

STATEMENT OF NEIL GEORGE JEANS – RFS – Initialism - 001

Name	Neil George Jeans
Address	[REDACTED]
Occupation	Principal of Initialism Pty Ltd
Date	16 April 2021

I, Neil George Jeans, of [REDACTED] the Principal of Initialism Pty Ltd, a specialist AML/CTF consultancy firm, state:

1. This statement is true and correct to the best of my knowledge and is made at the request of the solicitors assisting the Victorian Royal Commission into the Casino Operator and Licence (Royal Commission).

Introduction

1. Briefly set out the professional qualifications of the person providing the statement.

2. I have a background in financial crime compliance and risk management, spanning over 25 years.
3. I began my career as a stockbroker trading equities, bonds, and derivatives, before becoming a Metropolitan Police Officer and subsequently being seconded to the National Crime Squad of England and Wales where I investigated financial crime, including domestic and international fraud and money laundering.
4. I left the police and joined the Financial Services Authority, the UK Financial Services Regulator, to work on developing the UK's first set of AML/CTF regulations and designing and implementing AML/CTF regulatory supervision.
5. I subsequently worked at senior levels managing AML/CTF, Sanctions and Anti-Bribery compliance across Europe, the US, Latin America, Asia, and Australia within two major global investment banks, one European financial services company and a major Australian bank (National Australia Bank).
6. I was founding Joint-Chair of the Association of Certified Anti-Money Laundering Specialists (ACAMS) Australasian Chapter and am currently a member of the chapter's Advisory Board.
7. I was a member of the Board of the UK's Joint Money Laundering Steering Group (JMLSG) which sets the AML/CTF standards for all regulated businesses in the UK.
8. I hold the international Compliance Association (ICA) Diploma of Applied Anti Money Laundering and Counter Terrorism Management and was until 2019 also a member of the faculty and lectured as part of the International Compliance Association (ICA) Post Graduate Diploma of Applied Anti Money Laundering and Counter Terrorism Management.
9. I was founding member of the Society for Worldwide Interbank Financial Telecommunication (SWIFT) Anti-Money Laundering and Sanction Advisory Group.
10. I have in the past also regularly attended the Private Sector Expert forum of the Financial Action Task Force (FATF) -the international body that sets AML/CTF standards globally, and I was a founding participant in the FATFs FinTech and RegTech Forum in 2017.

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11. In 2017, I was appointed by AUSTRAC as an 'expert witness' in the civil claim against CBA for AML/CTF breaches, which resulted in CBA paying a settlement of \$700 million in 2018.
12. In July 2019, I was authorised by AUSTRAC under Section 164 of the AML/CTF Act to be the External Auditor for Afterpay, the Buy Now Pay Later business, to audit AfterPay's compliance with its obligations under the AML/CTF Act and AML/CTF Rules.
13. In November 2019, I was appointed by AUSTRAC as an 'expert witness' in the civil claim against Westpac for AML/CTF breaches, which resulted in Westpac paying a settlement of \$1.3 billion in 2020.

2. Annex a brief CV to the statement.

14. I have enclosed my full curriculum vitae as Annex A to this statement.

2019 Transaction Monitoring Review

3. Describe the nature and scope of the 2019 Transaction Monitoring Review.

15. In late 2018, I was engaged by Crown Resorts (Crown) to undertake a review of the design adequacy of their Transaction Monitoring Program (TMP), put in place to comply with Section 36 of the AML/CTF Act and the Transaction Monitoring requirements under Chapter 15 of the AML/CTF Rules.

4. Describe the key findings, conclusions, and recommendations of the 2019 Transaction Monitoring Review.

16. As a result of the review, in my Report, I expressed the opinion that Crown's transaction monitoring program, within Part A of the AML/CTF Program, included appropriate systems and controls to address the requirements of Chapter 15 of the AML/CTF Rules, and therefore supported Crown's compliance with Section 36 of the AML/CTF Act.
17. The review, as detailed in the Report, also identified that while the transaction monitoring systems and controls were designed adequately, they were manual, and the Report expressed my opinion that Crown would benefit from moving to a more automated and systemised approach to transaction monitoring.
18. As part of the review, Crown provided me with information about their intention to implement a more systematic and automated approach to transaction monitoring.
19. Based on a demonstration of the development version of the new systematic approach as part of the review, the Report reflected my opinion that the automation appeared to be equivalent to the current manual transaction monitoring but would also provide Crown with a more sustainable and scalable approach to meeting its Transaction Monitoring obligations.
20. A copy of my final Report is contained in Annex B to this statement.

