10k from early 2014 to the end of 2019 diminished substantially.

Entity	Bank	From	To	Potential Cash Transactions below \$10k		Total Credits		% Cash <\$10k / Total Credits	
				# of Transactions	Total Value	# of Transactions	Total Value	Transactions	Value
Southbank Investment	CBA	Dec-13	Dec-19	416	\$ 2,463,696	21,706	\$ 1,650,036,987	1.9%	0.15%
Riverbank Investment	ANZ	Jul-13	Jul-14	297	\$ 2,452,009	519	\$ 46,518,774	57.2%	5.27%
	CBA	Mar-14	Dec-19	123	\$ 762,899	1,998	\$ 191,753,892	6.2%	0.40%
Crown Melbourne	ANZ	Jan-13	Dec-19	329	\$ 2,463,380	33,223	\$ 18,022,007,446	1.0%	0.01%
Burswood	ANZ	Jan-14	Aug-20	44	\$ 300,791	7,760	\$ 5,519,970,505	0.6%	0.01%
Total				1,209	\$ 8,442,775	65,206	\$ 25,430,287,604	1.9%	0.03%

A further review of cash deposits over \$10k is currently underway.

Structuring and Aggregation of Transactions

The AML, Credit and Compliance teams have completed detailed work to identify multiple deposits below \$10k which have been aggregated into a single patron account in SYCO. This covers the period from 2013 to 2019. A total of 59 Unusual Activity Reports (UARs) have been raised so far. The AML team is in the process of investigating these UARs and filing Suspicious Matter Reports (SMRs) with AUSTRAC if a reasonable suspicion is formed. [Sentence deleted]. A further 23 investigations have commenced. In most instances we believe that the deposits were completed by remitters and our customers may not have been aware the funds were being deposited in this manner.

This work was summarized in the attached memo (Appendix 2) circulated to the Board on 29 September.

A further review was undertaken to determine other potential structuring activity that was not aggregated across the period. The review parameters were to identify two or more cash deposits under \$10k inside a 72-hour period. If two deposits totaled less than \$10k (eg, \$4k and \$2k) these were not included. If a deposit was greater than \$10k but was received within 72 hours of two sub \$10k deposits with a total value over \$10k (eg \$10k, \$5k, \$5.6k), these were included. The results are as follows:

Year	Instances	# of TTs	Value \$
2013	1	10	75,000
2014	7	26	267,106
2015	7	20	165,000
2016	5	16	109,175
2017	3	22	138,905
2018	1	2	13,000
2019	1	3	24,500
Total	25	99	792,686

Other Unusual Transaction Descriptions

A word search of the Southbank and Riverbank CBA bank transactions revealed some unusual descriptors used in deposits. The review narrowed our search focusing on the words: 'House', 'Purchase,' "Mortgage," and 'School Fee'.

Over the review period from 2013 to 2019 there were six transactions featuring the descriptor "House," 17 featuring "Purchase," (some of which also included House or Property), 1 featuring "Mortgage" and one featuring "School Fee." Details are included in Appendix 3.

In July 2018, a group of Crown Departments including Cage, Credit, AML, Table Games, Gaming Machines and Legal met to formalise a Return of Funds Guidelines document to govern the management of transactions with questionable details included in the bank descriptors. Whilst there were instances of funds being returned in the years prior to 2018, the Guidelines for returning funds were only formally established and documented with Louise Lane (former GM AML) from July 2018.

Post the implementation of this Guideline there were no instances of deposits with unusual bank descriptors being accepted.

Work in Progress

A number of workstreams are continuing in an effort to accurately review and summarise, to the extent possible, the history of cash deposit trends and related AML issues. A schedule of these workstreams is included as Appendix 4 attached.