
TRANSCRIPT OF PROCEEDINGS

COMMISSIONER: HON. RAY FINKELSTEIN AO QC

**IN THE MATTER OF A ROYAL COMMISSION
INTO THE CASINO OPERATOR AND LICENCE**

MELBOURNE, VICTORIA

10.00 AM, THURSDAY, 20 MAY 2021

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MR RICHARD HARRIS

10:02 1 COMMISSIONER: Good morning, everyone. Sit down, please.
10:03 2
10:03 3 MS NESKOVCIN: Good morning, Commissioner. I don't
10:03 4 believe there are any housekeeping matters.
10:03 5
10:03 6 COMMISSIONER: Not from me, no.
10:03 7
10:03 8 MS NESKOVCIN: I assume you don't want to take
10:03 9 appearances, although there is an appearance today for
10:03 10 the Deloitte witness Dr Lawson. Mr Richard Harris is
10:03 11 appearing for Deloitte.
10:03 12
10:03 13 MR HARRIS: Yes, Commissioner, Mr Harris appearing for
10:03 14 Deloitte Touche Tohmatsu.
10:03 15
10:03 16 COMMISSIONER: I think I gave you leave this morning,
10:03 17 didn't I?
10:03 18
10:03 19 MR HARRIS: You did, Commissioner.
10:03 20
10:03 21
10:03 22 **SUBMISSIONS BY MS NESKOVCIN**
10:03 23
10:03 24
10:03 25 MS NESKOVCIN: Commissioner, today you will hear evidence
10:03 26 about junkets. As you heard from Mr Cremona during his
10:03 27 evidence on Tuesday, junkets are an arrangement between
10:03 28 a casino and a junket tour operator to facilitate
10:03 29 gambling by one or more VIP or high wealth rollers, or
10:03 30 players.
10:03 31
10:03 32 Junkets were a highly profitable segment of Crown's
10:04 33 business operations at the Melbourne casino. Junket
10:04 34 programs brought junket players considered to be high
10:04 35 rollers to the casino. Generally junket players wagered
10:04 36 and in some cases lost large sums of money. According to
10:04 37 information produced to the Commission, Crown Melbourne's
10:04 38 revenue from junket operators in the 2017 financial year
10:04 39 was approximately \$200 million, and in the 2018 financial
10:04 40 year was over \$400 million. In the 2019 financial year
10:04 41 it was just over \$300 million.
10:04 42
10:04 43 Crown's own risk assessments in relation to one of its
10:04 44 major junket operators, Suncity and Mr Alvin Chau, was
10:04 45 that in the period 2015 financial year to the 2018
10:04 46 financial year, the turnover of that junket operator
10:04 47 alone exceeded \$20.5 billion.

10:04 1
10:04 2 The arrangement between a casino and a junket operator
10:04 3 can vary, but typically it comprises the following: the
10:05 4 arrangement is between the casino and the junket
10:05 5 operator, but sometimes the junket operator operates
10:05 6 through a representative or an agent. The junket
10:05 7 operator identifies prospective players and provides
10:05 8 front money to the players. When the players arrive at
10:05 9 the casino, they are provided with specialised chips
10:05 10 equivalent to the front money provided. The casino has
10:05 11 no relationship with the junket players. You heard about
10:05 12 that during Mr Cremona's evidence. That raises issues
10:05 13 about transparency, which we'll come to later. Then, at
10:05 14 the end of the program, the casino calculates the
10:05 15 turnover from the junket to see whether it has won or
10:05 16 lost, and also that determines the amount of tax payable
10:05 17 to the State Government and the commission payable to the
10:05 18 junket operator.
10:05 19
10:05 20 When the Casino Control Act 1991 was introduced, the
10:05 21 predecessor of the VCGLR was required to approve
10:06 22 individuals or entities who organised or promoted junkets
10:06 23 at the Melbourne casino. In 2004, a process of
10:06 24 deregulation occurred and the system that exists today
10:06 25 was introduced. The objectives of the Casino Control Act
10:06 26 include establishing a system for the licensing,
10:06 27 supervision and control of the casinos with the aims of,
10:06 28 among other things, ensuring that the management and
10:06 29 operation of casinos remains free from criminal influence
10:06 30 or exploitation. One of the ways in which that objective
10:06 31 is achieved is through Crown's legislative obligation to
10:06 32 implement approved systems of controls and procedures.
10:06 33 Crown is therefore required to adopt a range of minimum
10:06 34 standards and controls in the form of internal control
10:06 35 statements, and you heard about that during Mr Cremona's
10:06 36 evidence.
10:06 37
10:06 38 The specific requirements in respect of junket probity
10:06 39 assessments formed part of an internal control statement
10:07 40 that was introduced in 2015. That is the internal
10:07 41 control statement Junket and Premium Players Program, or
10:07 42 I will call it the junket ICS. Crown's junket program is
10:07 43 regulated through the junket ICS. Among other things,
10:07 44 the minimum standards and controls Crown was required to
10:07 45 implement included a requirement that Crown ensure that
10:07 46 it has robust processes in place to consider the ongoing
10:07 47 probity of its registered junket operators, junket

10:07 1 players and premium players. The robustness of the
10:07 2 junket ICS was tested in the Bergin Inquiry and recently
10:07 3 by the VCGLR in a disciplinary action and found to be
10:07 4 wanting. You will note from the description of the ICS,
10:07 5 which is called "Internal Control Statement, Junket and
10:07 6 Premium Players", that it also applies to premium
10:07 7 players. In the course of investigating junkets this
10:08 8 morning, or today, we'll also be exploring issues in
10:08 9 relation to premium players.

10:08 10

10:08 11 You've been told that the NSW Inquiry conducted by the
10:08 12 Honourable Patricia Bergin SC was announced following
10:08 13 publication of a number of media articles in July and
10:08 14 August 2019 concerning Crown. One of the media
10:08 15 allegations concerned claims that Crown had partnered
10:08 16 with junket operators that were backed by organised crime
10:08 17 syndicates, including allegedly triad-controlled drug
10:08 18 trafficking and money laundering groups, and that Crown
10:08 19 was wilfully blind or recklessly indifferent to engaging
10:08 20 with these junket operators with criminal associations.
10:08 21 The Inquiry found the first part of the allegations
10:08 22 established. We're not concerned with the second part of
10:08 23 the allegations which were not established.

10:08 24

10:08 25 In more recent times, the following timeline is
10:08 26 important, Commissioner. You recall the hearings in the
10:09 27 NSW Inquiry started in February 2020 but due to COVID
10:09 28 were delayed and commenced again in July 2020, and then
10:09 29 concluded in November 2020. The report itself was handed
10:09 30 down in February 2021. Meanwhile, on 10 August 2020, the
10:09 31 Crown Resorts Board resolved to suspend all junket
10:09 32 relationships pending a comprehensive review of those
10:09 33 relationships. The Executive Chairman, or the then
10:09 34 Executive Chairman of Crown Resorts Limited, Ms Helen
10:09 35 Coonan, has provided a statement to the Commission. In
10:09 36 her statement, Ms Coonan said that the August 2020
10:09 37 junkets decision arose because of concerns raised in the
10:09 38 evidence before the Bergin Inquiry concerning certain
10:09 39 individuals and junkets with whom Crown had historical
10:09 40 business dealings, and to permit Crown to undertake
10:09 41 a comprehensive review of its relationships with those
10:10 42 individuals and junkets.

10:10 43

10:10 44 On 10 September 2020, the Crown Resorts Board resolved to
10:10 45 approve an extension of the junket suspension for the
10:10 46 balance of the 2020/2021 financial year. On 11 November
10:10 47 2020, the Crown Resorts board resolved to permanently

10:10 1 cease dealing with all junket operations and only
10:10 2 recommence if that junket operator is licensed or
10:10 3 otherwise approved by the gaming regulator in the State
10:10 4 in which it operates. Then on 17 December 2020, the
10:10 5 VCGLR approved an amended ICS for junket and premium
10:10 6 player arrangements at the Melbourne casino. Now, that
10:10 7 revised junket internal control statement was developed
10:10 8 to address recommendations arising from the VCGLR's
10:10 9 review of Crown's internal control statements and changes
10:10 10 proposed by the regulator to address issues that arose
10:10 11 during the Bergin Inquiry.

10:10 12
10:11 13 Following recent disciplinary action against Crown
10:11 14 Melbourne, which we will come to shortly, the VCGLR
10:11 15 issued Crown with a Letter of Censure on 27 April 2021
10:11 16 containing a direction not to recommence junket
10:11 17 operations at the Melbourne casino until such time as
10:11 18 Crown applies to and receives permission from the VCGLR
10:11 19 to recommence junket operations.

10:11 20
10:11 21 Crown's announcement that it has permanently ceased
10:11 22 dealings with all junket operators was read by Counsel
10:11 23 Assisting to be subject to a rider, that is until junket
10:11 24 operators were licensed or approved by the regulator. On
10:11 25 13 May 2021, the ILGA in NSW issued a media release. In
10:11 26 part the media release said that ILGA has reached
10:11 27 agreement with Crown Resorts on several matters regarding
10:11 28 the operation of the Barangaroo casino and Crown had
10:11 29 agreed with the authority to not operate any
10:12 30 international junket operations.

10:12 31
10:12 32 Solicitors Assisting the Commission wrote to Crown
10:12 33 solicitors to ask if that announcement applied to the
10:12 34 Melbourne casino. Solicitors Assisting received
10:12 35 a response which was considered somewhat equivocal and
10:12 36 sent a further letter, And I would like to take you,
10:12 37 Commissioner, to the letter the Solicitors Assisting
10:12 38 received late yesterday evening, if I might. Now,
10:12 39 Commissioner, in this opening, I am going to be taking
10:12 40 you to a number of documents which I would like to tender
10:12 41 as part of the opening --- but to do it in a more
10:12 42 convenient fashion, we've prepared a list of the
10:12 43 documents for tender and it might be that they can all be
10:12 44 tendered later in the day. The list has been provided to
10:12 45 the parties with leave to appear. Some of them are
10:12 46 privileged and will not be referred to in open hearing.
10:13 47 I will hand up the list.

10:13 1
10:13 2 COMMISSIONER: Privilege subsisting in --- thank you ---
10:13 3 privilege subsisting in one or other of the parties?
10:13 4
10:13 5 MS NESKOVCIN: Yes. The parties have received copies of
10:13 6 the list, I just don't have them to hand out.
10:13 7
10:13 8 COMMISSIONER: All right. Will this tell me which are
10:13 9 the privileged ones and which are not? Maybe not.
10:13 10
10:13 11 MS NESKOVCIN: Not at this stage, but we can attend to
10:13 12 that.
10:13 13
10:13 14 COMMISSIONER: It might be safest if we can do that.
10:13 15
10:13 16 MS NESKOVCIN: Yes.
10:13 17
10:13 18 COMMISSIONER: If we can do another list and just
10:13 19 designate the ones that are privileged or at least
10:13 20 unambiguously privileged.
10:13 21
10:13 22 MS NESKOVCIN: Yes, we will do that.
10:13 23
10:13 24 Can I ask the operator to call up the last document on
10:13 25 the list which is CRW.0000.0003.0572. This is the letter
10:14 26 received late yesterday evening.
10:14 27
10:14 28 Commissioner, you will note that Crown solicitors have
10:14 29 advised that each of Crown Resorts Ltd and Crown
10:14 30 Melbourne Ltd confirms that it has ceased dealing with
10:14 31 international junket operators and it has ceased dealings
10:14 32 with junket tour operators. It does not intend to deal
10:14 33 with international junket operators in the future,
10:14 34 whether by staff based in Australia or otherwise, and
10:14 35 does not intend to deal with junket tour operators in the
10:14 36 future.
10:14 37
10:14 38 This might be read as a statement of Crown's present
10:14 39 intention, but nevertheless the issues for the Commission
10:14 40 to consider are whether junkets should be allowed at the
10:14 41 Melbourne casino at all in the future. That issue
10:14 42 requires consideration of money laundering risks
10:15 43 associated with junket operations which we'll come to
10:15 44 shortly. And a further issue for this Commission to
10:15 45 consider is whether any changes should be made to the
10:15 46 legislative framework, either in relation to junkets or
10:15 47 premium players.

10:15 1
10:15 2 As to money laundering associated with junket operations,
10:15 3 the VCGLR noted in its Sixth Review Report, which was
10:15 4 tendered the other day, that regulators and government
10:15 5 agencies have been aware of the potential money
10:15 6 laundering risks presented by junkets for some time. The
10:15 7 VCGLR said junket operations in Australian casinos are
10:15 8 vulnerable to exploitation by organised crime to launder
10:15 9 money to facilitate the concealment of criminal wealth,
10:15 10 and junket operations are also vulnerable to persons
10:15 11 seeking to circumvent other countries' capital flight
10:15 12 restrictions.
10:15 13
10:15 14 AUSTRAC, or the Australian Transaction Reports and
10:15 15 Analysis Centre, is the Australian Government agency
10:16 16 responsible for detecting, deterring and disrupting
10:16 17 criminal abuse of the Australian financial system. In
10:16 18 about 2016 to 2017, AUSTRAC undertook a review of junkets
10:16 19 and how they work in Australia. Various casinos and
10:16 20 other organisations cooperated in the review, as we will
10:16 21 hear shortly. In December 2020, that is after the Bergin
10:16 22 hearings had been completed but before the report was
10:16 23 published, AUSTRAC published its own report entitled
10:16 24 "Junket Tour Operations in Australia: Money Laundering
10:16 25 and Terrorism Financing Risk Assessment". I ask the
10:16 26 operator to call up that document. It is
10:16 27 COM.0005.0001.1137.
10:16 28
10:17 29 It is important in our submission, Commissioner, that
10:17 30 AUSTRAC's assessment drew upon a range of information
10:17 31 sources. It included suspicious matter reports submitted
10:17 32 by reporting agencies, but would also included
10:17 33 intelligence information collected from Australian,
10:17 34 Commonwealth and State Government agencies, banks and
10:17 35 casinos. As shown in the report, AUSTRAC assesses the
10:17 36 overall money laundering and terrorism financing risk
10:17 37 associated with junket tour operations to be high. That
10:17 38 assessment has been reached based on the criminal threat
10:17 39 environment, the vulnerabilities present in the junket
10:17 40 sector, and the consequences associated with criminal
10:17 41 threats which we will turn to in each respect.
10:17 42
10:17 43 Can I ask the operator to go to page 4 of the document,
10:17 44 please. This is the Executive Summary. Over the page,
10:18 45 operator, thank you. This is part of the Executive
10:18 46 Summary. And if you could please blow up the top half of
10:18 47 the document, this is in relation to the criminal threat

10:18 1 environment. You will see in the second paragraph on the
 10:18 2 left-hand side, Commissioner, that what AUSTRAC said was
 10:18 3 that:

10:18 4
 10:18 5 *..... some junket tour operations have been exploited,*
 10:18 6 *and in some instances infiltrated, by serious and*
 10:18 7 *transnational criminal entities, including by*
 10:18 8 *individuals reported to be engaged in activities that*
 10:18 9 *could possibly be regarded as foreign interference.*

10:18 10
 10:18 11 Operator, could we please go to internal page 16 of the
 10:18 12 document. On the left-hand side, Commissioner, you will
 10:18 13 see that AUSTRAC said that it:

10:18 14
 10:18 15 *..... considered the nature and extent of the money*
 10:19 16 *laundering threats associated with junket tour*
 10:19 17 *operations, and assesses the risk to be high. Money*
 10:19 18 *laundering through junket tour operations has been*
 10:19 19 *identified as being associated with:*

10:19 20
 10:19 21 *The misuse of offsetting, often relating to the*
 10:19 22 *evasion of international funds transfer instruction*
 10:19 23 *(IFTI) reporting and laundering of*
 10:19 24 *domestically-generated proceeds of crime;*

10:19 25
 10:19 26 *The onshore supply of large volumes of cash for*
 10:19 27 *unknown purposes;*

10:19 28
 10:19 29 *Extensive cash, remittance and gambling-related*
 10:19 30 *transactions by JTO/JTRs through bank accounts,*
 10:19 31 *indicating use of banks to further layer funds and*
 10:19 32 *obscure financial activity; and*

10:19 33
 10:19 34 *Involvement of international criminals and organised*
 10:19 35 *crime groups.*

10:19 36
 10:19 37 This is significant in the context of the intelligence
 10:19 38 and other information sources that was available to
 10:20 39 AUSTRAC for the purposes of this report. And in relation
 10:20 40 to offsetting, this doesn't appear in the report,
 10:20 41 Commissioner, but there are various ways in which
 10:20 42 offsetting might occur. Typically, it might occur where
 10:20 43 individuals in foreign countries where there are gambling
 10:20 44 restrictions or restrictions around the movement of
 10:20 45 foreign currency, decide to engage in a junket so that
 10:20 46 they can come to Australia where money is made available
 10:20 47 and the payment arrangement occurs offshore in the other

10:20 1 country. So the money --- the junket player comes to
 10:20 2 Australia and the moneys are made available here, and in
 10:20 3 our submission, that is one of the instances in which
 10:20 4 AUSTRAC is identifying offsetting as a potential tool for
 10:20 5 funds evasion and money laundering.

10:20 6
 10:20 7 And it said on page 16, if we could just go to the bottom
 10:20 8 of the page on the right-hand side that:

10:21 9
 10:21 10 *..... AUSTRAC assesses the offsetting arrangements*
 10:21 11 *used to facilitate the movement of funds for junket*
 10:21 12 *activity have, in some circumstances, been targeted*
 10:21 13 *and exploited for the purpose of evading capital*
 10:21 14 *flight restrictions, and for money laundering.*

10:21 15
 10:21 16 In relation to the use or provision of cash onshore ---
 10:21 17 operator, could we go two pages over to internal page 18
 10:21 18 --- on the right-hand side, you will see AUSTRAC reports:

10:21 19
 10:21 20 *..... there is evidence that some junket tour*
 10:21 21 *operations provide cash to players and third parties*
 10:21 22 *while they are onshore.*

10:21 23
 10:21 24 Emphasis on "third parties" --- it might not be a player
 10:21 25 or someone associated with the junket.

10:21 26
 10:21 27 *..... industry reported 64 SMRs [suspicious matter*
 10:22 28 *reports] concerning 33 JTOs during the reporting*
 10:22 29 *period that related to large cash withdrawals from*
 10:22 30 *junket accounts with a total value of \$23.6 million.*
 10:22 31 *These SMRs described JTOs providing large cash*
 10:22 32 *amounts under a range of circumstances, such as*
 10:22 33 *persons who were losing, persons withdrawing large*
 10:22 34 *amounts of cash and then immediately leaving the*
 10:22 35 *gaming floor, and junket staff providing cash to*
 10:22 36 *individuals who were not players on the junket.*

10:22 37
 10:22 38 And you will come to hear, Commissioner, that these are
 10:22 39 recognised money laundering techniques. That is,
 10:22 40 individuals immediately leaving the gaming floor upon
 10:22 41 obtaining or cashing in chips, junket staff providing
 10:22 42 cash to individuals who are not players on the junket.

10:22 43
 10:22 44 As you've heard, junket operators put up front money for
 10:23 45 the junket players and where that money comes from is
 10:23 46 difficult to trace. The relationship is between the
 10:23 47 casino and the operator, not between the casino and the

10:23 1 junket player. You heard about the VCGLR's concerns with
 10:23 2 the transparency towards the junket players and how the
 10:23 3 pooling of funds by junket players is a matter over which
 10:23 4 there is no transparency and exposes vulnerabilities to
 10:23 5 money laundering. This was also noted in the AUSTRAC
 10:23 6 report --- if we could please go over the page, operator,
 10:23 7 to internal page 19 --- this is in relation to bank
 10:23 8 accounts. If you look at the left-hand column, in the
 10:23 9 last paragraph, AUSTRAC reports:

10:24 10

10:24 11 *..... these bank accounts are also used by JTOs and*
 10:24 12 *JTRs to receive incoming funds transfers, and SMRs*
 10:24 13 *demonstrate significant cash activity, including*
 10:24 14 *structuring and possible cuckoo smurfing.*

10:24 15

10:24 16 And footnote 15 says:

10:24 17

10:24 18 *..... cuckoo smurfing is a money laundering process in*
 10:24 19 *which non-complicit beneficiary customers of*
 10:24 20 *international remittances have the proceeds of crime*
 10:24 21 *deposited in their bank accounts, in consideration*
 10:24 22 *for the legitimate funds sent to them from offshore.*

10:24 23

10:24 24 Continuing in the passage that we were just reading,
 10:24 25 AUSTRAC reports:

10:24 26

10:24 27 *..... accounts are also used to send international*
 10:24 28 *funds transfers and purchase high-value assets such*
 10:24 29 *as real estate and luxury vehicles.*

10:24 30

10:24 31 And if you just pass to the right-hand side column in the
 10:24 32 last paragraph, AUSTRAC says.