STATEMENT OF NEIL GEORGE JEANS– RFS – Initialism - 001**5. Outline any presentation given to Crown in relation to the results of the 2019 Transaction Monitoring Review.**

21. I was asked to attend a meeting of Crown's Board Risk Committee on Friday 9th August 2019, to present my findings on the transaction monitoring review.
22. I was only brought into the meeting for this agenda item and left the meeting after the agenda item.
23. After providing an overview of the report findings, I was asked questions about the processes I had undertaken as part of the review, and points of clarification about the findings within the Report, particularly in relation to the manual nature of current monitoring and the benefits the planned more systematic approach would have.
24. During the Board Risk Committee meeting, I was not asked to provide, nor did I offer, an opinion on any other part of Crown's AML/CTF Program outside the scope of my report on the transaction monitoring program.
25. No additional materials were developed or provided as part of my attendance at the Board Risk Committee, and the basis of my presentation was the report.
26. As is my usual practice at meetings to present report findings, I did not take notes during the meeting or produce any written record of the discussions at the Crown Board Risk Committee meeting.
27. After presenting to Crown's Board Risk Committee, I was subsequently asked to attend a meeting of Crown's Board on Tuesday 20th August 2019 to further present the findings of my work regarding Crown's transaction monitoring program.
28. I was only brought into the meeting for this particular agenda item and left the meeting after the agenda item.
29. During the Board meeting on 20th August 2019, I outlined findings and answered questions from Crown's Directors on the content of the report. I was asked questions about the findings within the report.
30. During the Board meeting, I was not asked to provide, nor did I offer, an opinion on any other part of Crown's AML/CTF Program outside the scope of my report on the transaction monitoring program.
31. No additional materials were developed or provided as part of my attendance at the Board meeting, and the basis of my presentation was the Report.
32. As is my usual practice at meetings to present report findings, I did not take notes during the meeting or produce any written record of the discussions at the Board meeting.

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6. Have any of the recommendations of the 2019 Transaction Monitoring Review been implemented by Crown? If yes, describe the involvement (if any) of Initialism in the implementation of the recommendations.

33. Initialism has not been involved in any activity undertaken by Crown to address the findings and recommendations of the 2019 transaction monitoring review.
34. However, as a result of Initialism's 2021 Transaction Monitoring Review, I am aware that Crown has undertaken activity to address the findings and recommendations identified by the 2019 transaction monitoring review.

Southbank/Riverbank investigation

7. Describe the nature and scope of the Southbank/Riverbank investigation.

35. Initialism was engaged in October 2020 to consider whether there are indications of money laundering through Crown's bank accounts used to receive funds linked to gaming activity at Crown's Perth and Melbourne casinos.
36. The scope of the review was limited to the Crown Perth operated bank account in the name of Riverbank Investments Pty Ltd and the Crown Melbourne operated bank account in the name of Southbank Investments Pty Ltd.
37. Initialism's review was limited to information contained within the statements related to the Riverbank and Southbank bank accounts, supported by the analysis by Grant Thornton of the bank statements for those accounts, as well as supporting material provided by Crown in relation to some of the payments identified through Grant Thornton's analysis.
38. Initialism did not undertake a full end to end review of each payment and its handling by Crown nor have we investigated the circumstances and origin of each payment deemed indicative of money laundering.
39. In addition, Initialism did not review Crown's identification, management and mitigation of the money laundering and terrorism financing risks reasonably faced by Crown, both historically and at the present time.

8. Describe the key findings, conclusions, and recommendations of the Southbank/Riverbank investigation.

40. Initialism's review established that the Southbank and Riverbank bank accounts offered customers the ability to deposit money with Crown that was subsequently used to fund gambling activity in Crown's casinos, or repay debts owed to Crown as a result of gambling.
41. Initialism's review concluded that Crown's use of the bank accounts in this way is similar to "client" or "trust" accounts operated by other types of business.
42. Initialism also found that, similar to other bank accounts offered to customers by financial institutions, Crown had limited control over how deposits were made into its bank accounts, including the nature and type of payments received.

