



20 November 2020

BY EMAIL: **Confidential**

Ms Alex Fitzpatrick
Director, Licensing
Victorian Commission for Gambling and Liquor Regulation
Level 3, 12 Shelley Street
RICHMOND VIC 3121

Dear Ms Fitzpatrick

Notice Issued Under Section 26 of the Casino Control Act 1991 (Vic) - 18 November 2020

We refer to the Notice issued under s 26 of the Casino Control Act 1991 (Vic) (Notice) and enclose the documents required to be produced under the Notice, being:

- report from Grant Thornton dated 16 November 2020 in relation to transactions through the Riverbank Investments Pty Ltd (Riverbank) bank accounts between July 2013 and December 2019;
- interim report from Grant Thornton dated 17 November 2020 in relation to transactions through the Southbank Investments Pty Ltd (Southbank) bank accounts between July 2013 and December 2019; and
- report from Initialism dated 16 November 2020 in relation to its review regarding indications of money laundering based on Grant Thornton's analysis of the Riverbank and Southbank accounts, as referred to immediately above,

(together, the **Reports**).

These documents are confidential, contain private personal information relating to third parties, and/or

are in some respects commercially sensitive. The documents are provided to the Commission on the basis that they will be treated as such and in particular that the Commission will not disclose their contents to any third party.

The document marked CRL.743.001.0003, being the report of Grant Thornton in relation to Southbank, is an interim report. Once the final report is provided to Crown, we will advise the Commission and invite the issue of a supplementary Notice for its production.

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The enclosed Grant Thornton reports contain the results of a forensic analysis of the Riverbank and Southbank accounts for the period July 2013 to December 2019 (Relevant Period). Those reports identify instances of potential structuring in the Southbank and Riverbank accounts during the Relevant Period, with a majority of the instances of potential structuring occurring in the period 2013 to 2016. The parameters applied to the transaction data in each account for the purposes of this analysis were as follows:

- two or more cash deposits of less than \$10,000 each, totalling \$10,000 or more in a 24-hour period;
- two or more cash deposits of less than \$10,000 each, totalling \$10,000 or more in a 48-hour period;
- two or more cash deposits of less than \$10,000 each, totalling \$10,000 or more in a 72-hour period.

The Initialism report outlines the findings of Initialism's review regarding indications of potential money laundering based on the forensic analysis undertaken by Grant Thornton. Initialism concluded that there was activity indicative of structuring and cuckoo smurfing conducted by third parties on the Riverbank and Southbank accounts. The relevant transactions identified by Initialism were:

- cash deposits by third parties structured below the \$10,000 reportable threshold;
- large cash deposits by third parties; and
- electronic funds transfers by both domestic and international third parties.

Crown is now urgently reviewing the findings in the Reports, including as against the findings of its earlier internal review of these accounts. This review is directed at determining the extent to which any transactions identified in the Reports give rise to a relevant suspicion for the purposes of section 41 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**). To the extent that Crown forms any such suspicion, and that suspicion was not formed previously and the subject of an earlier suspicious matter report (**SMR**), Crown will file an SMR with AUSTRAC in accordance with its obligations under section 41. A number of such SMRs have recently been filed as a result of this review.

As well as filing further SMRs in accordance with its obligations under section 41, since August 2020 Crown has been engaged in an open and transparent dialogue with AUSTRAC in relation to the subject matter of the Reports. Crown voluntarily provided the Reports to AUSTRAC on 19 November 2020.

As well as ensuring that any suspicious matters are identified and reported, Crown has recently implemented a number of enhancements to mitigate the risk of the types of transactions identified in the Reports occurring in the future. These include:

- communicating to local patrons and international gaming machine players who have deposited cash over the past 18 months into Crown's bank accounts, advising them that customers are no longer to deposit cash into Crown's bank accounts;
- working with Crown's bankers at ANZ to reduce, and preferably eliminate, the deposit of cash by patrons in Crown's bank accounts;
- manually reviewing the statements for Crown's bank accounts on a weekly basis, to consider whether any transactions raise potential money laundering concerns; and

- implementing a policy to prohibit payments into and out of Crown's bank accounts by third parties (including money remitters) unless prior written approval for the relevant transfer has been obtained from the property Chief Operating Officer and the AML/CTF Compliance Officer.

Crown has instructed Grant Thornton and Initialism to undertake equivalent analyses to those contained in the Reports in relation to the bank accounts operated by Crown Melbourne Limited and Burswood Nominees Limited. Once those reports are provided to Crown, we will advise the Commission and invite the issue of a supplementary notice for their production.

I would welcome an opportunity to meet with the Commission to discuss in more detail the findings in the Reports, and the steps that Crown is taking to investigate those findings and address any shortcomings in Crown's processes.

In the meantime, if you would like to discuss any aspect of this response, please contact me.

Yours sincerely

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Ken Barton
Chief Executive Officer and Managing Director
Crown Resorts Limited