10:24 33

10:24 34 *..... AUSTRAC and partner agency intelligence also*
 10:24 35 *links the criminal infiltration/exploitation of*
 10:24 36 *junket tour operations with the purchase of*
 10:24 37 *high-value assets, notably real estate, in Australia.*

10:24 38

10:25 39 Please go over the page, operator, to page 20. Bearing
 10:25 40 in mind AUSTRAC's access to intelligence sources and
 10:25 41 other information, AUSTRAC notes here that there are
 10:25 42 serious issues in relation to exposure to organised crime
 10:25 43 groups. You see in the right-hand column, AUSTRAC's
 10:25 44 investigation results in its conclusion that there are:

10:25 45

10:25 46 *..... several international JTOs are or were linked to*
 10:25 47 *organised crime groups;*

10:25 1
10:25 2 *Overseas-based transnational serious and organised*
10:25 3 *crime (TSOC) groups exploit junkets in order to move*
10:25 4 *money to Australia and launder the proceeds of crime*
10:25 5 *through Australian casinos;*
10:25 6
10:25 7 *Some junket tour operations have links to Asian crime*
10:25 8 *groups.*
10:25 9
10:26 10 In reaching its overall assessment of high money
10:26 11 laundering risks, a further factor that AUSTRAC took into
10:26 12 account was what it describes as "vulnerability". The
10:26 13 key issues around vulnerability are the issues of
10:26 14 transparency and junket player anonymity that I mentioned
10:26 15 a short while ago. That particularly occurs or is
10:26 16 exploited around the issue of pooling of funds that
10:26 17 Mr Cremona mentioned in his evidence on Tuesday. The
10:26 18 present arrangements at Crown Casino, or before the
10:26 19 decision to cease junket operations, facilitated that
10:26 20 lack of transparency and the vulnerabilities associated
10:26 21 with it.
10:26 22
10:26 23 Finally, in relation to criminal abuse and exploitation
10:26 24 and the impact on the Australian community --- if you
10:26 25 could please go back to internal page 5, operator ---
10:27 26 this is what AUSTRAC said --- pull out the bottom part of
10:27 27 the page please, operator --- the bottom left-hand
10:27 28 corner:
10:27 29
10:27 30 *..... the Australian community and economy is also*
10:27 31 *impacted by criminality in this sector. Money*
10:27 32 *laundering allows criminals to profit from their*
10:27 33 *crimes, enabling further crimes to be committed.*
10:27 34 *Further, any decline in the operation of junket*
10:27 35 *activity will have implications for the taxation*
10:27 36 *revenue of the states that host junkets. Actions*
10:27 37 *that may contravene visa conditions to facilitate*
10:27 38 *junket tour operations undermines the integrity of*
10:27 39 *Australia's migration system.*
10:27 40
10:27 41 *Widespread criminality through the junket sector*
10:27 42 *would also be likely to impact on Australia's*
10:27 43 *international AML/CTF reputation and attractiveness*
10:27 44 *as a place to do business.*
10:27 45
10:27 46 Finally:
10:27 47

10:27 1 *the exploitation of junkets by foreign*
 10:27 2 *interference entities can undermine and comprise*
 10:28 3 *Australia's national security and broader public*
 10:28 4 *confidence in our institutions.*

10:28 5
 10:28 6 Ultimately we will be submitting, Commissioner, that the
 10:28 7 issues identified by AUSTRAC, even to the extent they
 10:28 8 were known before this report was published, are serious
 10:28 9 issues that require close consideration of the tenability
 10:28 10 of junket operations in Victoria at the Melbourne casino.

10:28 11
 10:28 12 I want to go back to the Bergin Inquiry, Commissioner.
 10:28 13 We don't intend to traverse the same issues that were
 10:28 14 traversed in the Bergin Inquiry where, in the context of
 10:28 15 looking at the media allegations, the inquiry had cause
 10:28 16 to look closely at Crown's probity assessments in
 10:28 17 relation to a number of individual junkets, operators and
 10:29 18 their representatives. But what I do want to do is take
 10:29 19 you to some of that evidence for the purpose of showing
 10:29 20 you how poor Crown's probity processes were and the
 10:29 21 problematic way in which it approached its probity
 10:29 22 assessments. In short, the evidence that I will take you
 10:29 23 to whether show that Crown's own documents acknowledge
 10:29 24 that there were certain risks associated with some of
 10:29 25 these junket operators, that Crown required a very high
 10:29 26 standard of proof to be persuaded or deterred from
 10:29 27 engaging in transactions with junket operators, at least
 10:29 28 at that time. It did not ask itself the question "should
 10:29 29 we".

10:29 30
 10:29 31 As we will find out when we come to the VCGLR's
 10:29 32 disciplinary action and as is evident from the findings
 10:29 33 made in the Bergin Inquiry, Crown's probity assessments
 10:29 34 were not robust. We'll also come to a report from
 10:30 35 Deloitte Risk Advisory in August 2020, and we'll see that
 10:30 36 Crown has generally been reluctant to do deep dives in
 10:30 37 relation to junket operators, and we'll be submitting
 10:30 38 that this is illustrative of Crown doing the bare
 10:30 39 minimum, and it will be illustrative of what we will call
 10:30 40 or describe as a culture of not looking too hard.

10:30 41
 10:30 42 Now, the evidence before the Bergin Inquiry comprised the
 10:30 43 Deloitte report I mentioned a moment ago. That was
 10:30 44 a report in which Deloitte had been asked to review
 10:30 45 Crown's governance reporting and due diligence frameworks
 10:30 46 for assessing prospective junket operators, conducting
 10:30 47 annual reviews of junket operators and in relation to

10:30 1 a POI process, or a Persons of Interest process.
10:30 2
10:30 3 In addition, the Bergin Report also looked at a report
10:31 4 that had been obtained by Crown in 2020 from the Berkeley
10:31 5 Research Group. Berkeley is an international company
10:31 6 providing investigative services. Crown retained
10:31 7 Berkeley in about September 2020, perhaps August 2020,
10:31 8 during the currency of the Bergin Inquiry to investigate
10:31 9 five subjects. That report will be tendered but it will
10:31 10 be subject to a non-publication order, and I will have to
10:31 11 deal with part of that report in closed hearing but there
10:31 12 are aspects of the report that are referred to in the
10:31 13 Bergin Report that we consider to be in the public domain
10:31 14 and will refer to that in open hearing.
10:31 15
10:31 16 In addition, the evidence before the Bergin Inquiry
10:31 17 included due diligence folders or files maintained by
10:31 18 Crown. I will take you to one so that you can see what
10:32 19 Deloitte looked at when it came to do its review and what
10:32 20 the Bergin Inquiry looked at when it was assessing the
10:32 21 probity of Crown's junket program.
10:32 22
10:32 23 Overall, there were a number of junket operators and
10:32 24 individuals associated with them that the Bergin Inquiry
10:32 25 considered, and as time went on, Crown made a number of
10:32 26 concessions in relation to what the material shows. It
10:32 27 in effect conceded that on the material available, Crown
10:32 28 could not have been satisfied that individuals associated
10:32 29 with three of the junkets were of good repute, or that
10:32 30 there was information available that would disqualify
10:32 31 them going forward. But it did not make that concession
10:32 32 in relation to a couple of the junkets, and they are the
10:32 33 ones that I want to take you to to demonstrate what I
10:32 34 submitted a moment ago about how poor the probity
10:33 35 assessment was and how questionable it was, the way in
10:33 36 which Crown approached the probity assessment.
10:33 37
10:33 38 By way of context, I want to start with a reference in
10:33 39 the Bergin Report to --- this is during the Bergin
10:33 40 Inquiry around June 2020 when Crown's chief legal
10:33 41 officer, Mr Joshua Preston, had made a recommendation to
10:33 42 Crown to re-assess its relationship with a number of the
10:33 43 junket operators. That was purportedly for the purposes
10:33 44 of seeking legal advice on the risks of continuing to do
10:33 45 business with junket operators. And one questions what
10:33 46 legal advice Crown had in mind in seeking that
10:33 47 assistance, and we might return to that on another day,

10:33 1 but I want to take you to what Crown's due diligence
10:33 2 files showed in relation to an individual called
10:34 3 Zezhai Song. He was the operator or individual behind
10:34 4 the Song junket. Could the operator please call up
10:34 5 CRL.500.007.1321.

10:34 6
10:34 7 This is what is described as a due diligence file or
10:34 8 folder. You note on the left-hand side there is
10:34 9 a reference to Mr Song Zezhai, there are some personal
10:34 10 details, his date of birth, and on the right-hand side
10:34 11 you will notice an updated entry, it says "Updated 3
10:34 12 January 2017". It appears the files were updated from
10:34 13 time to time and we will see different versions or we
10:34 14 have seen different versions of due diligence folders,
10:34 15 presumably information on the files is updated as
10:35 16 information is obtained. This was at 2017. Crown had
10:35 17 commenced its junket relationship with Mr Song in 2009.

10:35 18
10:35 19 I wanted to draw your attention to just the headings at
10:35 20 the moment. There is a history section, other casino
10:35 21 activities, the personal identification details. There
10:35 22 is a reference to World-Check. World-Check is
10:35 23 an internal source report. We'll come to that in
10:35 24 a moment. There is the DICJ link, DICJ is the regulator
10:35 25 in Macau. It appears it was part of Crown's probity
10:35 26 assessment where a junket operator was licensed in Macau
10:35 27 to do a check with the regulator in Macau. Then there is
10:35 28 further reference to Wealth Insight, another external
10:35 29 source report noting unable to provide information.
10:36 30 Wealth-X, another external source report. C6 Group,
10:36 31 that's another external source report and relevantly this
10:36 32 report appears to be obtained around 12 December 2016, it
10:36 33 has a number of --- this due diligence folder reports
10:36 34 a number of conclusions based on that report and it is
10:36 35 the last arrow that I wanted to highlight.

10:36 36
10:36 37 It appears that Crown's due diligence folder reported,
10:36 38 based on the C6 Group report, that Song was sentenced to
10:36 39 2 years and 8 months' imprisonment in August 2003 for
10:36 40 engaging in an illegal gambling criminal activity in Wuxi
10:36 41 City in China. RMB2.4 million in illegal gambling
10:36 42 winnings were confiscated. No further information
10:37 43 available from C6.

10:37 44
10:37 45 Noting that this is 2017, the due diligence folders for
10:37 46 2018 and 2019 will be tendered as part of the tender
10:37 47 bundle. I don't want to take you to that now. Simply

10:37 1 note that it appears from the files that the Song Junket
10:37 2 was reviewed in 2018 and 2019. The information did not
10:37 3 change materially. At the top of the due diligence file
10:37 4 is the entry "Recommendation: Continue to conduct
10:37 5 business" with no rationale for the recommendation or
10:37 6 insight into how that decision was reached. That is
10:37 7 a matter that Deloitte were critical of when they
10:37 8 prepared their report, namely the limited nature in which
10:37 9 decision-making is recorded.

10:37 10

10:37 11 We also see from one of the privilege documents that will
10:37 12 be tendered that Crown's response to this report in
10:38 13 relation to the 2003 imprisonment was that first it was
10:38 14 historical and, second, that it was uncorroborated or not
10:38 15 verified. That's what I mean when I say there was a very
10:38 16 high standard of proof required before Crown was deterred
10:38 17 from engaging with a junket operator. Their point was
10:38 18 they needed some corroboration, a public source material
10:38 19 or something else that could be obtained, a conviction
10:38 20 report, a sentence report, something of that kind. They
10:38 21 were not satisfied on the basis of media rumour alone
10:38 22 that that was a sufficient reason to not engage with
10:38 23 junket operators. It was particularly the case with the
10:38 24 Chau-Suncity junket which we'll come to next. Unless
10:38 25 a junket could be verified, it was, I wouldn't say
10:39 26 ignored because there were deliberations, but the point
10:39 27 is they didn't ask themselves "Should we?"

10:39 28

10:39 29 COMMISSIONER: Is there any suggestion that efforts were
10:39 30 made to track down whether the C6 Group report was
10:39 31 accurate or not?

10:39 32

10:39 33 MS NESKOVICIN: Well, that's where we get to the Berkeley
10:39 34 report. Berkeley engaged --- Berkeley was engaged during
10:39 35 the Bergin Inquiry, and it went behind the C6 report, and
10:39 36 I will come to that. I think I can say in open court,
10:39 37 because it is recorded in the Bergin Report at page 313,
10:39 38 paragraph 96, that Berkeley confirmed that Song's case
10:39 39 had been heard in the Huishan Procuratorate Court in
10:39 40 July 2003, and while there was no public record, Berkeley
10:40 41 sources confirmed that Song had been sentenced to 2 years
10:40 42 and 8 months in 2003. I will make submissions in closed
10:40 43 hearing about the reliability and veracity of that
10:40 44 information.

10:40 45

10:40 46 As I said, Crown commenced dealing with the Song Junket
10:40 47 in 2009. This information was available to Crown at

10:40 1 least from the beginning of 2017, throughout 2018 and
10:40 2 2019, but Crown did not decide to cease its dealings with
10:40 3 the Song Junket until August 2020, which was during the
10:40 4 Bergin Inquiry.

10:40 5
10:40 6 COMMISSIONER: I see that the sentencing at least of Song
10:40 7 was in 2003. The C6 Group report was sought and obtained
10:41 8 in 2016, 13 years later. Lots of other information, open
10:41 9 source information or private source information, was
10:41 10 also sought around 2016. Is there anything to indicate
10:41 11 like a prior sheet that Crown kept indicating searches of
10:41 12 this type done earlier, 2009, 2010, when it started
10:41 13 working with this junket operator?

10:41 14
10:41 15 MS NESKOVICIN: I'm not aware of that. We can make some
10:41 16 inquiries to see, but there will also be a question about
10:41 17 whether or not this information was publicly available at
10:41 18 some point, let alone through obtaining external source
10:41 19 reports.

10:42 20
10:42 21 I want to take you through another report involving
10:42 22 Suncity and the Alvin Chau junket. That's the one I
10:42 23 mentioned at the beginning of the morning as producing
10:42 24 an incredible turnover of \$20 billion to Crown in three
10:42 25 consecutive financial years.

10:42 26
10:42 27 You might recall that it was the controversial junket
10:42 28 that was associated with money laundering in what was
10:42 29 described or named "Pit 86" at the Melbourne casino back
10:42 30 in 2018, and was the subject of very close scrutiny in
10:42 31 the Bergin Report. I am going to try and demonstrate the
10:42 32 Suncity case study by reference to the Bergin Report and
10:42 33 some of the underlying documents that were referred to in
10:42 34 the report. Could we please go to COM.0005.0001.0001.
10:43 35 This is volume 1 of the NSW Inquiry report, 1 February
10:43 36 2021. Operator, can we please go to page 0319.

10:43 37
10:43 38 Starting at paragraph 50, Commissioner, Suncity was
10:43 39 controlled by Alvin Chau, who first became a junket
10:43 40 operator of Crown in December 2009 and Crown Perth in
10:43 41 June 2010. Paragraph 51 sets out the allegations --- the
10:43 42 media allegations in relation to Suncity. Namely, that
10:43 43 it was associated with the company, which is an organised
10:44 44 crime group in Asia, and that Alvin Chau was a member or
10:44 45 former member of the 14K Triad. Those allegations
10:44 46 included reference to Crown's arrangement with Suncity
10:44 47 for a high roller private gaming room inside Crown

10:44 1 Melbourne with the claim that money had been laundered in
10:44 2 that room and it was claimed that Crown's due diligence
10:44 3 in respect of Suncity and Alvin Chau was inadequate.

10:44 4
10:44 5 At 52, numerous allegations have been made about Suncity
10:44 6 and Alvin Chau over the years in worldwide media
10:44 7 suggesting that Alvin Chau was a key member of the 14K
10:44 8 Triad. So these weren't allegations that had just come
10:44 9 to light in 2019.

10:44 10
10:44 11 53 and 54 note the closeness and importance of the
10:44 12 relationship between Crown and Alvin Chau. Paragraph 55
10:44 13 notes the review of the Suncity relationship in January
10:45 14 2017, annual reviews in March 2018 and 2019, and you will
10:45 15 note in the third sentence:

10:45 16
10:45 17 *However, there is no documentation of the rationale*
10:45 18 *for the continuation of the relationship with*
10:45 19 *Alvin Chau.*

10:45 20

10:45 21 56:

10:45 22

10:45 23 *The information gathered by Crown on Alvin Chau*
10:45 24 *included various due diligence dossiers from the*
10:45 25 *agency Wealth-X in May 2016 and January 2017;*
10:45 26 *an enhanced due diligence report from C6 Group in*
10:45 27 *December 2016; and a WealthInsight dossier in April*
10:45 28 *2016.*

10:45 29

10:45 30 You will remember those reports from the Song Junket.
10:45 31 When we come to Dr Lawson's evidence in relation to the
10:45 32 Deloitte review, these were the sorts of reports that
10:45 33 Deloitte was recommending that Crown obtain as part of
10:45 34 its due diligence process. While these reports were
10:46 35 obtained from time to time, Deloitte were recommending
10:46 36 that that process be formalised and that it be
10:46 37 a requirement.

10:46 38

10:46 39 If you go to paragraph 57, please, operator. The
10:46 40 Wealth-X reports contained information that Mr Chau was
10:46 41 a former triad member and had continued associations with
10:46 42 former triad members.

10:46 43

10:46 44 The next paragraph is important, Commissioner:

10:46 45

10:46 46 *By 1 April 2016, Crown had information relating to US*
10:46 47 *Government reports that Alvin Chau had links to*

10:46 1 *organised crime.*

10:46 2

10:46 3 In other words, the US Government was reporting of
10:46 4 Mr Chau's links to organised crime. That information was
10:46 5 available to Crown but didn't deter Crown from continuing
10:46 6 its association. Again, Crown's position in relation to
10:46 7 Mr Chau was that these were mere allegations that hadn't
10:47 8 been verified.

10:47 9

10:47 10 Now, on 59:

10:47 11

10:47 12 *On 8 June 2017 AUSTRAC requested that Crown provide*
10:47 13 *it with 'documentation evidencing Crown's*
10:47 14 *consideration of the appropriateness of continuing to*
10:47 15 *provide designated services to Alvin Chau.' It is*
10:47 16 *apparent that there was no further communication with*
10:47 17 *AUSTRAC at this time about its inquiry nor was the*
10:47 18 *inquiry escalated to the Crown Board.*

10:47 19

10:47 20 Meaning the inquiry from AUSTRAC was not escalated to the
10:47 21 board.

10:47 22

10:47 23 On 16 June 2017, without documenting any reason or
10:47 24 rationale, Mr Preston granted approval for Crown to
10:47 25 continue its relationship with Mr Alvin Chau.

10:47 26

10:47 27 You will recall Mr Cremona's evidence around key
10:47 28 decision-makers around junket operators. This is
10:47 29 significant, Commissioner, in our submission; AUSTRAC
10:47 30 requesting an explanation from Crown as to its
10:47 31 consideration of the appropriateness of continuing this
10:48 32 service with Mr Chau, and no further engagement with
10:48 33 AUSTRAC on that issue, non-escalation to the board, on
10:48 34 16 June approving Mr Chau as a junket operator.

10:48 35

10:48 36 I want to take you to underlying documents what AUSTRAC
10:48 37 asked. It wasn't a subtle request. Operator, could we
10:48 38 please go to CRL.606.001.0211. Please go to the bottom
10:48 39 of the page so we can see where the request starts. This
10:49 40 is an email from Mr Tidd. There needs to be some
10:49 41 redactions in relation to contact details here.