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43. Initialism formed the opinion that the nature of Crown's Riverbank and Southbank bank accounts, similar to other types of omnibus bank accounts, resulted in a potential vulnerability that the bank accounts could be exploited for purposes of laundering the proceeds of criminal activity.
44. Initialism's review established that the indicators of money laundering risk through the acceptance of gaming-related payments in Crown's bank accounts may differ from the indicators available to the financial institution providing the bank account to identify potential money laundering risks. However, the report recognised that both sets of indicators are based on money laundering being the illegal process of making money generated by a criminal activity, appearing to have come from a legitimate source.
45. Initialism also recognised that money laundering activity through Crown's Riverbank and Southbank bank accounts could include the following money laundering typologies:
- Structuring cash deposits to avoid reporting thresholds at the placement stage of a money-laundering scheme; and
 - Receiving third party electronic payments that are part of the layering and integration stage of a money-laundering scheme.
46. Initialism's report also recognised that section 142 of the AML/CTF Act establishes that structuring to avoid the cash reporting threshold, in and of itself, is a criminal offence where there is an intention to structure to avoid threshold transaction reporting. Therefore, Initialism's opinion was that it was reasonable to assume that any apparent structuring through the Southbank and Riverbank bank accounts would be indicative of money laundering.
47. Initialism's report posited that structuring can be used in combination with a number of other money laundering techniques and therefore may be indicative of other types of money-laundering activity. In addition to structuring cash deposits, in Initialism's opinion, electronic funds transfers from third parties could also be an indicator of money laundering activity.
48. Initialism's review established that structuring of deposits to avoid reporting thresholds and third-party electronic funds transfers could be indicative of smurfing and cuckoo smurfing.
49. Initialism's review also recognised that the underlying methods of smurfing and cuckoo smurfing differ significantly:
- Smurfing involves every element of the money laundering process being controlled by the criminal enterprise and is typically a placement activity.
 - Cuckoo smurfing is more sophisticated, utilising innocent parties making and receiving legitimate payments, inserting illicit funds into a legitimate payment. Cuckoo smurfing can be used at the placement or layering stages of money laundering.
 - Cuckoo smurfing is predominantly a money laundering typology associated with international remittance payments.
50. Initialism's report concluded that, based on its review and understanding of the operation of Crown's bank accounts and the nature and purpose of the payments received, any indication of structuring and larger cash deposits over the reporting threshold through Crown's bank accounts was more likely to be part of cuckoo smurfing activity for the purpose of money laundering.

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51. Initialism's review also concluded that cuckoo smurfing is not limited to cash transactions and can also involve electronic funds transfers from third parties.
52. Initialism's report further set out that some activity through the Riverbank and Southbank bank accounts was indicative of structuring and cuckoo smurfing. The indicia of cuckoo smurfing identified by Initialism relevant to the Crown bank accounts included:
- Cash deposits by third parties structured below the \$10,000 reportable threshold;
 - Large cash deposits by third parties; and
 - Electronic funds transfer by both domestic and international third parties.
53. Initialism's review established, by applying the indicia against the Riverbank and Southbank bank statements, that there were:
- 117 instances that are indicative of structuring to avoid the \$10,000 cash reporting threshold through the Riverbank bank accounts; and
 - 53 instances that are indicative of structuring to avoid the \$10,000 cash reporting threshold through the Southbank bank account.
54. Initialism also identified 49 incidents across the Riverbank and Southbank bank accounts, 16 in relation to Riverbank and 33 in relation to Southbank, where apparent multiple large cash deposits for the benefit of a Crown customer were unrelated to the incidents of structured cash deposits detailed above.
55. Initialism also identified the following patterns of electronic funds transfers received by the Riverbank and Southbank bank accounts that it believed were also indicative of cuckoo smurfing:
- International electronic funds transfers by a third party, who may be an individual, on behalf of a Crown customer;
 - International electronic funds transfers by a third party, which may be a company, on behalf of Crown customer;
 - International electronic funds transfers by a third party, which may be an overseas money remitter, on behalf of a Crown customer;
 - Domestic electronic funds transfers by a third party (individual or company) on behalf of a Crown customer.
56. Initialism's review further established that the potential cuckoo smurfing through the Southbank and Riverbank bank accounts consistently exploited apparently legitimate payments relating to gaming activity by Crown's customers, interceding in the payment flow and replacing legitimate funds en-route to Crown.
57. Initialism's review also identified the use of payment descriptors that appear inconsistent with the apparent legitimate purpose of the payments received by Crown. However, whilst Initialism did not review each instance where an inconsistent payment descriptor was applied, Initialism concluded that an inconsistent payment descriptor on its own was not indicative of money laundering.
58. Initialism's report posited that a descriptor on a payment may be inconsistent with its legitimate purpose in order to conceal the nature of the payment due to cultural or confidentiality considerations. Additionally, the payment description may be appended to the payment by intermediaries rather than by the Crown customer initiating the payment.
59. A copy of the final investigation report is contained in Annex C to this statement.

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9. Outline any presentation given to Crown in relation to the results of the Southbank/Riverbank investigation.

60. Initialism did not provide any presentation to Crown regarding the results of its investigation into the Southbank and Riverbank bank accounts. However, I understand that the report was included as an annex to a statement made by Mr Ken Barton and provided to the Bergin Inquiry on the 16th November 2020.

10. Have any of the recommendations of the Southbank/Riverbank investigation been implemented by Crown? If yes, describe the involvement (if any) of Initialism in the implementation of the recommendations.

61. The Southbank/Riverbank investigation did not result in, or include any, recommendations. However, the investigation did identify some patterns of activity through the Southbank and Riverbank bank accounts that Initialism believed were consistent with money laundering activity that Crown should consider addressing.
62. Initialism has not been involved in any activity by Crown to consider the outcomes of the investigation into the Southbank and Riverbank bank accounts.
63. However, through separate work with Crown, I am aware that Crown implemented prohibitions on the use of its bank accounts by customers making payments for gaming purposes or to repay debts incurred as a result of gaming activity.
64. Initialism was not involved in the implementation of these prohibitions. However, Initialism was asked by Crown in January 2021 to undertake a limited review of Crown's current bank accounts to assess the operation of the prohibitions.

2021 Transaction Monitoring Review

11. Describe the nature and scope of the 2021 Transaction Monitoring Review.

65. In August 2020, I was contacted by telephone by Mr Joshua Preston of Crown who, as a result of matters being raised in the Bergin Inquiry, requested Initialism undertake a further review of Crown's transaction monitoring to include a review of the sources of information and data used by Crown as part of transaction monitoring.
66. As a result of a subsequent conversation with Mr Ken Barton in September 2020, I drafted a Statement of Work, subsequently signed by Mr Alan McGregor for Crown Resorts on 2nd October 2020, which includes a high-level description of the transaction monitoring review proposed.
67. This statement of work was superseded by an engagement letter with MinterEllison on behalf of Crown on 15th October 2020, and then an engagement letter with Allens on behalf of Crown in March 2021, both of which make reference to Initialism undertaking a transaction monitoring review for Crown.
68. The start of the review was delayed at the request of Crown, and the review did not commence until early January 2021.



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69. The scope of the 2021 transaction monitoring review was to:
- Assess the current manual monitoring approach compared to the 2019 Report.
 - Review and assess the sources for the data contained in the SYCO reports used for the manual monitoring.
 - Review and assess the automated monitoring rules developed in SPLUNK, including data sources.
 - Make suggestions for additional manual and/or automated monitoring rules based on our review of the Riverbank and Southbank bank accounts.

12. Attach a copy of the terms of engagement and the instructions for the 2021 Transaction Monitoring Review.

70. A copy of the 2nd October 2020 SoW is contained in Annex D and copies of the MinterEllison and Allens engagement letters are contained within Annex E and Annex F, respectively.
71. The scope of the review was described in an email exchange with senior members of Crown's AML/CTF Team on 10th January 2021. A copy of the email is attached at Annex G.