10:49 42

10:49 43 *Thanks again for your time While we are yet to*
10:49 44 *finalise the follow up points that were raised during*
10:49 45 *our discussions on Crown's program, regarding our*
10:49 46 *junkets discussion, and in particular those on the*
10:49 47 *Suncity operations, it would be most appreciated if*

10:49 1 *Crown would be able to provide AUSTRAC with a copy of*
10:49 2 *the Wealth-X report, WealthInsight and C6 reports for*
10:49 3 *the Suncity Junket operator.*
10:49 4
10:49 5 Could we go back up to the top of the page, please,
10:49 6 Mr Operator. You will see, at the bottom of the screen,
10:49 7 on 8 June Mr Howell from Crown Melbourne sends to AUSTRAC
10:49 8 the Wealth-X and WealthInsight and C6 reports.
10:49 9
10:50 10 Do you see that, Commissioner?
10:50 11
10:50 12 COMMISSIONER: I do.
10:50 13
10:50 14 MS NESKOVICIN: This is the response from the compliance
10:50 15 section at AUSTRAC:
10:50 16
10:50 17 *Many thanks.*
10:50 18
10:50 19 *I have perused the documentation provided, and it is*
10:50 20 *clear that Crown is aware that Mr Chau is both*
10:50 21 *a foreign PEP [a politically exposed person] and has*
10:50 22 *a substantial criminal history.*
10:50 23
10:50 24 *Given parts 2, 16 and 17 of Crown's AML/CTF program,*
10:50 25 *it would be appreciated if you could provide us with*
10:50 26 *documentation evidencing Central Bank's consideration*
10:50 27 *of the appropriateness of continuing to provide*
10:50 28 *designated services to Mr Chau, and an explanation as*
10:50 29 *to how Crown considers its business relationship with*
10:50 30 *Mr Chau to be consistent with its commitment to*
10:50 31 *striving to achieve the objectives of the AML/CTF*
10:50 32 *Act.*
10:50 33
10:50 34 They requested a response from Crown by 16 June. As the
10:51 35 Bergin Report found, there was no response. This is very
10:51 36 clear request from AUSTRAC for an explanation which has
10:51 37 been ignored by Crown.
10:51 38
10:51 39 Can I show you a couple of reports in relation to Mr Chau
10:51 40 that caused AUSTRAC to form the conclusion that Crown was
10:51 41 aware that Mr Chau was a PEP and had a substantial
10:51 42 criminal history. Firstly, the C6 report, which is
10:51 43 CRL.609.001.3042. This is an enhanced due diligence
10:51 44 report dated 12 December 2016. You will see the
10:51 45 reference to Mr Chau and details. Under the table can
10:51 46 you see overview, and there three dot points. It says
10:52 47 "PEP in his own capacity". I will comment there.

10:52 1
10:52 2 AUSTRAC in its report, Commissioner, says a politically
10:52 3 exposed person is a recognised money laundering risk, and
10:52 4 that is because they expose a reporting entity's
10:52 5 vulnerability to dealing in the proceeds of corruption,
10:52 6 and they expose the business to potential criminal ---
10:52 7 sorry, potential foreign influence or interference.
10:52 8
10:52 9 Mr Chau's PEP status, if we scroll down to the next page,
10:52 10 3044. Potential red flags, potential is he's a PEP in
10:53 11 his own capacity, he is a member of the 11th Chinese
10:53 12 People's Political Consultative Conference of the
10:53 13 Guangdong Provincial Government, China.
10:53 14
10:53 15 And the Wealth-X report, operator, CRL.609.001.3045.
10:53 16 Note the date on the next page, 26 May 2016. Next page,
10:53 17 operator. Under "biography", it says that Chau was born
10:54 18 in Macau in 1974. Little is known of his early life and
10:54 19 career. He appears to have been a former member of the
10:54 20 14K Triad's Macau branch in the 1990s and was reportedly
10:54 21 in charge of loan sharking and gambling under the
10:54 22 leadership of Kuok Koi Wan. After Wan was sentenced to
10:54 23 more than 14 years' imprisonment in 1999, Chau started
10:54 24 his own gang and advanced in the Macau and Hong Kong
10:54 25 society. He founded Suncity Group and so on.
10:54 26
10:54 27 Before we go to the Berkeley report where Mr Chau was one
10:54 28 of the subjects that was considered by Berkeley, I just
10:55 29 wanted to show you, Commissioner, Crown's internal
10:55 30 deliberations or lack thereof in relation to continuing
10:55 31 its relationship with Mr Chau. Please go to
10:55 32 VCG.0001.0002.2509. Scroll down to the next email in the
10:55 33 chain. Stop there, operator.
10:55 34
10:55 35 You will see from the email on the screen from Mr Howell
10:55 36 he is asking Mr Preston to approve continuation of
10:55 37 a business relationship with a customer, Mr Chau. You
10:55 38 will notice there is some references to PEP ratings and
10:55 39 so on.
10:55 40
10:55 41 If we could scroll back up to the top of the page,
10:56 42 please, operator, Mr Howell sends a reminder on 14 June,
10:56 43 nine days later, and on 16 June Mr Preston replies in
10:56 44 a one-line email, "Approved thanks Scott".
10:56 45
10:56 46 Now, going back to the Bergin Report, if we might,
10:56 47 please, operator, to where we just left off.

10:56 1 COM.0005.0001.0001. Go back to 0321, I think it might
10:57 2 be.

10:57 3

10:57 4 In we look at paragraph 64, this was the conclusion in
10:57 5 relation to Berkeley's report in relation to Mr Chau. I
10:57 6 want to take you to that in a bit more detail so you can
10:57 7 see the detail in which Berkeley undertook its assessment
10:57 8 and reached the conclusions. And, as noted, by this time
10:57 9 Crown had suspended its operations with all junket
10:57 10 operators including Suncity and Mr Chau. But Mr Chau
10:57 11 actually withdrew himself in 2019.

10:58 12

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10:58 13

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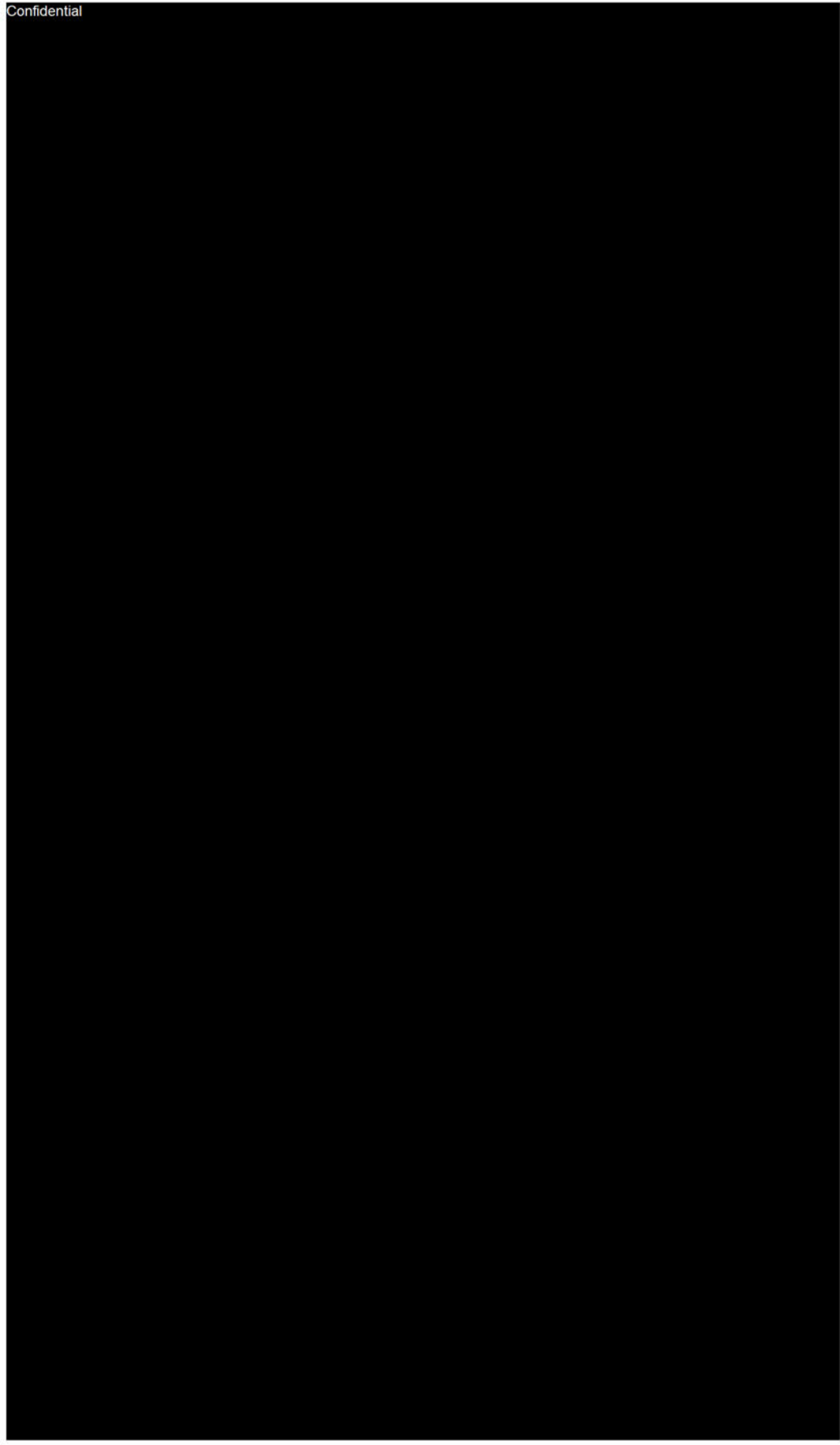
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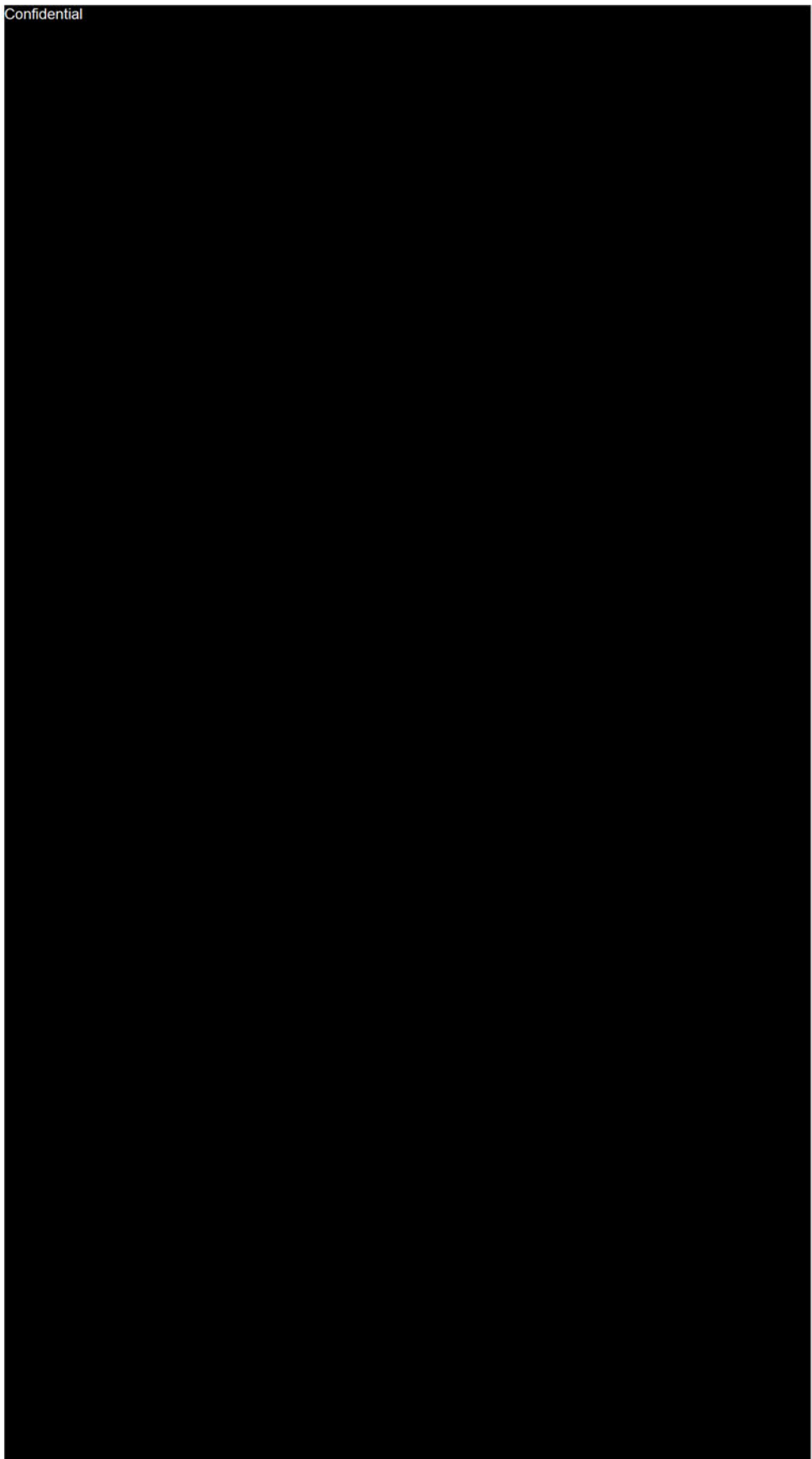
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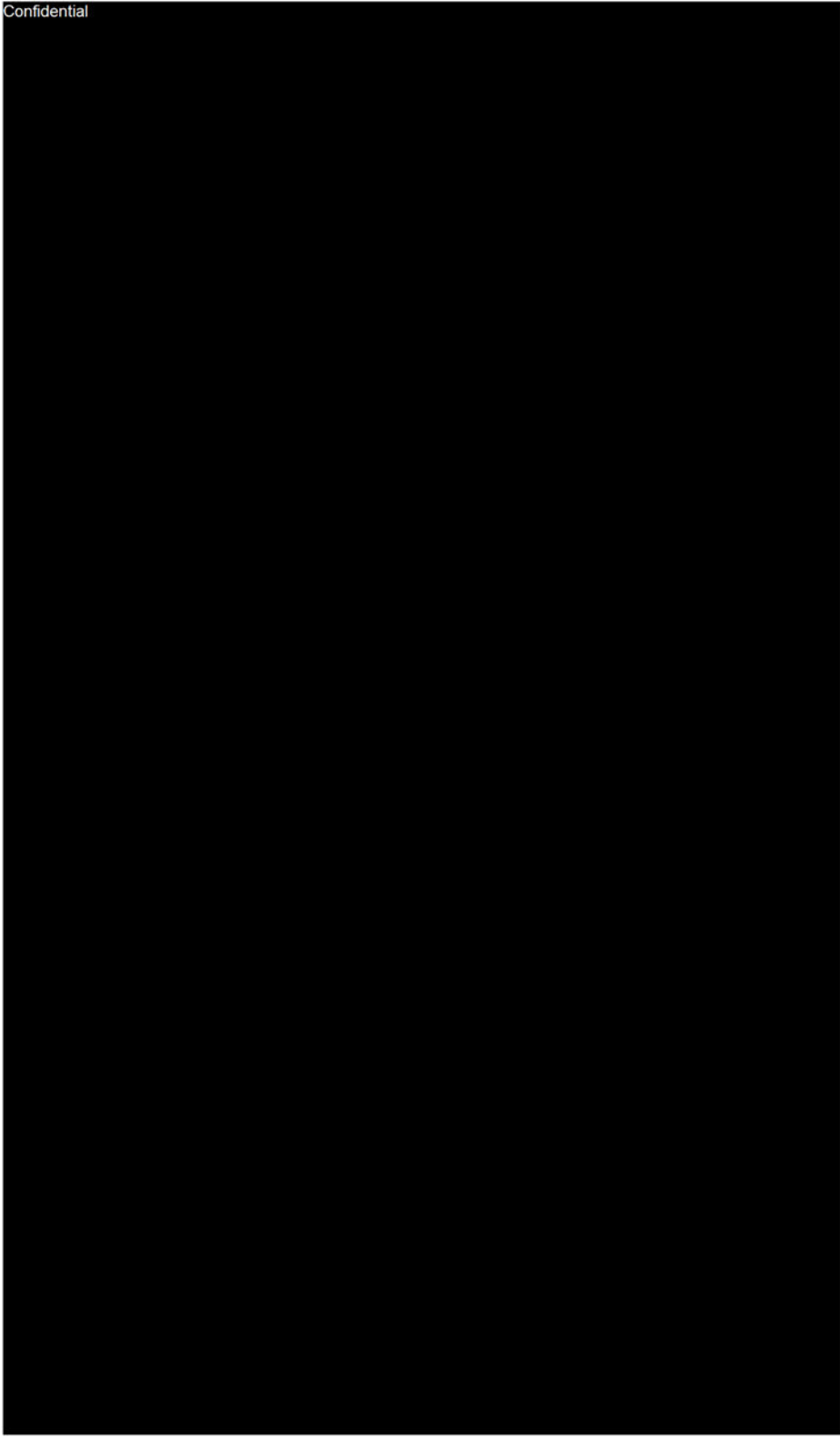
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I wanted to conclude by making a couple of remarks about
the recent disciplinary action by the VCGLR.

That action was commenced by way of a show cause notice

11:08 1 on 2 October 2020. The VCGLR issued a notice to Crown
11:08 2 under section 20(2) of the Casino Control Act requiring
11:08 3 Crown to show cause why disciplinary action should not be
11:08 4 taken on the ground that Crown contravened a provision of
11:08 5 the Act by failing to implement a part of the junket ICS
11:08 6 in relation to four named individuals. That was said to
11:08 7 constitute a breach of section 121(4) of the Casino
11:08 8 *Control Act. The VCGLR found that contravention to have*
11:08 9 *been established. There was a hearing and an opportunity*
11:09 10 *to put on submissions.*

11:09 11
11:09 12 On 27 April 2021 the VCGLR handed down its decision and,
11:09 13 as I said, it determined that Crown had failed to comply
11:09 14 with its regulatory obligations to implement a robust
11:09 15 process to consider the ongoing probity of junket
11:09 16 operators. I just wanted to summarise the considerations
11:09 17 that the VCGLR undertook.

11:09 18
11:09 19 There were four important aspects. It considered the way
11:09 20 Crown gathered probity information, the way it assessed
11:09 21 probity information, the way in which it recorded reasons
11:09 22 for its decisions, and it considered overarching
11:09 23 submissions about Crown's processes and how it should be
11:09 24 assessed.

11:09 25
11:09 26 In the result, the VCGLR considered that the information
11:09 27 Crown had gathered was limited and superficial. In
11:09 28 relation to the way it assessed probity information, the
11:09 29 VCGLR considered that there was a lack of clarity around
11:09 30 who was responsible for making decisions, and there was
11:10 31 no evidence of recording reasons why probity decisions
11:10 32 were made or the basis on which they were made.

11:10 33
11:10 34 Ultimately, Crown did not challenge that decision. The
11:10 35 VCGLR imposed a fine of \$1 million, which Crown had paid.
11:10 36 The VCGLR issued a letter of censure, as I mentioned on
11:10 37 27 April 2021. That included directions that Crown will
11:10 38 not be allowed to recommence junket operations at the
11:10 39 Melbourne casino until such time as Crown applies to and
11:10 40 receives permission from the VCGLR.

11:10 41
11:10 42 Today, Commissioner, you will be hearing from two
11:10 43 witnesses. Further evidence in relation to junkets may
11:10 44 also come later in the hearing when other witnesses are
11:10 45 called.

11:10 46
11:10 47 The first witness today will be Dr Murray Lawson,

11:10 1 a director of Deloitte Risk Advisory. He worked on the
11:10 2 Deloitte junket review in August 2020.
11:10 3
11:11 4 The second witness will be Mr Nick Stokes, the Group
11:11 5 General Manager of anti-money laundering at Crown. This
11:11 6 evidence will explore how poor Crown's probity
11:11 7 assessments in relation to junkets were, and it will show
11:11 8 that Crown was aware of that, but no changes were made
11:11 9 until Crown was compelled to do so, having had a light
11:11 10 shone on it during the Bergin Inquiry. These matters
11:11 11 will all be relevant to culture, which we'll be coming
11:11 12 to, later in the hearings, Commissioner.
11:11 13
11:11 14 At this point I call Dr Murray Lawson.
11:11 15
11:11 16 COMMISSIONER: Before you do that, is it okay if we have
11:11 17 a 10-minute break?
11:11 18
11:11 19 MS NESKOVCIN: Yes.
11:11 20
11:11 21 COMMISSIONER: I will adjourn for 10 minutes.
11:11 22
11:11 23
11:11 24 **ADJOURNED** [11:11 A.M.]
11:22 25
11:22 26
11:22 27 **RESUMED** [11:22 A.M.]
11:22 28
11:22 29
11:22 30 COMMISSIONER: Thank you.
11:22 31
11:22 32 MS NESKOVCIN: Commissioner, Dr Lawson is in the witness
11:22 33 box if he could please be sworn or affirmed.
11:22 34
11:22 35
11:22 36 **DR MURRAY LACHLAN LAWSON, AFFIRMED**
11:22 37
11:22 38
11:22 39 **EXAMINATION-IN-CHIEF BY MS NESKOVCIN**
11:22 40
11:22 41
11:22 42 COMMISSIONER: Thank you.
11:22 43
11:22 44 MS NESKOVCIN: Thank you, Dr Lawson, could you state your
11:22 45 full name?
11:22 46
11:22 47 A. Yes, Murray Lachlan Lawson.