13. Describe the way Initialism carried out the 2021 Transaction Monitoring Review.

72. Initialism undertook the 2021 transaction monitoring using the same methodology it applies to other reviews of this type, including AML/CTF Independent Reviews under Chapter 8.6 or 9.6 of the AML/CTF Rules. This includes
- Reviewing the documented monitoring approach and processes for monitoring customer and gaming transactional activity as part of Crown's AML/CTF Program and supporting documented policies;
 - Process walk-throughs and interviews with Crown personnel; and
 - Review of Crown's day to day operations to assess the effectiveness of the monitoring of activity to identify unusual behaviour.
 - Providing a draft written report outlining findings, recommendations, and options for refinement where necessary for review by Crown.
 - Providing a final written report outlining findings, recommendations, and options for refinement where necessary, taking into account Crown's feedback where appropriate.

14. Describe the key findings, conclusions, and recommendations of the 2021 Transaction Monitoring Review.

73. The 2021 transaction monitoring review report is still in draft and Initialism have not yet provided a copy to Crown for check and challenge. Notwithstanding this the draft report, as yet unseen by Crown or their legal advisers, records the following findings and recommendations.
74. The draft Report states that Initialism is of the opinion that Crown is monitoring its customers to whom it is providing designated services for the purposes of identifying, mitigating, and managing the risk of a customer's use of the designated services being involved in or facilitating money laundering or terrorist financing and is therefore meeting its obligations under section 36(1) of the AML/CTF Act.
75. The draft report states that Initialism is also of the opinion that Crown is meeting the requirements of Chapter 15 of the AML/CTF Rules, as the customer monitoring undertaken is documented in Part A of the AML/CTF Program.

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76. The draft report also concludes that Crown’s transaction monitoring program includes appropriate systems and controls to undertake monitoring to facilitate the identification of suspicious matters and the monitoring techniques deployed seek to identify complex, unusually large transactions and patterns of transactions which have no apparent economic or visible lawful purpose.
77. The draft report states that, in Initialism’s opinion, Crown has appropriately focused transaction monitoring within its transaction monitoring program on the financial activity and transactions related to its provision of designated services, with a particular focus on the acquisition and redemption of Casino Value Instruments (CVIs), including chips, tokens, gaming tickets, cheques, and gaming accounts. Crown’s transaction monitoring activity leverages a series of reports from business systems and these reports cover the activity and use of all relevant CVIs and gaming accounts.
78. The draft report also recognises that the extent to which Crown’s monitoring capability covers all aspects of its interactions with its customers is impacted by exemptions under the AML/CTF Rules which do not require the collection and verification of identification information for customers accessing a designated service under \$10,000. As a result of the exemption, customers undertaking gaming and gambling activities in amounts less than \$10,000 can remain anonymous to Crown by virtue of the exemption granted under the AML/CTF Rules.
79. The draft report recognises that his exemption in the AML/CTF Rules creates limitations on the ability to monitor uncarded play below the \$10,000 threshold by customers who are not Crown Rewards members or Crown Rewards members that choose not to use their Crown Rewards card when gambling below \$10,000.
80. The draft report acknowledges that one vulnerability previously identified is the use of Crown’s bank accounts to potentially launder money when they are used by patrons to fund gaming activity or repay debts owed to Crown as a result of gaming activity. Initialism’s report also records that Crown plans to monitor activity through its bank accounts via an automated monitoring process.
81. However, it is also recognised in the report that Crown’s ability to monitor patron activity through its bank accounts is limited to the information able to be provided by its bankers, and that Crown have prohibited the acceptance of certain types of transactions through their bank accounts. Initialism has further established that Crown currently monitors compliance with these prohibitions via the Cash Transaction Report and the Telegraphic Transfer Report as part of manual transaction monitoring processes it has in place.
82. Initialism recognises in the report that Crown has also undertaken significant work to assess relevant money laundering and terrorist financing typologies from authoritative sources such as the Financial Action Task Force (FATF), AUSTRAC, Canada’s FIU - FINTRAC, The UK Gambling Commission, and the American Gaming Association (AGA). This work identified over 50 separate typologies related to money laundering and terrorist financing involving a casino and has been used to assess and refine Crown’s transaction monitoring program.
83. Initialism concludes in the Report that Crown has refined and evolved its transaction monitoring program to address the findings of Initialism’s review in 2019, and since Initialism’s last review in 2019, Crown has moved from largely relying on the manual review

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- of system-generated reports to identify unusual customer activity to a blend of manual and automated monitoring.
84. The report records that the manual report-based monitoring activity identified in 2019 has been largely retained but is now standardised and consistent at an enterprise level, rather than at a Crown entity level.
 85. The report also recognises that Crown's manual monitoring is now also being supplemented by automated monitoring, which has evolved from the planned automated monitoring foreshadowed in Initialism's 2019 review report.
 86. Initialism, in the report, also set out that Crown has plans in place to further enhance its automated monitoring and in doing so further reduce its reliance on manual report monitoring.
 87. The review establishes that both Crown's manual and automated monitoring source data from the SYCO system, which acts as the single source of truth for financial transactions related to gaming activity, and SYCO (and the upstream systems) feeds are, in part, dependent on the manual input of data, gaming activity and customer information by Crown's staff.
 88. Initialism's review identifies that this manual (human) input of data could still be a vulnerability to Crown's transaction monitoring processes if not applied in a uniform and consistent manner, however Initialism acknowledges that the manual input of data and information is central to Crown's operations.
 89. The review also established that since 2019 Crown have also introduced consistent and systematic recording of monitoring activity as well as the case management and disposition of monitoring alerts and outcomes, and whilst the recording of monitoring has improved, Initialism was made aware of continued improvement through the planned deployment of the Unifi solution.
 90. The report notes that in Q4 2020, Crown increased staff awareness of money laundering and terrorism financing "red-flags" relevant to casino activity. The report identifies that this has apparently resulted in a substantive increase in Unusual Activity Reports from staff in Q1 2021 compared with Q1 2020. This increased level of UAR reporting is soon to be supported by an automated form which staff will complete and which will be systematically provided to the AML Team responsible for monitoring.
 91. The report also recognises that the AML Team responsible for monitoring has increased from 2 staff in 2019 to 10 staff in early 2021.
 92. Whilst it is recognised that this is a significant increase in head count by the review, the draft report also anticipates that additional specialist resources will be required as the automated monitoring is further built out.
 93. Initialism's report also recommends that, to ensure current monitoring continues to evolve, Crown must ensure that it continues to increase the appropriately skilled resources available to manage the outputs of its monitoring activity and ensure that current monitoring and planned refinements to monitoring are not adversely impacted by resource constraints.

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94. Initialism’s report also makes additional observations in relation to the manual and automated monitoring processes which should be considered by Crown.

15. Identify the employees of Initialism who worked, or are working, on the 2021 Transaction Monitoring Review and give a brief explanation of the role and responsibilities of each person.

95. During the course of the 2021 transaction monitoring review, Initialism employed the AML/CTF subject matter experts whom Initialism has long term contracts with:
- Neil Jeans – Owner/Principal of Initialism Pty Ltd – Review oversight, work across manual and automated monitoring assessment, Review of Part A AML/CTF Program and Procedure related to transaction monitoring, and interview/meeting lead, review of typologies, and report drafting.
 - Chris Pitt – Executive Consultant – Review of automated monitoring systems, supporting Crown business systems, and data flow/data logs. Review of Part A AML/CTF Program and Procedure related to transaction monitoring.
 - Victoria Eccleston – Executive Consultant – Review of Procedure related to transaction monitoring, interviews and meeting with Crown staff, and report drafting and report reviewing.

16. Provide a copy of any interim or final report of the 2021 Transaction Monitoring Review.

96. I attach a copy of the draft Report, as yet unseen by Crown or their legal advisers, as Annex H.

17. Outline any presentation given to Crown in relation to the results of the 2021 Transaction Monitoring Review.

97. The 2021 transaction monitoring review report is still in draft and Initialism have not yet provided a copy to Crown for check and challenge.

Other work

18. Apart from the 2019 Transaction Monitoring Review, the Southbank/Riverbank investigation, and the 2021 Transaction Monitoring Review, identify:

(a) any other work Initialism has performed for a Crown company in the past three years;

98. Initialism has undertaken the following additional work for Crown over the past three years:
- In June 2019, Initialism was also asked by Crown to provide an opinion on Crown’s risk management framework in response to a recommendation (17) from the Victorian Commission for Gambling and Liquor Regulation, resulting from a review under the Casino Control Act 1991.
 - In October 2020, Initialism supported Crown reviewing its AML/CTF Program, which included providing Crown’s Board with an opinion as to the design adequacy of the Part A AML/CTF Program on 30th October 2020.
 - In October 2020, Initialism was asked to support Crown undertaking an ML/TF Risk Assessment for both Crown Melbourne and Crown Perth.
 - In November 2020, Initialism supported Crown developing an AML/CTF Compliance Assurance Plan.