11:22 1
11:22 2 Q. And your address?
11:22 3
11:22 4 A. Is Deloitte Touche Tohmatsu in Sydney, 225 George
11:22 5 Street.
11:22 6
11:22 7 Q. What is your occupation?
11:22 8
11:22 9 A. I'm a director in the Risk Advisory Practice,
11:23 10 specifically within the ethics and risk culture team.
11:23 11
11:23 12 Q. Thank you. Dr Lawson, you have prepared a statement
11:23 13 in response to a Request For Statement and you are here
11:23 14 under a notice to attend?
11:23 15
11:23 16 A. Yes, I am.
11:23 17
11:23 18 Q. Do you have a copy of your statement with you?
11:23 19
11:23 20 A. I do.
11:23 21
11:23 22 Q. Is that statement true and correct to the best of
11:23 23 your knowledge, Dr Lawson?
11:23 24
11:23 25 A. Yes, it is.
11:23 26
11:23 27 Q. I seek to tender the statement and the attachments.
11:23 28 Crown has made a non-publication order application in
11:23 29 relation to a number of documents so the documents won't
11:23 30 be available until the application has been determined,
11:23 31 but otherwise I seek to tender the statement and
11:23 32 attachments.
11:23 33
11:23 34 COMMISSIONER: Just looking for the date of the
11:23 35 statement.
11:23 36
11:23 37 MS NESKOVICIN: 16 April 2021.
11:23 38
11:23 39 COMMISSIONER: Thank you.
11:23 40
11:23 41 ASSOCIATE: RC21.
11:23 42
11:23 43 COMMISSIONER: RC21. Thank you.
11:24 44
11:24 45
11:24 46 **EXHIBIT #RC0021 - STATEMENT OF DR MURRAY LACHLAN**
11:24 47 **LAWSON DATED 16 APRIL 2021**

11:24 1
11:24 2
11:24 3 MS NESKOVCIN: Dr Lawson, you mentioned a moment ago you
11:24 4 are a director in the Risk Advisory Practice in Sydney;
11:24 5 is that correct?
11:24 6
11:24 7 A. Yes, that's correct.
11:24 8
11:24 9 Q. You have a PhD in philosophy?
11:24 10
11:24 11 A. I have a Doctorate of Philosophy specialising in
11:24 12 Psychology.
11:24 13
11:24 14 Q. Thank you. You also have a Masters of Business
11:24 15 Administration?
11:24 16
11:24 17 A. Yes, I do.
11:24 18
11:24 19 Q. And you hold a Bachelor of Behavioural Science?
11:24 20
11:24 21 A. Yes, I do.
11:24 22
11:24 23 Q. You joined Deloitte in February 2020; is that
11:24 24 correct?
11:24 25
11:24 26 A. That's correct.
11:24 27
11:24 28 Q. As a director in the Risk Advisory Practice?
11:24 29
11:24 30 A. Yes, that's correct.
11:24 31
11:24 32 Q. And you specialise in risk and culture
11:24 33 investigations?
11:24 34
11:24 35 A. We specialise in assessing and understanding
11:24 36 transforming risk culture.
11:24 37
11:24 38 Q. Thank you. You might need to move that --- yes,
11:24 39 thank you. Prior to joining Deloitte, you worked for FTI
11:24 40 Consulting; is that correct?
11:24 41
11:24 42 A. Yes, that's correct.
11:24 43
11:25 44 Q. And that was also a risk and investigations role?
11:25 45
11:25 46 A. It was, although it was a slightly different focus.
11:25 47

- 11:25 1 Q. What was the focus there?
11:25 2
11:25 3 A. My focus there, I led investigative teams,
11:25 4 particularly conducting business intelligence and due
11:25 5 diligence investigations for a range of clients,
11:25 6 including in the financial services sector, the
11:25 7 resources, and gaming as well.
11:25 8
11:25 9 Q. I see. You were there for about six years?
11:25 10
11:25 11 A. About 5.5, 6, I think.
11:25 12
11:25 13 Q. Prior to that you worked in the Commonwealth
11:25 14 Attorney-General's Department for about 10 years?
11:25 15
11:25 16 A. Yes, that's correct.
11:25 17
11:25 18 Q. And in that role you were also conducting
11:25 19 investigations and leading teams in the collection and
11:25 20 analysis of intelligence and other information?
11:25 21
11:25 22 A. Yes, that's correct.
11:25 23
11:25 24 Q. In 2020 you were a certified anti-money laundering
11:25 25 specialist; is that correct?
11:25 26
11:25 27 A. Yes, that's correct.
11:25 28
11:25 29 Q. Could you elaborate on that certification and your
11:25 30 expertise in anti-money laundering?
11:26 31
11:26 32 A. The Association of Certified Anti-Money Laundering
11:26 33 Specialists is a global organisation. They have
11:26 34 standards and requirements for certification which
11:26 35 includes a fairly detailed training program in money
11:26 36 laundering typologies and understanding investigations
11:26 37 and regulatory requirements, particularly focused on FATF
11:26 38 and the ---
11:26 39
11:26 40 Q. Could you explain to the Commissioner what FATF is?
11:26 41
11:26 42 A. FATF is the Financial Action Task Force, who lead the
11:26 43 way in setting global anti-money laundering standards and
11:26 44 regulation.
11:26 45
11:26 46 Q. When did you undertake the training for that
11:26 47 certification?

11:26 1
11:26 2 A. I believe I took it in late 2018 I think I got my
11:26 3 certification.
11:26 4
11:26 5 Q. Is that --- have you maintained that certification?
11:26 6
11:26 7 A. I believe my membership has lapsed as of March to the
11:27 8 organisation.
11:27 9
11:27 10 Q. March this year?
11:27 11
11:27 12 A. March this year, and I've chosen not to renew it as
11:27 13 it is not central to the ongoing work that I do.
11:27 14
11:27 15 Q. Certainly in 2020 you held that certification?
11:27 16
11:27 17 A. Yes, I did.
11:27 18
11:27 19 Q. In mid-2020, Deloitte Risk Advisory was engaged by
11:27 20 Crown to conduct a review of Crown's governance reporting
11:27 21 and due diligence frameworks in respect of the processes
11:27 22 for prospective junket operators and other matters. You
11:27 23 were involved in that review, Dr Lawson?
11:27 24
11:27 25 A. Yes, I was.
11:27 26
11:27 27 Q. You in fact led the review?
11:27 28
11:27 29 A. Victoria Whitaker was the lead partner on the review,
11:27 30 but I was certainly leading the team and conducting most
11:27 31 of the substantive work (inaudible).
11:27 32
11:27 33 Q. The report was provided to Crown on 26 August 2020
11:27 34 and is referred to in your statement at paragraph 29.
11:28 35 Were you involved in writing that report?
11:28 36
11:28 37 A. Yes, I was.
11:28 38
11:28 39 Q. And that report reflects views that you hold?
11:28 40
11:28 41 A. Yes, it does.
11:28 42
11:28 43 Q. Based on your investigation and inquiries that you
11:28 44 made at the time?
11:28 45
11:28 46 A. Yes.
11:28 47

11:28 1 Q. Part of the inquiries you made at that time involved
11:28 2 interviewing certain Crown personnel?
11:28 3
11:28 4 A. That's correct.
11:28 5
11:28 6 Q. Were you personally involved in those interviews?
11:28 7
11:28 8 A. I was.
11:28 9
11:28 10 Q. In all of the interviews, Dr Lawson?
11:28 11
11:28 12 A. Yes --- I was just making sure that yes, I was
11:28 13 involved in every interview.
11:28 14
11:28 15 Q. Do you want to look at the interview notes to
11:28 16 refresh or are you happy to ---
11:28 17
11:28 18 A. I'm happy to discuss.
11:28 19
11:28 20 COMMISSIONER: It would help, Dr Lawson, if you could
11:28 21 keep your voice up a bit.
11:28 22
11:28 23 A. No problem.
11:28 24
11:28 25 COMMISSIONER: You don't have to shout, but just keep it
11:28 26 up a bit.
11:28 27
11:28 28 A. Thank you, Commissioner.
11:28 29
11:28 30 MS NESKOVCIN: I will ask you to confirm, Dr Lawson, it
11:28 31 won't take too long. The first reference, operator, is
11:28 32 DTT.001.0002.0379. This is interview notes prepared for
11:29 33 an interview with Joshua Preston; you were present at
11:29 34 this interview?
11:29 35
11:29 36 A. Yes, I was.
11:29 37
11:29 38 Q. You refer in various points of the transcript ---
11:29 39 have you had an opportunity to review this note recently?
11:29 40
11:29 41 A. Yes.
11:29 42
11:29 43 Q. Did you review it at the time the note was taken as
11:29 44 well?
11:29 45
11:29 46 A. I reviewed it not immediately following, it was
11:29 47 prepared by one of my team throughout the course of the

11:29 1 interview. I did refer back to it several times in the
11:29 2 preparation of the report.
11:29 3
11:29 4 Q. Yes, and you reviewed it recently?
11:29 5
11:29 6 A. Yes.
11:29 7
11:29 8 Q. To the best of your recollection, does the note
11:29 9 reflect the matters discussed in the interview with
11:29 10 Mr Preston?
11:29 11
11:29 12 A. Yes.
11:29 13
11:29 14 Q. Thank you. Next, operator, DTT.001.0002.0380.
11:30 15 These are the interview minutes with Michelle Fielding,
11:30 16 the group manager, regulatory and compliance. Were you
11:30 17 present during this interview, Dr Lawson?
11:30 18
11:30 19 A. Yes, I was.
11:30 20
11:30 21 Q. Have you had the opportunity to review the notes
11:30 22 recently?
11:30 23
11:30 24 A. Yes.
11:30 25
11:30 26 Q. To the best of your knowledge, do the notes
11:30 27 reflection your understanding of the interview with
11:30 28 Ms Fielding?
11:30 29
11:30 30 A. To the best of my recollection.
11:30 31
11:30 32 Q. Next, operator, DTT.001.0002.0381. Dr Lawson, these
11:30 33 are the interview notes with Mary Gioras, the manager,
11:30 34 credit team. You were present during this interview,
11:30 35 Dr Lawson?
11:30 36
11:30 37 A. Yes, I was.
11:30 38
11:30 39 Q. Do the notes reflect, to the best of your knowledge,
11:30 40 the matters discussed in the interview?
11:30 41
11:30 42 A. Yes.
11:30 43
11:30 44 Q. Next, operator, DTT.001.0002.0382. These are the
11:31 45 notes of the interview with Mr Craig Walsh, the executive
11:31 46 director of security and surveillance. Were you present
11:31 47 during this interview, Dr Lawson?

11:31 1
11:31 2 A. Yes, I was.
11:31 3
11:31 4 Q. To the best of your knowledge, do these notes
11:31 5 reflect the matters discussed in the interview with
11:31 6 Mr Walsh?
11:31 7
11:31 8 A. Yes.
11:31 9
11:31 10 Q. Next, operator, DTT.001.0002.0383. Dr Lawson, were
11:31 11 you present during the interview with Mr Stokes, the
11:31 12 Group General Manager of AML?
11:31 13
11:31 14 A. Yes, I was.
11:31 15
11:31 16 Q. Have you had an opportunity to review these notes
11:31 17 recently?
11:31 18
11:31 19 A. Yes.
11:31 20
11:31 21 Q. To the best of your knowledge, do these notes
11:31 22 reflect the matters discussed during the interview with
11:31 23 Mr Stokes?
11:31 24
11:31 25 A. Yes.
11:31 26
11:31 27 Q. There was actually a second person present at the
11:31 28 same time, a gentleman with the first name "Adam"?
11:31 29
11:31 30 A. Yes, that was Adam Sutherland.
11:31 31
11:32 32 Q. Operator, can you go to page _0001. I wonder if you
11:32 33 can clarify, if you can, Dr Lawson, because there were
11:32 34 two people present during the interview, operator, can
11:32 35 you blow up the bottom half of the document? I wonder if
11:32 36 the practice was, for example, when Mr Stokes was
11:32 37 speaking, the note would regard a reference to his name
11:32 38 as you can see on say under the heading "what do you see
11:32 39 as general risks". And then if Adam spoke, there would
11:32 40 be a notation to that effect --- please, operator, if you
11:32 41 please go to _0002. You see about a third of the way
11:32 42 down there is a reference to "Adam" inserted and, then
11:33 43 back to "Nick" under that. Do you have any recollection
11:33 44 of that, Dr Lawson?
11:33 45
11:33 46 A. I think that is probably correct, although it may be
11:33 47 that it's not consistent all throughout the document.

11:33 1
11:33 2 COMMISSIONER: Could you please speak up a bit?
11:33 3
11:33 4 A. I think that is probably correct, Commissioner,
11:33 5 though there may be errors within that document where it
11:33 6 has not been attributed appropriately. They were taken
11:33 7 at the time.
11:33 8
11:33 9 MS NESKOVICIN: Thank you.
11:33 10
11:33 11 COMMISSIONER: What sort of errors are we looking at?
11:33 12
11:33 13 A. Maybe just not mentioning the name of the particular
11:33 14 person who said it. I think broadly, based on my review,
11:33 15 it is correct in terms of who said what, but there may be
11:33 16 parts that have not been accurately ---
11:33 17
11:33 18 COMMISSIONER: Apart from that being a possibility, there
11:33 19 is no particular part which you could point to which is
11:33 20 not accurate?
11:33 21
11:33 22 A. No. In terms of the content of the discussion ---
11:33 23
11:33 24 COMMISSIONER: Just the possibility that it may be, but
11:34 25 there is no part of it you query?
11:34 26
11:34 27 A. No.
11:34 28
11:34 29 COMMISSIONER: Thank you.
11:34 30
11:34 31 MS NESKOVICIN: Thank you, Dr Lawson.
11:34 32
11:34 33 Finally, DTT.001.0002.0384. These are the interview
11:34 34 notes of the interview with Anne Siegers, the Group
11:34 35 General Manager of risk and audit. You were present
11:34 36 during this interview, Dr Lawson?
11:34 37
11:34 38 A. Yes, I was.
11:34 39
11:34 40 Q. Have you had the opportunity to review the minutes
11:34 41 recently?
11:34 42
11:34 43 A. Yes.
11:34 44
11:34 45 Q. To the best of your recollection, do the notes
11:34 46 record the matters discussed during the interview with
11:34 47 Ms Siegers?

11:34 1
11:34 2 A. Yes, they do.
11:34 3
11:34 4 Q. Thank you. You can take that down, operator.
11:34 5
11:34 6 I want to ask you some questions now about the review
11:34 7 process. First of all, perhaps if we could call up the
11:34 8 review document to help Dr Lawson refresh on some of
11:34 9 these matters, DTT.001.0002.0385.
11:34 10
11:35 11 Dr Lawson, can you identify this as the Junket Due
11:35 12 Diligence and Persons of Interest Process Review that
11:35 13 Deloitte prepared for Crown Resorts on 26 August 2020?
11:35 14
11:35 15 A. Yes, I can.
11:35 16
11:35 17 Q. Please go over the page, operator. Under "context",
11:35 18 Dr Lawson, Deloitte record that they were engaged to
11:35 19 conduct a review of Crown's decision-making processes
11:35 20 related to junket operators and persons of interest. The
11:35 21 purpose of the review was to identify opportunities for
11:35 22 Crown to enhance its junket operator and POI due
11:35 23 diligence and decision-making frameworks to ensure that
11:35 24 Crown is well-placed to make appropriate, informed
11:35 25 decisions in accordance with Crown's risk appetite and
11:35 26 regulatory obligations.
11:35 27
11:36 28 Dr Lawson, that reflected the scope of Deloitte's
11:36 29 instructions?
11:36 30
11:36 31 A. Broadly, yes.
11:36 32
11:36 33 Q. What did you want to add?
11:36 34
11:36 35 A. The specific scope was to look at both the
11:36 36 applications from prospective junket operators and for
11:36 37 existing --- the review of existing relationships.
11:36 38
11:36 39 Q. I missed a word; you said to "to gap-proof"?
11:36 40
11:36 41 A. No, to cover both --
11:36 42
11:36 43 Q. I see.
11:36 44
11:36 45 A. --- the processes relating to prospective or new
11:36 46 junket operators, and also the process of reviewing for
11:36 47 the existing relationships.

11:36 1

11:36 2 Q. Thank you for clarifying that. I wanted to ask you
11:36 3 about the second paragraph on the right-hand column. It
11:36 4 says:

11:36 5

11:36 6 *Our engagement is not an assurance engagement and we*
11:36 7 *did not perform any audit, testing or verification of*
11:36 8 *the information provided to us*

11:36 9

11:36 10 Can you explain to us what an assurance engagement is and
11:36 11 how it might be different from the review you were tasked
11:37 12 to undertake?

11:37 13

11:37 14 A. For the purpose of an assurance engagement under the
11:37 15 audit regulations, and I note I'm not an auditor, our
11:37 16 process was to review the information Crown had given us
11:37 17 and take that based on its value as being true and
11:37 18 correct without necessarily delving into every part of
11:37 19 that to verify and document each detail.

11:37 20

11:37 21 Q. I see. If we go over the page, please. You note in
11:37 22 the executive summary in the first paragraph that,
11:37 23 reading from the second sentence:

11:37 24

11:37 25 *During the course of our review we identified a*
11:37 26 *number of recent enhancements that have been made to*
11:37 27 *increase robustness of the due diligence process*

11:37 28

11:37 29 And you've made recommendations for opportunities to
11:37 30 enhance this further. So the process was, correct me if
11:38 31 I'm wrong, Deloitte was engaged to identify opportunities
11:38 32 for enhance?

11:38 33

11:38 34 A. Well, we were asked to make recommendations about
11:38 35 what could be improved.

11:38 36

11:38 37 Q. In the course of making those recommendations, you
11:38 38 identified the areas of concern from a risk or AML point
11:38 39 of view, didn't you?

11:38 40

11:38 41 A. Yes, we did.

11:38 42

11:38 43 Q. Before we get into the detail, I just wanted to see
11:38 44 if you agree with me that Deloitte identified the
11:38 45 following areas of concern in relation to Crown's junket
11:38 46 due diligence process. Leave aside the POI process and
11:38 47 the annual review process. The first area of concern

11:38 1 identified by Deloitte was that it was Crown's credit
11:38 2 team that was primarily responsible for junket due
11:38 3 diligence?

11:38 4
11:38 5 A. Yes, that's correct.

11:38 6
11:38 7 Q. We'll come to the reasons for that concern in
11:38 8 a moment. Another area of concern that Deloitte
11:39 9 identified was the limited involvement of the AML team?

11:39 10
11:39 11 A. Yes, that's correct.

11:39 12
11:39 13 Q. And another area of concern was the somewhat limited
11:39 14 involvement of the security surveillance and compliance
11:39 15 teams?

11:39 16
11:39 17 A. That's correct.

11:39 18
11:39 19 Q. One of the areas of improvement or enhancement that
11:39 20 Deloitte had identified was the use of external source
11:39 21 reports; is that correct?

11:39 22
11:39 23 A. Yes.

11:39 24
11:39 25 Q. And you recommended that the process for obtaining
11:39 26 such reports be formalised?

11:39 27
11:39 28 A. Yes, we did.

11:39 29
11:39 30 Q. Another area of improvement that Deloitte identified
11:39 31 was the use of external investigators?

11:39 32
11:39 33 A. Yes.

11:39 34
11:39 35 Q. I have deliberately referred to those as "areas of
11:39 36 enhancement". I want to now use the term "concern" and
11:39 37 see if you agree that another area of concern that
11:40 38 Deloitte identified in relation to Crown's probity
11:40 39 assessments in relation to junket operators was the
11:40 40 limited use of internal information sharing.

11:40 41
11:40 42 A. Yes, I think that is fair.

11:40 43
11:40 44 Q. Another area of concern was that the probity
11:40 45 assessments did not include the junket agents or
11:40 46 representatives?