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- In December 2020/January 2021, Initialism undertook a limited review of the completeness of IFTI reports being lodged by Crown.
- In January 2021, Initialism undertook a limited review of Crown's current bank accounts to assess whether the prohibitions relating to cash payments and third-party transfers were being observed by customers and enforced by Crown.

(b) any work which it is proposed Initialism will perform for a Crown company in the future.

99. Initialism is not aware of any other work proposed by Crown in the future but continues to be retained through their legal advisers Allens.

19. In respect of past work:

(a) describe the nature and scope of that work;

100. In June 2019, Initialism provided an opinion on Crown's risk management framework in response to a recommendation (17) from the Victorian Commission for Gambling and Liquor Regulation, resulting from a review under the Casino Control Act 1991, Recommendation 17, which stated: "The VCGLR recommends that, by 1 July 2019, Crown undertake a robust review (with external assistance) of relevant internal control statements, including input from AUSTRAC, to ensure that anti-money laundering risks are appropriately addressed. This review involved reviewing material provided by Crown and drafting a letter responding to a series of questions posed by Crown in a format requested by Crown.
101. In October 2020, Initialism supported Crown reviewing its AML/CTF Program, which included providing Crown's Board with an opinion as to the design adequacy of the Part A AML/CTF Program on 30th October 2020. This included reviewing the proposed draft Part A Program, providing feedback and commentary, and attending meetings with Crown and their legal advisers. This resulted in Initialism providing an opinion to the Crown Board as to the design adequacy of the Part A Program to identify, mitigate and manage the ML/TF risks reasonably faced by Crown.
102. In October 2020, Initialism commenced supporting Crown undertaking an ML/TF Risk Assessment for both Crown Melbourne and Crown Perth. Initialism proposed using the AML Accelerate tool to develop separate ML/TF Risk Assessments for both Crown Melbourne and Crown Perth, engaging with Crown staff to discuss and agree the risk assessment methodology and obtaining relevant data to support the ML/TF Risk Assessments. This work was not completed and I understand has been subsumed into a separate stream of work.
103. In November 2020, Initialism supported Crown developing an AML/CTF Compliance Assurance Plan. This involved drafting a set of activities necessary to assess the design adequacy and operational effectiveness of Crown's AML/CTF Program in identifying appropriate assurance, testing, and oversight activities. The draft was provided for further refinement by Crown in late November 2020.
104. In December 2020/January 2021 Initialism undertook a limited review of the completeness of IFTI reports being lodged by Crown. This review assessed a limited sample of IFTI reports filed by Crown in March 2020 to assess whether they contained all the information required by Chapter 17 of the AML/CTF Rules. This included reviewing the IFTI reports and mapping the information within them to the information specified in Chapter 17. Initialism provided a draft report to Crown via their legal advisers in January 2021.

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105. In January 2021 Initialism undertook a limited review of Crown’s current bank accounts to assess whether the prohibitions relating to cash payments and third-party transfers were being observed by customers and enforced by Crown. This involved reviewing the ANZ bank statements for Crown Melbourne and Crown Perth provided by Crown and analysing them for transaction types that had been prohibited. Crown provided 7 transaction types, which the Crown bank statements were reviewed against:
- Two Or More Cash Deposits Of <\$10,000 Each, Totalling \$10,000 Or More In A 24hr Period for A Single Customer
 - Two Or More Cash Deposits Of <\$10,000 Each, Totalling \$10,000 Or More In A 48hr Period for A Single Customer
 - Two Or More Cash Deposits Of <\$10,000 Each, Totalling \$10,000 Or More In A 72hr Period for A Single Customer
 - Telegraphic Transfer Deposits with Transactions That Do Not Appear Associated with A Gaming Purpose
 - Cash Deposits
 - Telegraphic Transfer Deposits from Third Parties (Including Money Remitters), Being Any Deposits Not from A Patron’s Personal Bank Account
 - Telegraphic Transfer Deposits That Do Not Appear to State Patron’s Full Name and/or Crown Rewards Number
106. A draft report for both Crown Melbourne and Crown Perth were prepared and shared with Crown for review.