11:40 47

11:40 1 A. Yes, that's correct.
11:40 2
11:40 3 Q. Another area was the limited guidance or training
11:40 4 that was provided to the credit team in undertaking the
11:40 5 due diligence assessments?
11:40 6
11:40 7 A. Yes, it was.
11:40 8
11:40 9 Q. You also identified concerns around the
11:40 10 documentation process?
11:40 11
11:40 12 A. Yes, that's correct.
11:40 13
11:40 14 Q. And you identified that there needed to be clearer
11:40 15 articulation of risk priorities and red flags?
11:40 16
11:40 17 A. Yes, that's correct.
11:40 18
11:40 19 Q. Thank you.
11:40 20
11:40 21 Before I come to the detail of some of those concerns,
11:40 22 you were aware at the time of this review, were you not,
11:41 23 that casinos were associated or a known source of money
11:41 24 laundering risks?
11:41 25
11:41 26 A. Yes.
11:41 27
11:41 28 Q. And they were known to attract money launderers?
11:41 29
11:41 30 A. Yes.
11:41 31
11:41 32 Q. And also there was significant risks of money
11:41 33 laundering through junket operations?
11:41 34
11:41 35 A. Yes, I was.
11:41 36
11:41 37 Q. But that was not a matter that you had to
11:41 38 familiarise yourself with or educate yourself about in
11:41 39 the course of doing this inquiry?
11:41 40
11:41 41 A. I knew in general terms of the potential risks. I
11:41 42 did, prior to commencing the review, look at the recent
11:41 43 FATF papers that had been published around junkets and
11:41 44 looked at a number of other reports just to refamiliarise
11:41 45 myself with the particular sector again, and to just
11:41 46 update my own knowledge that there was nothing ---
11:41 47 general awareness.

11:41 1
11:41 2 Q. And would you agree --- now this is a very general
11:41 3 statement so if you don't feel comfortable agreeing,
11:41 4 please say so --- the sorts of matters that FATF had been
11:41 5 reporting predated the AUSTRAC assessment but were
11:42 6 generally in line with AUSTRAC's assessment in December
11:42 7 2020?
11:42 8
11:42 9 A. I haven't read --- haven't had the chance to read the
11:42 10 AUSTRAC report in detail, so I probably wouldn't comment
11:42 11 on that.
11:42 12
11:42 13 Q. Thank you.
11:42 14
11:42 15 All right. During your review, though, did you form the
11:42 16 view that Crown shared your knowledge and understanding
11:42 17 about the money laundering risks associated with junket
11:42 18 operations?
11:42 19
11:42 20 A. I think it was certainly reflected in a lot of the
11:42 21 risk ratings around the junket program. It was
11:42 22 considered quite high within Crown and with under the AML
11:42 23 program, which was separate from the program that we were
11:42 24 looking at, junket players, operators, were considered as
11:42 25 high risk under the AML program at Crown. So I think ---
11:42 26
11:42 27 Q. Where did you say?
11:42 28
11:42 29 A. Under the AML program, someone who is connected to
11:42 30 a junket was considered as a high risk and under that
11:43 31 mechanism they were applied the same levels of enhanced
11:43 32 due diligence and transaction monitoring as per the
11:43 33 AUSTRAC regulation.
11:43 34
11:43 35 Q. That was during the relationship, not at the
11:43 36 beginning of the relationship; is that correct?
11:43 37
11:43 38 A. That's correct.
11:43 39
11:43 40 Q. Thank you, I just wanted to make that distinction
11:43 41 clear. But certainly during the interviews that we've
11:43 42 just been through, weren't Crown employees demonstrating
11:43 43 to you that they had an understanding that the money
11:43 44 laundering risks that are often associated with junket
11:43 45 operations?
11:43 46
11:43 47 A. They certainly expressed awareness that those risks

11:43 1 were there.

11:43 2

11:43 3 Q. Thank you.

11:43 4

11:43 5 All right. I want to go back to the concerns that I
11:43 6 summarised a moment ago, starting with the first that I
11:43 7 asked you about. And that was that responsibility for
11:43 8 junket due diligences at the start of the process was the
11:43 9 primary responsibility of the credit team. You
11:43 10 were concerned --- Deloitte was concerned about that,
11:44 11 were they not?

11:44 12

11:44 13 A. Yes. I felt that there was a lack of other
11:44 14 perspectives in the process.

11:44 15

11:44 16 Q. Yes. It wasn't just that, Dr Lawson. Part of the
11:44 17 problem was the credit team were not appropriately
11:44 18 trained in AML and compliance; that's the case, isn't it?

11:44 19

11:44 20 A. That's correct.

11:44 21

11:44 22 Q. And the process didn't appear to you to be
11:44 23 sufficiently tailored for them to consider reputational
11:44 24 risks and the sorts of risks that AML and compliance
11:44 25 issues create?

11:44 26

11:44 27 A. That's correct.

11:44 28

11:44 29 Q. And, as you say, there was also in the overall
11:44 30 process, limited input from other areas?

11:44 31

11:44 32 A. That's correct.

11:44 33

11:44 34 Q. But you also recognised, didn't you, that credit's
11:44 35 focus was on the credit worthiness of the junket
11:44 36 operator?

11:44 37

11:44 38 A. Yes, that's correct.

11:44 39

11:44 40 Q. And in a situation like this there are competing or
11:44 41 competing business and compliance issues that need to be
11:44 42 appropriately balanced?

11:45 43

11:45 44 A. Yes, that's correct.

11:45 45

11:45 46 Q. And you didn't feel, or Deloitte didn't feel, that
11:45 47 the credit team was the appropriate part of the

11:45 1 organisation to evaluate those competing considerations?

11:45 2

11:45 3 A. Not solely. I think it needs different perspectives
11:45 4 and different views brought to the risk and brought to that
11:45 5 process of both the due diligence and the
11:45 6 decision-making.

11:45 7

11:45 8 Q. Yes. And that didn't presently exist at the time of
11:45 9 the review?

11:45 10

11:45 11 A. Not sufficiently.

11:45 12

11:45 13 Q. And to the extent that it might have existed, it
11:45 14 wasn't formalised or properly documented in Crown's
11:45 15 processes and systems?

11:45 16

11:45 17 A. That's correct. A number of their new enhancements
11:45 18 had not yet been formalised through the policies and
11:45 19 processes.

11:45 20

11:45 21 Q. Okay. We'll come to some of those new enhancements
11:45 22 in a moment.

11:45 23

11:45 24 But as you say, there were other areas or stakeholders in
11:45 25 the business that you considered should have had some
11:45 26 buy-in into the process or increased buy-in?

11:46 27

11:46 28 A. Yes, that's correct.

11:46 29

11:46 30 Q. And primarily that was the AML part of the
11:46 31 organisation?

11:46 32

11:46 33 A. The AML and the compliance teams, but certainly most
11:46 34 primarily the AML team.

11:46 35

11:46 36 Q. You were told during the review process, weren't
11:46 37 you, that AML's role was historically limited in the due
11:46 38 diligence process for resourcing reasons?

11:46 39

11:46 40 A. Yes, that's correct.

11:46 41

11:46 42 Q. It had historically been underresourced?

11:46 43

11:46 44 A. In terms of the broader AML team, I don't know, but
11:46 45 certainly I was informed that the limitation on their
11:46 46 involvement was due to a lack of resourcing in terms of
11:46 47 the due diligence process.

11:46 1
11:46 2 Q. And what assessment did you form at the time about
11:46 3 the extent of the resourcing in this area?
11:46 4
11:46 5 A. I had been advised that there were several steps to
11:46 6 increase the resourcing in the AML team, including the
11:47 7 appointment of qualified AML analysts, but that had been
11:47 8 delayed in part due to the shutdown of the business
11:47 9 during the COVID period.
11:47 10
11:47 11 Q. I see. So the AML team were about to engage
11:47 12 an analyst who would be involved in assisting with the
11:47 13 due diligence process; is that correct?
11:47 14
11:47 15 A. I don't know that that decision had been taken but
11:47 16 there was certainly discussion of further input from the
11:47 17 AML team.
11:47 18
11:47 19 Q. I see. I just wanted to assess whether that was in
11:47 20 the pipeline but hadn't actually occurred at that stage.
11:47 21
11:47 22 A. I don't know.
11:47 23
11:47 24 Q. Didn't Mr Stokes tell you that when he joined, the
11:47 25 AML team comprised a team of one?
11:47 26
11:47 27 A. That's correct.
11:47 28
11:47 29 Q. Did that surprise you?
11:47 30
11:47 31 A. I was a little bit surprised.
11:47 32
11:47 33 Q. Because it is a casino, after all.
11:47 34
11:47 35 A. Yes.
11:47 36
11:47 37 COMMISSIONER: When you say you were surprised, is that
11:47 38 another code word for saying that it was unsatisfactory
11:47 39 in your view?
11:48 40
11:48 41 A. I certainly didn't review the resourcing of the AML
11:48 42 team or what would be appropriate for a business the size
11:48 43 of Crown, but I had anticipated it would be further
11:48 44 resourcing related to --- particularly the processes of
11:48 45 the AML program.
11:48 46
11:48 47 COMMISSIONER: Does that mean you don't have a view about

11:48 1 whether in a casino the size of Melbourne casino, one
11:48 2 person running the AML team was not sufficient or was
11:48 3 sufficient?
11:48 4
11:48 5 A. What I don't know is how the division of duties
11:48 6 amongst the program was set up by compliance or through
11:48 7 the designated one person of AML versus the other
11:48 8 mechanisms that Crown may have to support its duties
11:48 9 under the AML regulations, but they may not have been
11:48 10 handled by someone who was designated in the AML team.
11:48 11 I'm just not aware of that, Commissioner.
11:48 12
11:48 13 MS NESKOVICIN: Were you told of the reasons for the
11:48 14 limited resourcing in that area?
11:49 15
11:49 16 A. No, I wasn't.
11:49 17
11:49 18 Q. You mention that --- or the report mentions that
11:49 19 there were some improvements in that area in more recent
11:49 20 times. Can you recall what were the nature of the
11:49 21 improvements?
11:49 22
11:49 23 A. Yes. I was aware that Mr Stokes had been appointed.
11:49 24
11:49 25 Q. Can I interrupt you, though, wasn't he appointed to
11:49 26 replace somebody else or was this ---
11:49 27
11:49 28 A. He was, but he replaced his predecessor and had
11:49 29 brought Mr Sutherland back on to his team. I'd,
11:49 30 obviously as I mentioned, been informed that there were
11:49 31 plans for further hiring within that team. I was also
11:49 32 advised that they were looking at a number of
11:49 33 technological improvements around their transaction
11:49 34 monitoring and their tracking and technology, although
11:49 35 I'm not aware of exactly the specifics.
11:49 36
11:50 37 Q. Thank you.
11:50 38
11:50 39 Mr Stokes was one of the individuals that in the course
11:50 40 of the interview raised with you some concerns about the
11:50 41 function resting primarily in the credit team; do you
11:50 42 remember that?
11:50 43
11:50 44 A. Yes, I do.
11:50 45
11:50 46 Q. And Ms Siegers and Mr Preston also raised similar
11:50 47 concerns. The effect of what they said to you or

11:50 1 suggested to you was that they didn't think the credit
11:50 2 team was the appropriate part of the organisation to have
11:50 3 primary responsibility for junket due diligences; do you
11:50 4 recall that?

11:50 5
11:50 6 A. Yes, I do.

11:50 7
11:50 8 Q. Did they tell you what steps they had taken to try
11:50 9 and address that situation?

11:50 10
11:50 11 A. Not specifically. I think the review that I was
11:50 12 asked to conduct was part of that in gaining an external
11:50 13 perspective on where things should sit, how it should
11:50 14 work and what are the right settings ---

11:51 15
11:51 16 Q. But as far as you are aware the work that you were
11:51 17 engaged to do was not something that had been in the
11:51 18 pipeline for a long time and really arose in the middle
11:51 19 of 2020; isn't that correct, or do you not have that
11:51 20 background?

11:51 21
11:51 22 A. I don't have that background. I know they had been
11:51 23 contemplating the junket program obviously over the year
11:51 24 since the media reports.

11:51 25
11:51 26 Q. But that was in 2019. I really just want to
11:51 27 understand when you came along --- did you --- were you
11:51 28 told about anything, any reviews, or other programs in
11:51 29 place to review the junket process prior to Deloitte
11:51 30 being engaged?

11:51 31
11:51 32 A. Not specifically. I was aware that they have
11:51 33 conducted reviews internally from various points. I was
11:51 34 aware that they --- reduced --- reviewed a number of
11:51 35 their relationships internally, but in terms of looking
11:51 36 at that question of where it should sit, no.

11:51 37
11:51 38 Q. But generally, looking at the overall junket probity
11:52 39 process, was there a review underway at the time Deloitte
11:52 40 was engaged?

11:52 41
11:52 42 A. No.

11:52 43
11:52 44 Q. And do you recall that when you spoke to Mr Stokes,
11:52 45 he mentioned that he had prepared certain papers for
11:52 46 Mr Preston identifying what he described as control
11:52 47 enhancements, other issues around AML and

11:52 1 vulnerabilities, and the like; do you remember that?
11:52 2
11:52 3 A. I remember him mentioning those, correct.
11:52 4
11:52 5 Q. And he suggested to you, according to the notes,
11:52 6 that you could obtain the papers that he prepared for
11:52 7 Josh, Mr Preston, or Anne, Ms Siegers. Do you remember
11:52 8 him mentioning that to you?
11:52 9
11:52 10 A. Yes, I do.
11:52 11
11:52 12 Q. Did you ask Mr Preston or Ms Siegers for those
11:52 13 papers?
11:52 14
11:52 15 A. I recall asking for the reviews of the particular
11:52 16 junket operators that were mentioned and for those
11:52 17 internal documents as part of a request.
11:52 18
11:52 19 Q. And were they provided to you?
11:52 20
11:53 21 A. In relation to the internal views on the junket
11:53 22 operators, they weren't provided to me. I was advised
11:53 23 that there was --- it contained particularly sensitive
11:53 24 information in relation to the AML program and SMRs, and
11:53 25 that it didn't think that it was in a position to be
11:53 26 suitable to share at that point.
11:53 27
11:53 28 Q. Had you --- sorry, I withdraw that ---
11:53 29
11:53 30 Q. I'm just wondering about that comment about sharing
11:53 31 information with your consultant. Did you --- were you
11:53 32 required to enter into some sort of confidentiality
11:53 33 undertaking or regime prior to this engagement, or was it
11:53 34 part --- was it a term of the engagement?
11:53 35
11:53 36 A. The confidentiality --- I can't recall.
11:53 37
11:53 38 Q. Can I just be clear about this internal --- what you
11:53 39 were told about this internal review. Was it in relation
11:53 40 to particular junket operators?
11:53 41
11:53 42 A. Yes, that was my understanding.
11:53 43
11:54 44 Q. And who was the person responsible or involved in
11:54 45 that review on behalf of Crown?
11:54 46
11:54 47 A. I was informed of those reviews by Josh Preston.

11:54 1
11:54 2 Q. That was one aspect. Was there another review or
11:54 3 other information that you were told, particularly the
11:54 4 paper from Nick Stokes about its existence and whether or
11:54 5 not you could obtain a copy?
11:54 6
11:54 7 A. I don't recall that we received a copy of that
11:54 8 document.
11:54 9
11:54 10 Q. Did you ask for a copy?
11:54 11
11:54 12 A. I can't recall off the top of my head.
11:54 13
11:54 14 Q. I want to show you another document if I might.
11:54 15 Operator, it is CRW.004.0022.6540.
11:54 16
11:55 17 Dr Lawson, you see from this document that it's dated
11:55 18 30 April 2018, and it's prepared by a lady called Louise
11:55 19 Lane who was the Group General Manager AML Legal at the
11:55 20 time. Do you see that?
11:55 21
11:55 22 A. Yes, I do.
11:55 23
11:55 24 Q. Do you recall being informed that Ms Lane had left
11:55 25 the organisation in October 2019, or do you remember her
11:55 26 name being mentioned?
11:55 27
11:55 28 A. Yes, I do.
11:55 29
11:55 30 Q. In what context?
11:55 31
11:55 32 A. That she was the former AML Group Manager prior to
11:55 33 Mr Stokes and she had departed the organisation.
11:55 34
11:55 35 Q. Operator, can you go to the next page and slowly go
11:55 36 through a few pages.
11:55 37
11:56 38 Dr Lawson, I want to know if you have seen this document
11:56 39 before.
11:56 40
11:56 41 A. No, I have not.
11:56 42
11:56 43 Q. Are you sure about that? It's not a test ---
11:56 44
11:56 45 A. No, I'm confident I have not seen this document.
11:56 46
11:56 47 Q. If we go back to the first page of the document, it

11:56 1 is actually a draft of a document and I just want to show
11:56 2 you on the first page, it says "Prepared on an interim
11:56 3 basis draft and subject to further comment".

11:56 4
11:56 5 Did you receive any other reports prepared by Ms Lane in
11:56 6 relation to junkets or AML?

11:56 7
11:56 8 A. Not that I recall.

11:56 9
11:56 10 Q. Do you recall Ms Lane was generally critical about
11:56 11 Crown's AML program, or that she had suggested a number
11:56 12 of improvements that needed to be made?

11:56 13
11:56 14 A. Not to my knowledge.

11:56 15
11:57 16 Q. And you don't recall any other materials prepared by
11:57 17 Ms Lane provided to Deloitte for the purposes of its
11:57 18 review?

11:57 19
11:57 20 A. Not that I recall.

11:57 21
11:57 22 MS NESKOVCIN: The reason I'm asking, Commissioner, is we
11:57 23 only received this last night. More documents will come,
11:57 24 it is a preliminary assessment of this document, it
11:57 25 suggests Ms Lane had criticisms and had items about
11:57 26 enhancements that could be made to AML and junkets.

11:57 27
11:57 28 To the extent that anyone in the organisation was in that
11:57 29 position, that wasn't a matter shared with Deloitte at
11:57 30 the time of its review?

11:57 31
11:57 32 A. No.

11:57 33
11:57 34 MS NESKOVCIN: I tender that document, Commissioner.

11:57 35
11:57 36 COMMISSIONER: Is that Ms Lane's draft or interim
11:57 37 analysis of --- what, just call it 100 Day Report, yes?

11:58 38
11:58 39 MS NESKOVCIN: Yes. Perhaps if we could mention the
11:58 40 date.

11:58 41
11:58 42 COMMISSIONER: I will describe it as the report prepared
11:58 43 by Louise Lane titled "100 Day Report" dated 30 April
11:58 44 2018.

11:58 45
11:58 46 ASSOCIATE: RC22.

11:58 47

1

2 **EXHIBIT #RC0022 - REPORT BY LOUISE LANE TITLED "100**
3 **DAY REPORT" DATED 30 APRIL 2018**

4

5

11:58 6 MS NESKOVCIN: We will move on to a slightly different,
11:58 7 but related topic and that is the security and
11:58 8 surveillance team and compliance in the junket due
11:58 9 diligence process. You mentioned that Deloitte also
11:58 10 considers that there was room for those teams to have
11:58 11 a greater involvement in the junket due diligence
11:58 12 process; is that correct?

11:58 13

11:58 14 A. Yes, we did.

11:58 15

11:58 16 Q. You were told that there had been a recent
11:59 17 improvement, and I will just take you to the report.

11:59 18

11:59 19 Operator, DTT.001.0002.0385 at _0017, please, operator.
11:59 20 Looking at 1.3.1, Dr Lawson, the fourth line begins with
11:59 21 a sentence:

11:59 22

11:59 23 *While the Compliance team has had an ongoing role*
11:59 24 *since at least 2017*

11:59 25

12:00 26 Oh, that's not the part. Sorry, the next paragraph:

12:00 27

12:00 28 *As noted in appendix D, recent enhancements to the*
12:00 29 *due diligence process have introduced a check of the*
12:00 30 *information held by Security & Surveillance.*

12:00 31

12:00 32 As I understand of your report, what you had been
12:00 33 informed about or had identified was that various parts
12:00 34 of the organisation had their own information databases?

12:00 35

12:00 36 A. Yes, that's correct.

12:00 37

12:00 38 Q. And security and surveillance had their own
12:00 39 information database?

12:00 40

12:00 41 A. Yes, I was advised that through the security and
12:00 42 surveillance team, they had access to both their security
12:00 43 database and the ability to check the AML database as
12:00 44 well, whether any SMRs or other information was held on
12:00 45 that database.