19. In respect of past work

(b) attach or describe the terms of engagement and any instructions for that work;

107. No additional terms of engagement were entered in to other than the those set out at paragraph 68 above, with Crown, then MinterEllison and then Allens. Scopes of work were verbally agreed with representatives of Crown.

19. In respect of past work

(c) attach or describe any report, recommendations and conclusions resulting from that work.

108. A copy of Initialism’s opinion on Crown’s risk management framework in response to a recommendation (17) from the Victorian Commission for Gambling and Liquor Regulation, resulting from a review under the Casino Control Act 1991, is attached at Annex I.
109. A copy of Initialism’s opinion as to the design adequacy of the Part A AML/CTF Program to Crown’s Board is attached at Annex J.
110. A copy of the draft AML/CTF Compliance Assurance Plan provided to Crown is attached at Annex K.
111. A copy of Initialism’s draft review of the completeness of IFTI reports is attached at Annex M.
112. A copy of Initialism’s review of Crown’s current bank accounts to assess whether the prohibitions relating to cash payments and third-party transfers were being observed by customers and enforced by Crown is attached at Annex N.

20. If Initialism has been requested to undertake further work for Crown, outline the timeframe in which it expects to undertake and complete that work.

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113. Initialism has not been requested to undertake any further work for Crown at the date of this statement. However, Initialism remains engaged by Crown through their legal advisers to provide ongoing support.

Look-back

21. Is Initialism undertaking a 'lookback' of the transactions identified in the reviews undertaken by Grant Thornton and Initialism of the Riverbank and Southbank accounts to identify whether there is any further reporting that is required to be made to AUSTRAC?

114. Initialism is not undertaking a 'lookback' of the transactions identified in the reviews undertaken by Grant Thornton and Initialism of the Riverbank and Southbank accounts to identify whether there is any further reporting that is required to be made to AUSTRAC.

22. If yes, describe the nature and scope of the work?

115. No response required.

23. When is it expected that the work will be completed?

116. No response required.

24. Has Initialism already identified any further reporting to AUSTRAC is required? Provide details.

117. No response required.

External review of IFTI, SMR and TTR Reporting processes

25. Is Initialism undertaking a review of Crown's IFTI, SMR and TTR reporting processes?

118. In December 2020/January 2021 Initialism undertook a limited review of the completeness of IFTI reports being lodged by Crown.
119. Initialism has not undertaken a review of Crown's SMR or TTR reporting processes.

26. If yes, describe the nature and scope of the review.

120. Initialism was engaged by Crown to review the completeness of the IFTI reports submitted to AUSTRAC. The review was limited to compliance with section 45(3) of the AML/CTF Act and Chapter 17 of the AML/CTF Rules, which require IFTI reports to contain specific information.
121. The scope of the review did not include whether IFTI reporting occurred within the 10 business days required by section 45(2) of the AML/CTF Act, nor whether Crown has reported all IFTI qualifying instructions to AUSTRAC.

STATEMENT OF NEIL GEORGE JEANS– RFS – Initialism - 001

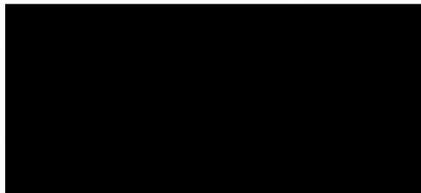
122. Initialism reviewed all IFTIs filed in March 2020 by both Crown Melbourne and Crown Perth. This sample of IFTI reports were provided by Crown, and Initialism did not undertake any validation that these were all the IFTIs files by Crown during March 2020.

27. When is it expected that the review will be completed?

123. Initialism completed its review in January 2021, creating a draft report for Crown .

28. Has Initialism already identified any deficiencies in the reporting processes? Provide details.

124. The details of Initialism’s findings are included in the draft reports for both Crown Melbourne and Crown Perth which are attached at Annex M.



Name: Neil George Jeans

Dated: 16th April 2021