12:00 46

12:00 47 Q. Conversely, other parts of the organisation, such as

12:00 1 AML or credit, did not have access to the security
12:00 2 database?
12:01 3
12:01 4 A. I'm not sure about the AML, but certainly the credit
12:01 5 team did not have access to that database. I was advised
12:01 6 that through a recent change they could do a search
12:01 7 across it and at least get back whether there was a hit
12:01 8 on that name, but they didn't get detail from those
12:01 9 databases.
12:01 10
12:01 11 Q. Do you remember Mr Stokes saying that he had some
12:01 12 concerns about lack of information sharing?
12:01 13
12:01 14 A. Yes.
12:01 15
12:01 16 Q. I'm trying to jog your memory because you mention
12:01 17 you thought AML had access --- it's not my reading of
12:01 18 Mr Stokes' statement. I just want to explore with you
12:01 19 whether you thought it was appropriate for
12:01 20 an organisation like this to operate in silos.
12:01 21
12:01 22 A. I think certainly there was a need for much greater
12:01 23 sharing of information, and part of our recommendations
12:01 24 was that Crown put in place the ability to develop
12:02 25 a holistic view of the information it held in relation to
12:02 26 particular business relationships and junket operators.
12:02 27
12:02 28 Q. Because otherwise there are missed opportunities,
12:02 29 aren't there?
12:02 30
12:02 31 A. Correct.
12:02 32
12:02 33 Q. And one part of the organisation doesn't have the
12:02 34 insight into another part of the organisation, their
12:02 35 records, their information, their decision-making;
12:02 36 correct?
12:02 37
12:02 38 A. Correct.
12:02 39
12:02 40 Q. Were you told of a reason --- "silo" is my word, but
12:02 41 were you told of the reason for that siloed approach?
12:02 42
12:02 43 A. Not specifically. We were informed certainly that
12:02 44 with AML that information can be quite sensitive at
12:02 45 times. Again, with law enforcement information, the
12:02 46 sharing and sharing widely that information can sometimes
12:02 47 cause other challenges and difficulties, and that

- 12:02 1 historically that had existed in different repositories.
12:02 2
- 12:02 3 Q. But had it also created some sort of --- animosity is
12:03 4 a strong word, but I will use it --- animosity within the
12:03 5 organisation that in one part, a senior person couldn't
12:03 6 access information available in another part of the
12:03 7 organisation?
12:03 8
- 12:03 9 A. I think there was certainly challenges about how that
12:03 10 was shared across different areas.
12:03 11
- 12:03 12 Q. You remember Ms Siegers saying that she thought
12:03 13 Mr Walsh was a cop and behaved like a cop and he wouldn't
12:03 14 share information?
12:03 15
- 12:03 16 A. Yes, I think that was an off-the-cuff comment.
12:03 17
- 12:03 18 Q. She was frustrated, though?
12:03 19
- 12:03 20 A. Certainly there was an expression there at some
12:03 21 frustration with difficulties of ensuring information was
12:03 22 shared openly.
12:03 23
- 12:03 24 Q. Deloitte suggested that a better approach was for
12:03 25 the information to be available to sufficiently senior
12:03 26 people who could appreciate the significance of the
12:03 27 sensitivity of it?
12:03 28
- 12:03 29 A. That's correct.
12:03 30
- 12:03 31 Q. And how did you feel that Crown reacted to that
12:03 32 recommendation?
12:04 33
- 12:04 34 A. They accepted all the recommendations in our report.
12:04 35
- 12:04 36 Q. Thank you.
12:04 37
- 12:04 38 If I could digress for a moment to talk about premium
12:04 39 players, did you have any insight into the due diligence
12:04 40 process around premium players and what it comprised?
12:04 41
- 12:04 42 A. My understanding, although we were focused on junket
12:04 43 operators in particular, my understanding was that the
12:04 44 policy and the SOPs apply similarly to junket operators
12:04 45 and premium players.
12:04 46
- 12:04 47 Q. So if there was an issue about the sharing of the

12:04 1 information in relation to junkets and an improvement
12:04 2 that needed to be made there, you would suggest that that
12:04 3 is an improvement that should also apply across the
12:04 4 premium player due diligence process?
12:04 5
12:04 6 A. Correct.
12:04 7
12:05 8 MS NESKOVCIN: Commissioner, please go to page 10.
12:05 9
12:05 10 This issue about the missed opportunity that we were just
12:05 11 discussing, Dr Lawson, is a matter you identify by
12:05 12 reference to your own review of Crown's due diligence
12:05 13 files. I will try and get some background on that.
12:05 14
12:05 15 For the purpose of this review, Deloitte was provided
12:05 16 with three due diligence files; is that correct?
12:05 17
12:05 18 A. Yes, that's correct.
12:05 19
12:05 20 Q. Were these selected by Crown or by Deloitte or did
12:05 21 you give some instructions on what they should provide?
12:05 22
12:05 23 A. I recall I asked for some examples of one they
12:05 24 considered to be a higher risk, a medium and low risk
12:05 25 file to get a sense of how the information was compiled
12:06 26 for those different.
12:06 27
12:06 28 Q. You said "they" ---
12:06 29
12:06 30 A. Crown.
12:06 31
12:06 32 Q. Was that your suggestion or Crown's suggestion?
12:06 33
12:06 34 A. I suggested that to Crown.
12:06 35
12:06 36 Q. You otherwise left it to Crown to provide what they
12:06 37 thought was appropriate?
12:06 38
12:06 39 A. That's correct.
12:06 40
12:06 41 Q. They didn't provide you with any reports that
12:06 42 related to the individuals that were the subject of the
12:06 43 Bergin Inquiry, did they?
12:06 44
12:06 45 A. No, they did not.
12:06 46
12:06 47 Q. Did you ask for those?

12:06 1
12:06 2 A. I did in terms of asking for the internal review that
12:06 3 was ultimately not able to be shared with me.
12:06 4
12:06 5 Q. And that was for the reasons that you just mentioned
12:06 6 before, that was, Mr Preston regarded that as
12:06 7 particularly sensitive and didn't want to disclose that?
12:06 8
12:06 9 A. That's correct.
12:06 10
12:06 11 Q. Operator, if you could blow up the bottom left-hand
12:06 12 corner, the paragraph beginning "in the due diligence
12:06 13 files" and there, Dr Lawson, Deloitte reported:
12:06 14
12:07 15 *In the due diligence files reviewed in this*
12:07 16 *engagement we noted examples of these checks that*
12:07 17 *highlighted the existence of red-flags related to the*
12:07 18 *named operator without providing details of these*
12:07 19 *reports. While it is appropriate to maintain the*
12:07 20 *confidentiality of this information, the existence of*
12:07 21 *the red-flag was not highlighted within the due*
12:07 22 *diligence summary and no further information appeared*
12:07 23 *to be recorded as to how this information was*
12:07 24 *considered and resolved as part of the*
12:07 25 *decision-making process.*
12:07 26
12:07 27 My understanding of what you were reporting there was
12:07 28 that this was in relation to the additional check.
12:07 29 Someone could make a check, see a red flag, but then
12:07 30 there would be no further information recorded so
12:07 31 a person reviewing the file wouldn't appreciate the
12:07 32 reason for the existence of the red flag, how it impacted
12:07 33 on decision-making, the rationale for continuing or
12:08 34 terminating the relationship and matters of that kind.
12:08 35 Is that correct? Perhaps you could describe what you
12:08 36 meant here.
12:08 37
12:08 38 A. I think that is broadly correct. I would expect to
12:08 39 see, in a situation where information has been
12:08 40 highlighted, that there is further information to be
12:08 41 held. It may not be appropriate for that information to
12:08 42 be held in that particular file in its openness if it is
12:08 43 confidential information, but there should be some record
12:08 44 that indeed the check was registered, that it formed part
12:08 45 of the considerations when a decision was made and how
12:08 46 that was resolved.
12:08 47

12:08 1 Q. This was an ongoing theme, Dr Lawson, in the review
12:08 2 of not just the junket due diligence but also the POI
12:08 3 process and the annual review process, namely a lack of
12:08 4 documentation particularly around reasoning and
12:08 5 rationales; do you agree?

12:08 6
12:08 7 A. Yes, I do.

12:08 8
12:09 9 Q. Using your risk culture hat, what assessment do you
12:09 10 make about that phenomenon?

12:09 11
12:09 12 A. I certainly think it is important there needs to
12:09 13 be an audit trail and clear documentation and the
12:09 14 rationale for that decision.

12:09 15
12:09 16 Q. That is important for corporate record purposes;
12:09 17 correct?

12:09 18
12:09 19 A. Mm-hmm.

12:09 20
12:09 21 Q. Important for transparency, correct?

12:09 22
12:09 23 A. Yes, it is.

12:09 24
12:09 25 Q. Important for accountability, correct?

12:09 26
12:09 27 A. Yes, it is.

12:09 28
12:09 29 Q. The lack of a process to document reasons and
12:09 30 rationale, does that also speak to a culture of trying to
12:09 31 avoid accountability?

12:09 32
12:09 33 A. I wouldn't be able to comment. I've not done
12:09 34 that detailed risk culture assessment within Crown, and I
12:09 35 wouldn't be able to comment how broad that was, but
12:09 36 certainly in relation to the processes under review,
12:09 37 there was a need for greater transparency and clarity in
12:09 38 decisions and the rationales behind them.

12:09 39
12:09 40 Q. I note your answer. Can I ask this further
12:10 41 question: does it speak to a culture trying to avoid
12:10 42 scrutiny?

12:10 43
12:10 44 A. I'm not sure I could conclude on that.

12:10 45
12:10 46 Q. Thank you.

12:10 47

12:10 1 COMMISSIONER: Why can't you answer the question?

12:10 2

12:10 3 A. As I said, Commissioner, I was reviewing some
12:10 4 particular processes in relation to how documents were
12:10 5 recorded within these processes. If I was to speak to
12:10 6 a broader culture perspective, I would want to understand
12:10 7 is this pervasive across other processes, multiple areas
12:10 8 of the business. Is this a normative behaviour or is it
12:10 9 something that is poor decision-making or poor
12:10 10 record-keeping, or is there some motivation behind it
12:10 11 that speaks to a cultural failing. And I would want to
12:10 12 have a look at a broader sense of the organisation, do
12:11 13 deeper culture-focused interviews to understand the
12:11 14 mindsets that were behind people in relation to the
12:11 15 record-keeping.

12:11 16

12:11 17 COMMISSIONER: All right.

12:11 18

12:11 19 MS NESKOVCIN: But it is the sort of matter that raises
12:11 20 an alarm bell, or a flag to probe further to see what is
12:11 21 behind this practice of not recording, not documenting
12:11 22 reasons, am I right about that or is that too
12:11 23 generalised?

12:11 24

12:11 25 A. I think it's certainly, and we've highlighted for
12:11 26 Crown that that does need to be fixed, and it should be
12:11 27 rectified.

12:11 28

12:11 29 COMMISSIONER: Let me ask a slightly different question.
12:11 30 I like to do lists. Can you do me a list or itemise each
12:11 31 of the positive aspects of the junket operator processes
12:11 32 that Crown had in place? I have your list of problematic
12:12 33 things and things that need fixing; tell me the good
12:12 34 things, if there are any.

12:12 35

12:12 36 A. I think there was certainly evidence of best efforts
12:12 37 to undertake research to identify these things. I think
12:12 38 there were training gaps associated with that, but there
12:12 39 was an intent to try and develop the process and
12:12 40 strengthen it over time.

12:12 41

12:12 42 COMMISSIONER: Let me then qualify my question a bit.
12:12 43 Apart from the improvements that were in the process of
12:12 44 being implemented at the time you conducted your
12:12 45 research, or review, if you go back the day before that
12:12 46 happened, that is, I can do it from the middle of 2020
12:12 47 backwards rather than the improvements that might have

12:12 1 been triggered by some external event, and we all know
12:12 2 what that is, what are the positive aspects that existed
12:13 3 before those improvements were implemented in mid-2020?

12:13 4

12:13 5 A. Certainly the decisions being taken by a senior
12:13 6 executive body were positive. Whether or not the right
12:13 7 decision is made is irrespective. I think the
12:13 8 decision-making committee was of a sufficiently senior
12:13 9 level within the business to be looking at that.

12:13 10 I certainly think there had been, over several years,
12:13 11 ongoing efforts to develop it, to change based on further
12:13 12 information. We noted genuine efforts to try and
12:13 13 understand the databases that they were using, to the
12:13 14 extent that they could, and to try and look at how do
12:13 15 they put in more data sources to that process of due
12:13 16 diligences.

12:13 17

12:13 18 I think there would have been better sources they could
12:14 19 have applied, but there were certainly efforts to try and
12:14 20 develop that program. In terms of other key factors
12:14 21 I think we call out in our report that behind the
12:14 22 approaches of other organisations, it was quite a bit
12:14 23 behind at that time.

12:14 24

12:14 25 MS NESKOVICIN: Thank you, Commissioner.

12:14 26

12:14 27 Thank you, Dr Lawson. I will move to a different topic
12:14 28 identified in the report.

12:14 29

12:14 30 Operator, could we go to _0009. Dr Lawson, one of the
12:14 31 recommendations on strengthening the due diligence
12:14 32 process that was made by Deloitte was a recommendation to
12:14 33 strengthen information inputs; do you see that?

12:14 34

12:15 35 A. Yes.

12:15 36

12:15 37 Q. There were recommendations around strengthening
12:15 38 internal information inputs such as the one we've just
12:15 39 discussed, internal information sharing, there were some
12:15 40 recommendations around training, which we will come to
12:15 41 a moment, but I just want to focus on recommendations
12:15 42 about external source information. If we could look at
12:15 43 1.1.2 in the middle of the left-hand column, Deloitte
12:15 44 wrote that:

12:15 45

12:15 46 *Crown currently makes use of a number of external*
12:15 47 *providers whilst carrying out searches into*

- 12:15 1 *prospective junket operators as part of the due*
12:15 2 *diligence process*
12:15 3
12:15 4 You've listed some there. Commissioner, you will be
12:15 5 familiar with the names of some of those.
12:15 6
12:15 7 *Of the searches undertaken, AcurisC6 provides the*
12:15 8 *highest quality reporting for matters of compliance*
12:15 9 *and reputation risk, however, is used infrequently by*
12:16 10 *Crown due to cost, primarily at the start of a new*
12:16 11 *relationship.*
12:16 12
12:16 13 Can I just clarify a couple of things, Dr Lawson.
12:16 14 Deloitte certainly recommended that the use of these
12:16 15 external source providers needed to be formalised. It
12:16 16 was not formalised. That is one point; correct?
12:16 17
12:16 18 A. They weren't formalised in terms of the level of
12:16 19 report they requested from the various providers.
12:16 20
12:16 21 Q. I thought they weren't formalised at all?
12:16 22
12:16 23 A. They were noted in some of the SOP --- within the
12:16 24 training documents they were noted, but in terms of
12:16 25 formally within their standard operating procedures, no,
12:16 26 they weren't.
12:16 27
12:16 28 Q. I thought Deloitte was recommending that reports of
12:16 29 this kind be obtained in every case because they weren't
12:16 30 currently being obtained in every case; is that correct?
12:16 31
12:16 32 A. They were being obtained in every case. The
12:16 33 providers of these sort of services quite often have
12:16 34 tiered approaches to different levels of reporting that
12:16 35 they will give. Various providers provide different
12:17 36 types of information, for instance, some may be
12:17 37 aggregators of online information in that they use
12:17 38 generally scraping techniques to get large buckets of
12:17 39 information, and that's what they search across.
12:17 40
12:17 41 Q. Can I just interrupt you, is that from, say,
12:17 42 internet searches and publicly available information?
12:17 43
12:17 44 A. Correct.
12:17 45
12:17 46 Q. And then the next level?
12:17 47

- 12:17 1 A. The next level is those where there is that process
12:17 2 of aggregating information but there is actually also
12:17 3 analytical power put to work, whether that be an analyst
12:17 4 who sits down and starts to try and do some further
12:17 5 inquiry, to try and corroborate or verify particular
12:17 6 pieces of information, versus the more in-depth, online
12:17 7 investigation which would not just look at the media, it
12:17 8 would look at openly available public records, it would
12:17 9 be more akin to the sort of online investigation that you
12:18 10 would conduct. And then, at its most deep level, you
12:18 11 find those companies who will conduct not only all of
12:18 12 that research, but will also conduct discreet source
12:18 13 inquiries, they will undertake active investigative work
12:18 14 in order to do that.
12:18 15
12:18 16 So the Wealth-X and global databases are probably closer
12:18 17 to the start end of that spectrum --
12:18 18
12:18 19 Q. Thank you.
12:18 20
12:18 21 A. --- whereas AcurisC6 is further up the chain in terms
12:18 22 of that online investigation, particularly in their more
12:18 23 detailed report, which is the expensive version.
12:18 24
12:18 25 Q. And that is what you describe as ---
12:18 26
12:18 27 A. The C6.
12:18 28
12:18 29 Q. --- yes, the C6. Was it your assessment from
12:18 30 speaking to Crown and your review of the due diligence
12:18 31 files and other processes that Crown's practice tended to
12:18 32 be to obtain the Wealth-X and Global Data reports at that
12:19 33 end of the spectrum?
12:19 34
12:19 35 A. So they generally obtained AcurisC6 as part of the
12:19 36 prospective process when they were onboarding, as part of
12:19 37 that --
12:19 38
12:19 39 Q. I see.
12:19 40
12:19 41 A. --- or if there was a suggestion that there was new
12:19 42 information, they might get another one at the annual
12:19 43 review time. But Wealth-X and Global Data were across
12:19 44 all of those processes.
12:19 45
12:19 46 Q. I see. And you note that the reluctance to obtain
12:19 47 the C6 report was due to cost. What were you told about

12:19 1 that?

12:19 2

12:19 3 A. I was told that they sought to limit the more costly
12:19 4 searches, and to try and look at whether things had
12:19 5 changed and would trigger a requirement to get further
12:19 6 information.

12:19 7

12:19 8 Q. Do you know what the cost was of the C6 report that
12:19 9 you were recommending?

12:19 10

12:19 11 A. I don't recall specifically.

12:19 12

12:19 13 Q. You were told, or did you know that junket operators
12:20 14 tend to contribute millions of dollars of revenue to
12:20 15 Crown in each year?

12:20 16

12:20 17 A. Yes.

12:20 18

12:20 19 Q. Do you think that needed to be taken into account
12:20 20 when assessing the reasonableness or how costly a report
12:20 21 is?

12:20 22

12:20 23 A. I would recommend that those more robust reports be
12:20 24 obtained, as part of the ---

12:20 25

12:20 26 COMMISSIONER: Can you give me a rough idea of the cost
12:20 27 an enhanced search? I take it these are not
12:20 28 subscriptions, say Acuris C6, that is not a subscription
12:20 29 service. Is it I can engage it for a particular search
12:20 30 in relation to a particular individual and just pay for
12:20 31 that?

12:20 32

12:20 33 A. Yes. Most businesses will have that model where you
12:20 34 can just engage for a particular search.

12:20 35

12:20 36 COMMISSIONER: Right.

12:20 37

12:20 38 A. Others will have a semi-subscription type basis where
12:20 39 you might pay a certain fee per annum, and for that you
12:20 40 get a certain number of searches within that scope. So
12:20 41 it depends on the company and the pricing model that they
12:21 42 choose to adopt.

12:21 43

12:21 44 COMMISSIONER: And if I want an enhanced search of
12:21 45 an individual who is living in Macau or somewhere, give
12:21 46 me a rough idea what AcurisC6 might charge me for the
12:21 47 work.

12:21 1
12:21 2 A. In terms of a basic, online-only ---
12:21 3
12:21 4 COMMISSIONER: No, no, enhanced.
12:21 5
12:21 6 A. An enhanced due diligence?
12:21 7
12:21 8 COMMISSIONER: Basic online I can probably do myself.
12:21 9 But if I wanted to pay for a better service, roughly what
12:21 10 it would cost me.
12:21 11
12:21 12 A. If you were looking at something right down the
12:21 13 bottom end of the spectrum where you are going into
12:21 14 investigative work on the ground, that could be 20 to
12:21 15 \$30,000 depending on how many individuals and
12:21 16 jurisdictions. Those are the two parameters.
12:21 17
12:21 18 COMMISSIONER: So tops would be about 20 or \$30,000?
12:21 19
12:21 20 A. For a single individual?
12:21 21
12:21 22 COMMISSIONER: Probably a bit less.
12:21 23
12:21 24 A. Around that, maybe a bit less.
12:21 25
12:21 26 COMMISSIONER: Maybe a bit less. All right. And how
12:21 27 many junket operators did Crown, in the period that you
12:22 28 have looked at, have to make inquiries about? We're not
12:22 29 talking about dozens, we're talking about a handful of
12:22 30 people, aren't we?
12:22 31
12:22 32 A. I don't recall the exact numbers off the top of my
12:22 33 head ---
12:22 34
12:22 35 COMMISSIONER: Rounding off numbers.
12:22 36
12:22 37 A. Certainly I think there were maybe 20 or 30 new
12:22 38 applications a year, and then there was the review period
12:22 39 obviously which was across the whole junket operators.
12:22 40
12:22 41 MS NESKOVCIN: Dr Lawson, a moment ago you mentioned that
12:22 42 a C6 report would be obtained if there was a trigger.
12:22 43 What did you mean?
12:22 44
12:22 45 A. I was advised if there was new information or there
12:22 46 had perhaps been some other request or they had seen
12:22 47 something in one of the other reports they might request

12:22 1 a new C6, Acuris.

12:22 2

12:22 3 Q. And who decided if there was a trigger event?

12:22 4

12:23 5 A. My understanding, the way it operated, was the credit

12:23 6 team would review that and they would discuss it

12:23 7 internally and figure out whether that was necessary to

12:23 8 go and get further information in discussion with the

12:23 9 management of that area.

12:23 10

12:23 11 I would note also that it could go up to the executive

12:23 12 who would request that further detail and further

12:23 13 information as well, the decision-making committee.

12:23 14

12:23 15 Q. Operator, can we go to the next page. This is still

12:23 16 on information inputs, but another recommendation that

12:23 17 Crown made was in relation to --- sorry, one more

12:23 18 page again. Another recommendation that Deloitte made

12:23 19 was in relation to external investigations support. Do

12:23 20 you see paragraph 1.1.6. Deloitte wrote:

12:23 21

12:24 22 *At the current time, Crown does not engage third*

12:24 23 *party investigation support to undertake due*

12:24 24 *diligence in relation to junket operators. Across*

12:24 25 *the industry it is common for companies to utilise*

12:24 26 *appropriately qualified investigation providers to*

12:24 27 *undertake in-depth due diligence into identified*

12:24 28 *high-risk business partners, including junket*

12:24 29 *operators .*

12:24 30

12:24 31 Dr Lawson, did you identify this as one respect in which

12:24 32 Crown was falling below industry practice?

12:24 33

12:24 34 A. Yes.

12:24 35

12:24 36 Q. You mentioned, in answer to some of the questions

12:24 37 from the Commissioner a moment ago, about some things

12:24 38 that were positive. You said that overall Crown was

12:24 39 behind other organisations. Did you mean that to apply

12:24 40 to external source reports and external investigation

12:24 41 reports such as what we are looking at at 1.1.6?

12:24 42

12:24 43 A. Yes, in part. The use of external investigative

12:25 44 support is fairly common, particularly where you are

12:25 45 dealing with high-risk business relationships. And it

12:25 46 may be for the purposes of assessing corruption risk, it

12:25 47 may be for the purposes of or AML risk, but certainly the

12:25 1 use of specialist resources in the countries of origin
12:25 2 who are fully familiar with all of the information that
12:25 3 is available there, the ability to access that in some
12:25 4 cases is quite common.

12:25 5

12:25 6 Q. Is that the sort of work that you were doing at FTI?

12:25 7

12:25 8 A. Yes, it is.

12:25 9

12:25 10 Q. So you can speak firsthand for how --- the value in
12:25 11 those sorts of reports?

12:25 12

12:25 13 A. Yes, I can.

12:25 14

12:25 15 Q. On the issue of training, if we go back, operator,
12:25 16 to page _0010. Paragraph 1.1.5, you noted that:

12:25 17

12:25 18 *The due diligence process is currently conducted by*
12:25 19 *staff in the Credit team who have not received formal*
12:26 20 *open-source research training.*

12:26 21

12:26 22 Can you explain to the Commissioner what "open-source
12:26 23 research training" is?

12:26 24

12:26 25 A. Yes, I can. There is several professional training
12:26 26 programs on how to conduct open source investigations and
12:26 27 research.

12:26 28

12:26 29 Q. So it's not just using Google?

12:26 30

12:26 31 A. No. It's not just using Google. Google is one of
12:26 32 many search engines out there, all of which have their
12:26 33 own particularly vagaries and algorithms that sit behind
12:26 34 them, so it is entirely possible to use one search engine
12:26 35 that will give you a different result than if you'd used
12:26 36 another one.

12:26 37

12:26 38 So those training programs will often cover things such
12:26 39 as how to use search engines effectively, how to search
12:26 40 as widely as possible. They would generally cover the
12:26 41 use of things like social media and how to access and
12:27 42 make use of that information as part of your
12:27 43 investigation. And quite often, and increasingly, they
12:27 44 will cover things like public record searches and how you
12:27 45 can identify and retrieve public records in various parts
12:27 46 of the world.

12:27 47

- 12:27 1 Q. So it's all designed to undertake a more robust
12:27 2 search process; is that correct?
12:27 3
- 12:27 4 A. Yes, it is.
12:27 5
- 12:27 6 Q. You mentioned social media, but you also identify
12:27 7 that that was a source or tool that wasn't currently
12:27 8 employed by Crown?
12:27 9
- 12:27 10 A. That's correct.
12:27 11
- 12:27 12 Q. It is a pretty basic matter in today's times to
12:27 13 include social media searches?
12:27 14
- 12:27 15 A. Quite often it would be.
12:27 16
- 12:27 17 Q. And you identified that the credit team hadn't
12:27 18 received formal open-source research training?
12:27 19
- 12:27 20 A. That's correct.
12:27 21
- 12:27 22 Q. In relation to training generally, can we go through
12:27 23 the next sentence. Deloitte says:
12:27 24
- 12:28 25 *Furthermore, the internal training guide outlining*
12:28 26 *the process does not include details of different*
12:28 27 *risks, AML typologies or red flags that should be*
12:28 28 *considered whilst carrying out the searches and*
12:28 29 *checks.*
12:28 30
- 12:28 31 First of all, can you explain to the Commissioner what
12:28 32 you mean by "AML typologies"?
12:28 33
- 12:28 34 A. So, in this context, I think certainly understanding
12:28 35 concepts like beneficial ownership and how to assess and
12:28 36 understand beneficial ownership, looking at business
12:28 37 associates, co-directorships those sort of processes, to
12:28 38 try and understand that, I wasn't necessarily suggesting
12:28 39 that there was a need for deep AML typologies, but
12:28 40 specific issues that you come up against in conducting
12:28 41 due diligence around an AML program.
12:28 42
- 12:28 43 Q. Thank you. What did you mean by "red flags"?
12:29 44
- 12:29 45 A. Red flags meaning those issues or signs that there
12:29 46 may be something further here to look at, there is
12:29 47 a requirement to go further and look deeply at.

12:29 1
12:29 2 Q. What I wanted to understand was is if the credit
12:29 3 team had any training in relation to those matters at
12:29 4 all?
12:29 5
12:29 6 A. They did have training. Certainly there had been
12:29 7 ongoing efforts to upskill and to develop, but my
12:29 8 recommendation was that there was scope for more
12:29 9 formalised training and to actually codify that to ensure
12:29 10 that they were getting the right skills that were
12:29 11 required, tailored to the job they were doing.
12:29 12
12:29 13 Q. Was the training online training or just access to
12:29 14 a training guide?
12:29 15
12:29 16 A. There was access to a training guide and mentoring by
12:29 17 the lead of the credit area, who had done quite extensive
12:29 18 work in upskilling herself and trying to understand how
12:29 19 to do these things.
12:29 20
12:29 21 Q. Who was that person?
12:29 22
12:29 23 A. Mary Gioras. And had done a lot of self-learning and
12:30 24 had helped to upskill her team through her own research
12:30 25 and her own work.
12:30 26
12:30 27 Q. So what you are identifying here is that the guide
12:30 28 didn't outline those processes, but doesn't it also
12:30 29 follow that the guide didn't provide any indicators about
12:30 30 what to do when you --- so it didn't identify what was
12:30 31 a red flag or what to do if you identified a red flag?
12:30 32
12:30 33 A. Not sufficiently, no.
12:30 34
12:30 35 Q. Operator, can we go to the paragraph below the one
12:30 36 that you've highlighted, the final paragraph under 1.1.6,
12:30 37 "recommendations".
12:30 38
12:30 39 Dr Lawson, Deloitte said:
12:30 40
12:30 41 *We also recommend that the internal training*
12:30 42 *documents are supplemented to include guidance on*
12:30 43 *carrying out searches and due diligence checks,*
12:30 44 *including risks, red flags and typologies [which*
12:30 45 *we've just discussed], along with better defined*
12:30 46 *escalation points and triggers for further*
12:30 47 *investigation.*

12:30 1
12:30 2 What did you mean by "escalation points and triggers for
12:31 3 further investigation"?

12:31 4
12:31 5 A. I thought that it should be outlined what are the
12:31 6 sort of indicators that suggest they need to elevate this
12:31 7 to a higher level to review the work, or to refer it to
12:31 8 someone else if need be, to refer it to an external
12:31 9 provider, because there was an issue that was identified
12:31 10 that wasn't necessarily suitable to be able to try and
12:31 11 resolve yourself, and that you needed that external
12:31 12 perspective to go and get that information.
12:31 13

12:31 14 Q. Thank you. I want to move to a different topic and
12:31 15 that is on the issue of junket agents. I ask the
12:31 16 operator to go to page _0013.
12:31 17

12:31 18 Dr Lawson, in the interviews with Crown staff, Crown
12:31 19 staff themselves identified that there was a deficiency
12:31 20 in the system in that it didn't include junket agents,
12:32 21 did they not?
12:32 22

12:32 23 A. That's correct.
12:32 24

12:32 25 Q. They themselves recognised that junket agents
12:32 26 presented one of the higher risks for Crown in the junket
12:32 27 program; correct?
12:32 28

12:32 29 A. They did.
12:32 30

12:32 31 Q. And it was because, as far as you are aware, that is
12:32 32 because the agent is primarily responsible for the junket
12:32 33 program?
12:32 34

12:32 35 A. That's correct.
12:32 36

12:32 37 Q. Any other reasons?
12:32 38

12:32 39 A. Sorry, I'm not sure I got your question.
12:32 40

12:32 41 Q. Could you elaborate on what you understood as the
12:32 42 risk created by the role of the junket agent in the
12:32 43 junket program?
12:32 44

12:32 45 A. By virtue of the fact that the junket agent was
12:32 46 physically present at the casino in a lot of cases, was
12:32 47 responsible for the interaction with the players, was

12:32 1 often responsible for the financial arrangements and
12:33 2 transactions between the casino and the junket players,
12:33 3 as an intermediary in that process they were
12:33 4 a significant point.

12:33 5
12:33 6 Q. They also operate or are often authorised to operate
12:33 7 the junket account; correct?

12:33 8
12:33 9 A. That's right.

12:33 10
12:33 11 Q. They arrange for the pooling of money for the junket
12:33 12 players or the extension of credit to junket players?

12:33 13
12:33 14 A. That's correct.

12:33 15
12:33 16 Q. And they essentially do all the engagement with the
12:33 17 casino on behalf of the players; correct?

12:33 18
12:33 19 A. That's correct.

12:33 20
12:33 21 Q. They go to the cage?

12:33 22
12:33 23 A. My understanding.

12:33 24
12:33 25 Q. They cash in the chips?

12:33 26
12:33 27 A. That's my understanding.

12:33 28
12:33 29 Q. They book the accommodation?

12:33 30
12:33 31 A. I'm not sure, but possibly.

12:33 32
12:33 33 Q. We'll come back to that later. If you look at
12:33 34 paragraph 1.2.3, the second paragraph finishes with the
12:33 35 sentence:

12:33 36
12:33 37 *Given their position, Agents present a potential risk*
12:34 38 *of legal and reputational issues for Crown.*

12:34 39
12:34 40 I should have directed you to that before, but that's
12:34 41 what I wanted you to elaborate on the risks presented by
12:34 42 junket agents to Crown. Is there anything you want to
12:34 43 add to your answer a moment ago?

12:34 44
12:34 45 A. Certainly it is the fact that they are responsible
12:34 46 for so much of that relationship that there is a clear
12:34 47 exposure there, and a need to understand who those people

12:34 1 are, in a more similar sense to what you understand the
12:34 2 operator.

12:34 3

12:34 4 Q. And on a different but related note, nor did the
12:34 5 Crown due diligence process look carefully at the
12:34 6 affiliates and associates of an operator; correct?

12:34 7

12:34 8 A. That's correct.

12:34 9

12:34 10 Q. They didn't do any due diligence in relation to
12:34 11 office holders, the junket operators, that were
12:34 12 incorporated?

12:34 13

12:34 14 A. Not sufficiently.

12:34 15

12:34 16 Q. And you identified, just from the three files that
12:35 17 you or Deloitte reviewed, that that is an important point
12:35 18 of inquiry because the affiliates and the associates can
12:35 19 in themselves present reputational and compliance risks
12:35 20 for Crown?

12:35 21

12:35 22 A. That's correct.

12:35 23

12:35 24 Q. I will just take you to where you address this in
12:35 25 your report at page _0009. On the right-hand column, the
12:35 26 third paragraph, it says:

12:35 27

12:35 28 *Our review of the sample due diligence files*
12:35 29 *indicated that online searches do not include*
12:35 30 *additional investigation of companies that the*
12:35 31 *operator is affiliated with or known associates. In*
12:35 32 *one of the due diligence files we reviewed, we found*
12:35 33 *that potential adverse information had been*
12:35 34 *identified regarding potential business associates*
12:35 35 *and affiliated companies. This information was*
12:35 36 *listed in the due diligence summary, however*
12:35 37 *additional searches did not appear to have been*
12:35 38 *conducted by Crown to verify the information.*

12:35 39

12:35 40 Correct?

12:35 41

12:35 42 A. Yes, that's correct.

12:35 43

12:35 44 Q. And that is another missed opportunity?

12:36 45

12:36 46 A. Yes.

12:36 47

- 12:36 1 Q. A missed opportunity to identify a potential risk
12:36 2 exposure for Crown?
12:36 3
- 12:36 4 A. Yes.
12:36 5
- 12:36 6 Q. A potential money laundering exposure to the casino?
12:36 7
- 12:36 8 A. Potentially, a risk.
12:36 9
- 12:36 10 Q. Yes. Potentially a risk that --- all I'm trying to
12:36 11 get at is potentially a risk that warrants further
12:36 12 searches?
12:36 13
- 12:36 14 A. Yes.
12:36 15
- 12:36 16 Q. Further questions?
12:36 17
- 12:36 18 A. Yes.
12:36 19
- 12:36 20 Q. Dr Lawson, we've been through the main concerns so
12:36 21 far that have been primarily held in the credit team:
12:36 22 lack of involvement, AML, limited searches for data,
12:36 23 having regard to the spectrum of service information
12:36 24 available, no use of external investigation reports as
12:36 25 per your experience with other organisations where it is
12:37 26 common, lack of appropriate training. I want to suggest
12:37 27 to you, in the context where Crown is required to have
12:37 28 a due diligence process in relation to junket operators
12:37 29 that what Crown was doing was, in your view, the bare
12:37 30 minimum, do you agree with that?
12:37 31
- 12:37 32 A. I think it certainly was not as strong as it needed
12:37 33 to be.
12:37 34
- 12:37 35 COMMISSIONER: That's really not answering the question,
12:37 36 doctor.
12:37 37
- 12:37 38 A. I wouldn't say it is the bare minimum. There was
12:37 39 certainly a lot of checking in place, there were a lot of
12:37 40 searches being done, but they weren't necessarily the
12:37 41 right approach or the right searches to be done. There
12:37 42 was a lot of work being done to try and collect
12:37 43 information, but I think that it wasn't necessarily the
12:37 44 effort placed in the right areas.
12:37 45
- 12:37 46 COMMISSIONER: Is a better way of describing it then as
12:37 47 a process which was inadequate for the task at hand?

12:37 1
12:38 2 A. I think that is probably correct in terms of
12:38 3 information we provided.
12:38 4
12:38 5 MS NESKOVCIN: And I also wanted to suggest to you that
12:38 6 given the level of searching, especially where Crown's
12:38 7 own people identify that the searches don't include
12:38 8 junket operators, which present an obvious risk, and they
12:38 9 don't do the searches for affiliates and associates, what
12:38 10 it speaks to is a "don't look too hard" culture; what do
12:38 11 you say about that?
12:38 12
12:38 13 A. I'm not sure I could answer that question.
12:38 14
12:38 15 COMMISSIONER: Is it a fair assessment?
12:38 16
12:38 17 A. I think it is a conclusion which could be drawn.
12:38 18 I didn't, in my conversations, get the impression that
12:39 19 people didn't care about the process, or that there was
12:39 20 a lack of willingness, and I think Crown's own assessment
12:39 21 of these relationships as high risk, which were certainly
12:39 22 what was then expressed to me, but I think there were
12:39 23 deficiencies within the process itself in terms of how
12:39 24 searches were conducted, information was compiled and
12:39 25 analysed and ultimately decided upon that needed to be
12:39 26 fixed.
12:39 27
12:39 28 MS NESKOVCIN: Bearing in mind, Dr Lawson, you were only
12:39 29 given the opportunity to review three files, is it
12:39 30 difficult to comment on the last question put to you?
12:39 31
12:39 32 A. It is. I would need to look at a much broader
12:39 33 sample.
12:39 34
12:39 35 Q. Can I ask you about a question that arises in
12:39 36 page _0012, operator. It is the recommendation in 1.2.2:
12:39 37
12:40 38 *Deloitte recommends the Junket Program SOPs and*
12:40 39 *related policies and procedures regarding junket*
12:40 40 *onboarding and due diligence be updated to include*
12:40 41 *a specific definition of 'probity' as it relates to*
12:40 42 *the program*
12:40 43
12:40 44 Can you assist the Commission to understand what that
12:40 45 would look like?
12:40 46
12:40 47 A. Yes, so I would expect it to be some form of

12:40 1 operationalising the definition of probity to a set of
12:40 2 key risks and tests against those risks. For instance,
12:40 3 within the process of Crown, one of the things that is
12:40 4 central is that the operator can travel to Australia,
12:40 5 which Crown has used as a measure that the government
12:40 6 will grant them a visa, so potentially they are not on
12:41 7 a huge watchlist or issues of that nature. If that is
12:41 8 going to be the test against which you are going to
12:41 9 measure, it should be articulated quite clearly that that
12:41 10 is one of the measures that you are relying on as a test
12:41 11 of that probity, so that particularly staff who are
12:41 12 engaged in the process have a very clear view of what it
12:41 13 is they should be looking for, what are the red flags,
12:41 14 what are the signs and tests against which they should be
12:41 15 making decisions in order to operationalise that
12:41 16 definition of probity.

12:41 17

12:41 18 Q. And that didn't exist at the time of the Deloitte
12:41 19 review?

12:41 20

12:41 21 A. Not sufficiently.

12:41 22

12:41 23 Q. Operator, at the top of the page, Dr Lawson, on the
12:41 24 right-hand side, it refers to a review of junket
12:41 25 processes completed in March 2019. Can you elaborate on
12:42 26 what you were identifying there?

12:42 27

12:42 28 A. To the best of my recollection is, it was an internal
12:42 29 review of the process that they were looking at. I don't
12:42 30 recall who exactly conducted that review, but it was
12:42 31 an internal Crown review over the junket process.

12:42 32

12:42 33 Q. Thank you. Dr Lawson, in relation to premium
12:42 34 players, they can also represent an AML risk, can they
12:42 35 not? I'm generally asking --- it depends on the features,
12:42 36 but there may be common characteristics across VIP
12:42 37 players generally, leaving aside an individual profile,
12:42 38 that premium players represent an AML risk (inaudible)
12:42 39 for example, the level of gaming?

12:42 40

12:42 41 A. Yes, that's correct.

12:42 42

12:43 43 Q. Significant transactions in either volume or amount?

12:43 44

12:43 45 A. Yes.

12:43 46

12:43 47 Q. And dealing in cash transactions?

12:43 1

12:43 2 A. Yes.

12:43 3

12:43 4 Q. Does there have to be something more than those
12:43 5 matters in your opinion to warrant additional due
12:43 6 diligence? Perhaps I should say this, you weren't sue
12:43 7 what the due diligence process was under premium players
12:43 8 but you understood it was similar to the junket due
12:43 9 diligence process?

12:43 10

12:43 11 A. That's correct.

12:43 12

12:43 13 Q. Do there need to be red flags or something about
12:43 14 an individual profile for there to be an enhanced profile
12:43 15 around a premium player?

12:43 16

12:43 17 A. I think it is important to distinguish the definition
12:43 18 between enhanced due diligence as it applies under the
12:43 19 AML regulations, because that sets out clearly what that
12:43 20 due diligence should look like.

12:43 21

12:44 22 Q. Yes.

12:44 23

12:44 24 A. And noting that in Crown's program, anyone connected
12:44 25 with the junkets would be considered under that to meet
12:44 26 AUSTRAC requirements. What we are talking here is
12:44 27 something that goes even deeper than what would be the
12:44 28 enhanced due diligence, so look at those reputational
12:44 29 factors, look at those other factors. I think in
12:44 30 a situation where you are in large transactions with
12:44 31 people who are doing large transactions with your
12:44 32 business, it would be appropriate to understand in detail
12:44 33 who those people are.

12:44 34

12:44 35 Q. And so what would your recommendation be, would it
12:44 36 be in relation to obtaining the sorts of reports you
12:44 37 identified earlier, the C6-type reports at the end of the
12:44 38 spectrum that you were discussing with the Commissioner,
12:44 39 which is more than just the open source information?

12:44 40

12:45 41 A. I think so. Depending on what you knew about the
12:45 42 individual, but if it's someone that you haven't had
12:45 43 a previous relationship with, that you don't know much
12:45 44 about, you would need to undertake some form of, sort of,
12:45 45 detailed due diligence to understand who those people are
12:45 46 and what their background might be.

12:45 47

12:45 1 Q. And as with junkets, would it be your view that AML
12:45 2 and other stakeholders in the organisation should have
12:45 3 some involvement in that process?

12:45 4

12:45 5 A. I'm not sure --- not knowing in detail, not having
12:45 6 reviewed that process and the particular risks, but
12:45 7 certainly there should be a view of the holistic risk of
12:45 8 a relationship across all aspects.

12:46 9

12:46 10 Q. And in terms of the matter we discussed about
12:46 11 internal information sharing, that would be your
12:46 12 recommendation that you think that should apply also to
12:46 13 premium players to make sure that there is access to
12:46 14 internal information, if it is relevant in relation to
12:46 15 decision-making?

12:46 16

12:46 17 A. I think in the event that you have identified these
12:46 18 as higher risk relationships in general, it's important
12:46 19 to ensure that there is that coordination of information
12:46 20 and that certainly if you hold information that is
12:46 21 relevant to the decision-maker in whether to continue or
12:46 22 to indeed to enter into a relationship. If it's held
12:46 23 within the organisation, that should be available to the
12:46 24 decision-maker in that decision, and it should be
12:46 25 considered.

12:46 26

12:46 27 Q. And if the decision-maker happened to be --- I'm not
12:46 28 sure what it currently is --- but if the decision-making
12:46 29 process was currently in the credit team, you'd agree
12:46 30 that that wouldn't be the appropriate decision-making
12:47 31 body?

12:47 32

12:47 33 A. I think if it is at a sufficiently high level, we
12:47 34 should --- executives should be able to balance risk and
12:47 35 opportunity in terms of their decisions, but it needs to
12:47 36 have that holistic view of all of the information, other
12:47 37 people need to have input into it. It needs to be
12:47 38 a process where the inputs that other people have to
12:47 39 bring to that are considered and that it is
12:47 40 a transparently documented process. If information of
12:47 41 an adverse nature exists, it needs to articulate how that
12:47 42 was considered and how it was factored into that
12:47 43 decision.

12:47 44

12:47 45 Q. Do you recall, Dr Lawson, that in your interview
12:47 46 with Ms Siegers she said that if she had a blank canvas
12:47 47 she would change the program dramatically; do you

12:47 1 remember that?
12:47 2
12:47 3 A. Yes, I do.
12:47 4
12:47 5 Q. The sort of thing that would stick, isn't it, the
12:48 6 Group General Manager of audit telling you that she
12:48 7 changed the process dramatically?
12:48 8
12:48 9 A. Yes.
12:48 10
12:48 11 Q. Do you agree with that?
12:48 12
12:48 13 A. It depends on what the change was. Thinking about
12:48 14 how and where that responsibility lies and how that is
12:48 15 managed most effectively. It can go into --- there's
12:48 16 lots of different ways you can structure it, and it kind
12:48 17 of goes into a bit of theory around three lines of
12:48 18 defence around risk, and how --- who should own risk in
12:48 19 relation to these sorts of decisions.
12:48 20
12:48 21 Q. I'll ask it a different way. If you had a blank
12:48 22 canvas, you wouldn't design the program that Crown had at
12:48 23 the time of the Deloitte review, would you?
12:48 24
12:48 25 A. Probably --- it would look quite different.
12:48 26
12:48 27 Q. Dr Lawson, I'm not going to ask you about the
12:48 28 existing junket operator process. This is dealt with in
12:48 29 your report. The report will speak for itself. I didn't
12:49 30 have any questions that I wanted to ask about that, thank
12:49 31 you. But I do want to ask you a couple of questions
12:49 32 about the POI process.
12:49 33
12:49 34 A. (Nods head).
12:49 35
12:49 36 Q. So, you understand POI to mean person of interest?
12:49 37
12:49 38 A. That's correct.
12:49 39
12:49 40 Q. Could you explain to the Commissioner, if you know,
12:49 41 how Crown identified a person of interest, how it defined
12:49 42 a person of interest?
12:49 43
12:49 44 A. A person of interest for Crown is someone that, for
12:49 45 a variety of reasons, comes to their attention as having
12:49 46 potential linkage to risks of criminal activity, or of
12:49 47 safety to Crown staff, or the premises itself, and they

12:49 1 may come to Crown's attention through a variety of means,
12:49 2 through contact with law enforcement agencies which Crown
12:49 3 has ongoing contact with, through their own staff, their
12:50 4 security and surveillance team who detect issues that
12:50 5 happen on the premises or, indeed, through external
12:50 6 sources like media reporting.

12:50 7

12:50 8 Q. And it is those sorts of things that create exposure
12:50 9 to Crown for either a reputation or other risk and that
12:50 10 is what triggers the POI process; is that correct?

12:50 11

12:50 12 A. Yes, where there is --- where Crown assesses that
12:50 13 they need to review that relationship and whether that it
12:50 14 is suitable that person to remain on the premises.

12:50 15

12:50 16 Q. And you were told during the interview process that
12:50 17 the POI process had developed over time?

12:50 18

12:50 19 A. Yes, that's correct.

12:50 20

12:50 21 Q. Particularly from the time that Ms Anne Siegers
12:50 22 joined the organisation in late 2017?

12:50 23

12:50 24 A. Yes, that's correct.

12:50 25

12:50 26 Q. She had introduced a --- there is a POI committee?

12:50 27

12:50 28 A. My understanding is that the POI committee
12:50 29 existed ---

12:51 30

12:51 31 Q. Yes.

12:51 32

12:51 33 A. --- but that the recent approach had been to develop
12:51 34 the formal charter of that committee.

12:51 35

12:51 36 Q. And Ms Siegers was responsible for that?

12:51 37

12:51 38 A. Yes, that is my understanding.

12:51 39

12:51 40 Q. And she was also responsible for introducing
12:51 41 a patron assessment tool?

12:51 42

12:51 43 A. Yes.

12:51 44

12:51 45 Q. And that tool effectively had a number of criteria
12:51 46 and each criteria had a marking system and depending on
12:51 47 the score, it was treated in different ways in terms of

12:51 1 risk, tick, cross, further investigation, that kind of
12:51 2 thing?
12:51 3
12:51 4 A. Yes. The Patron Decision Assessment Form considered
12:51 5 a number of factors as a guide to assessment of risk, and
12:51 6 whether it was a high, medium or low risk issue.
12:51 7
12:51 8 Q. Do you remember Mr Stokes saying that --- I withdraw
12:51 9 that.
12:51 10
12:51 11 Until these developments that Ms Siegers had introduced,
12:51 12 you were told that the process, or you ascertained that
12:52 13 the process didn't sufficiently identify POI triggers;
12:52 14 correct?
12:52 15
12:52 16 A. Correct. There seemed to be a general understanding
12:52 17 of people, but it wasn't necessarily documented.
12:52 18
12:52 19 Q. And that was one of the recommendations that you
12:52 20 made, that those triggers are identified so they are
12:52 21 understood and people understand the process to take once
12:52 22 the process is activated; correct?
12:52 23
12:52 24 A. That's correct.
12:52 25
12:52 26 Q. And again, there are a number of stakeholders and
12:52 27 you wanted the process to be formalised to ensure that
12:52 28 all relevant stakeholders were engaged?
12:52 29
12:52 30 A. Correct.
12:52 31
12:52 32 Q. And you identified that there was a lack of clarity
12:52 33 around decision-making priorities?
12:52 34
12:52 35 A. In terms of what that --- recommendation related to
12:52 36 was that --- we embedded within the position --- the
12:52 37 Patron Decision Assessment Form were key considerations
12:53 38 that are being made as part of that process. They
12:53 39 weren't necessarily explicitly articulated in the charter
12:53 40 as to "These are the things that are factored into that
12:53 41 decision". So they were within the risk assessment
12:53 42 process, but they weren't necessarily articulated very
12:53 43 clearly and agreed to, that these are the key things and
12:53 44 is there anything that needs to be considered.
12:53 45
12:53 46 Q. And you made an enhancement recommendation in
12:53 47 relation to that?

- 12:53 1
12:53 2 A. Yes.
12:53 3
12:53 4 Q. And part of the problem, as you identified, was that
12:53 5 the POI triggers could come from a variety of sources,
12:53 6 for example, a media report or a law enforcement inquiry,
12:53 7 and they might have been dealt with by one part of the
12:53 8 organisation without the other part --- another part
12:53 9 being informed?
12:53 10
12:53 11 A. In terms of the POI process, there was that
12:53 12 information flow via an informal sort of email process if
12:53 13 it was out of meeting or during the meeting. And our
12:54 14 recommendation was to ensure that the group on that POI
12:54 15 committee were sufficient --- sufficiently representative
12:54 16 to ensure that that sharing was happening.
12:54 17
12:54 18 Q. I see. So perhaps we could just explain that to the
12:54 19 Commissioner. There were two processes by which a POI
12:54 20 decision could be made; either by email or in a meeting?
12:54 21
12:54 22 A. Yes.
12:54 23
12:54 24 Q. And the meeting procedure was used for more complex
12:54 25 matters?
12:54 26
12:54 27 A. That's correct.
12:54 28
12:54 29 Q. But in relation to that you identified once again
12:54 30 that there was poor record-keeping in terms of reasons
12:54 31 and rationales?
12:54 32
12:54 33 A. Yes. While decisions were taken and recorded, the
12:54 34 precise rationale wasn't necessarily recorded alongside
12:54 35 it.
12:54 36
12:54 37 Q. And so a person who comes to the attention of the
12:54 38 organisation on a second occasion, someone in compliance
12:54 39 wouldn't be able to understand the reasoning behind a POI
12:55 40 decision on a previous occasion because it wasn't
12:55 41 adequately documented?
12:55 42
12:55 43 A. That's correct.
12:55 44
12:55 45 Q. And, similarly, I thought what you had also
12:55 46 identified was that a person might come to the attention
12:55 47 of security and surveillance and they would make --- as a

12:55 1 result of say a law enforcement request and they would
12:55 2 deal with that but it wasn't brought to the attention of
12:55 3 the rest of the POI committee or the POI process wasn't
12:55 4 always activated; wasn't that a second issue that you
12:55 5 identified?

12:55 6
12:55 7 A. Yes, we identified that just by virtue of the
12:55 8 function of the security and surveillance teams and their
12:55 9 sometimes need to assist law enforcement in sensitive
12:55 10 investigations or sensitive matters that there was at
12:55 11 times difficulty in sharing openly a lot of that
12:55 12 information with such a broad grouping as made up the POI
12:56 13 committee at that time.

12:56 14
12:56 15 Q. Can I suggest to you that the process was somewhat
12:56 16 fragmented?

12:56 17
12:56 18 A. I think there was certainly a need for more
12:56 19 coordination around it and more structure to that
12:56 20 process.

12:56 21
12:56 22 Q. And I suggest to you that it was poorly documented?
12:56 23

12:56 24 A. Certainly minutes existed. I think it was more the
12:56 25 detail within those minutes. There were email
12:56 26 instructions, email discussions that weren't necessarily
12:56 27 captured in a single place. So there were records but
12:56 28 how they were brought together needed to be thought
12:56 29 about.

12:56 30
12:56 31 Q. And Deloitte made a number of recommendations in
12:56 32 relation to enhancing the process. Do you --- were you
12:56 33 involved in implementing those recommendations?
12:56 34

12:56 35 A. No, I was not.

12:56 36
12:56 37 Q. Was Deloitte involved in implementing those
12:57 38 recommendations?
12:57 39

12:57 40 A. Not to the best of my knowledge.

12:57 41
12:57 42 Q. Do you have any knowledge as to whether Crown has
12:57 43 implemented any of those recommendations?
12:57 44

12:57 45 A. I understand that certainly the POI process has been
12:57 46 implemented. And I was informed, as I said in my
12:57 47 statement, by Ken Barton that they were looking to

12:57 1 implement all of the recommendations of the review. I
12:57 2 imagine that given their decisions of November that has
12:57 3 changed, but certainly they were going to cease junket
12:57 4 operations.

12:57 5

12:57 6 Q. POI is not related to junkets, is it?

12:57 7

12:57 8 A. No.

12:57 9

12:57 10 Q. Now, I just want to finish the review of --- take
12:57 11 the Commissioner to a couple of other parts of your ---
12:57 12 at the back end of the report so the Commissioner is
12:57 13 aware of it. Operator, could we please go to page 0038.
12:58 14 Dr Lawson, would you please explain to the Commissioner
12:58 15 what inquiries you made in order to prepare Appendix B.
12:58 16 So this appendix as I understand it sets out the
12:58 17 involvement of the regulator in approving or in the
12:58 18 junket --- what responsibility for junkets in the various
12:58 19 jurisdictions that are mentioned. What inquiries did you
12:58 20 make in order to compile Appendix B?

12:58 21

12:58 22 A. So reviewed their regulatory advice from Australia
12:58 23 and I spoke to a couple of people I know at various
12:59 24 government agencies around that, including a contact at
12:59 25 AUSTRAC and their views on what the regulations look
12:59 26 like.

12:59 27

12:59 28 In relation to the overseas approaches that was mostly
12:59 29 through online research myself and in speaking to my
12:59 30 contact in both Singapore and in Hong Kong who have very
12:59 31 good understanding of the regime there and how it works
12:59 32 within Singapore and within Macau.

12:59 33

12:59 34 Q. Commissioner, do you have any questions arising out
12:59 35 of the report. I will move to a different topic.

12:59 36

12:59 37 COMMISSIONER: Just a couple and then we can break for
12:59 38 lunch, I think.

12:59 39

12:59 40 I've got a question which is just really to understand
12:59 41 precisely who you are and what you do, which is a funny
13:00 42 way of putting it. Risk culture and ethics, is it risk,
13:00 43 plus culture, plus ethics or is culture qualified by the
13:00 44 word "risk" and is ethics qualified by both "risk and
13:00 45 culture". In other words, I'm trying to work out exactly
13:00 46 your role in life.

13:00 47

13:00 1 A. Commissioner, sometimes I have trouble figuring that
13:00 2 out myself!
13:00 3
13:00 4 In terms of the work that we do, my work sits at the
13:00 5 interface of risk and culture. So, looking at how do the
13:00 6 structures and the processes of risk management actually
13:00 7 shape the behaviour and the thinking of people. So I
13:00 8 work in a team blended with organisational psychologist,
13:00 9 ethicists and people who come from a more risk background
13:00 10 such as myself. And part of our role is looking at the
13:01 11 structure of organisations, their culture and how that
13:01 12 helps them to support good risk outcomes and make good
13:01 13 decisions about risk and we do that in a variety of ways,
13:01 14 whether it be conducting assessments of how is it that
13:01 15 their people make decisions around risk and what are the
13:01 16 drivers of that, what are the things that need to be
13:01 17 changed or improved about potentially the risk management
13:01 18 system, the leadership approach, all of those factors and
13:01 19 how that influences how they think and make decisions
13:01 20 about risk.
13:01 21
13:01 22 COMMISSIONER: And are you on top of all of those areas?
13:01 23
13:01 24 A. No, I'm not on top of all of those areas. I'm risk
13:01 25 culture is my specific focus.
13:01 26
13:01 27 COMMISSIONER: All right. We'll come back at 2.15.
13:01 28
13:01 29 MS NESKOVCIN: Commissioner, is it all right if we come
13:01 30 back at 2 o'clock? I'm behind on my estimates.
13:01 31
13:01 32 COMMISSIONER: 2 o'clock. As long as nobody objects,
13:01 33 2 o'clock it is. We'll adjourn to then.
13:02 34
13:02 35
13:02 36 **ADJOURNED** **[1:02 P.M.]**
14:00 37
14:00 38
14:00 39 **RESUMED** **[2:00 P.M.]**
14:01 40
14:01 41
14:01 42 COMMISSIONER: Thank you.
14:01 43
14:01 44 MS NESKOVCIN: Thank you, Commissioner.
14:01 45
14:01 46 Dr Lawson, I have a couple more topics I wanted to cover
14:01 47 with you. We shouldn't be too long. You mentioned in

14:01 1 your statement that on 16 June you attended a briefing of
14:01 2 the Crown board, that's at paragraph 40?
14:01 3
14:01 4 A. Yes, that's correct.
14:01 5
14:01 6 Q. And the presentation concerned the business model
14:01 7 concerning junket operations?
14:01 8
14:01 9 A. Yes, that's correct.
14:01 10
14:01 11 Q. Do you recall what was discussed when you were
14:01 12 present at the board meeting?
14:01 13
14:01 14 A. Not in detail. I delivered my presentation which
14:01 15 really focused on how junkets work and what they are, and
14:01 16 in broad terms some of the general risks associated with
14:01 17 the business model itself.
14:01 18
14:02 19 Q. What were some of those risks?
14:02 20
14:02 21 A. In terms of the obscurity of beneficial ownership
14:02 22 over some of them that there have been junket operators
14:02 23 linked to organised criminal groups, particularly in
14:02 24 Macau, and we didn't delve into too much other than those
14:02 25 broader risk categories that relate to it.
14:02 26
14:02 27 Q. Did any board members ask any questions?
14:02 28
14:02 29 A. Yes. I recall answering several questions. I don't
14:02 30 necessarily remember exactly who or what questions were
14:02 31 asked, but I was certainly asked questions.
14:02 32
14:02 33 Q. Operator, can you go to DTT.0003.0002.2358, please.
14:02 34 Dr Lawson, this is the presentation you gave to the board
14:03 35 in June 2020, is it not?
14:03 36
14:03 37 A. It appears so.
14:03 38
14:03 39 Q. Did you just speak to these presentation slides?
14:03 40
14:03 41 A. Broadly, yes.
14:03 42
14:03 43 Q. Operator, can we go to 0002. In this presentation
14:03 44 slide, Dr Lawson, you outline the key features of the
14:03 45 business model as I understand it. You mention, for
14:03 46 example, in the middle dot point on the screen:
14:03 47

14:03 1 Agents/representatives --- may or may not be direct
14:03 2 *employees of the junket operator.*

14:03 3
14:03 4 And under that:

14:03 5
14:03 6 Players --- recruited by agents and operators to
14:03 7 *travel and play at the venues.*

14:03 8
14:03 9 At the dot points on this slide where you mention that
14:03 10 junkets involve a promoter and the junket operator or
14:04 11 representatives and players visit activities. Remember I
14:04 12 asked you whether the agent goes to the cage and whether
14:04 13 the agent cashes in the chips, and I suggested to you
14:04 14 that the agent also organises the travel?

14:04 15
14:04 16 A. In some instances, yes, they do, they will be
14:04 17 responsible for that.

14:04 18
14:04 19 Q. Under the last dot point it says:

14:04 20
14:04 21 *Usually complimentary accommodation, travel, food and*
14:04 22 *beverages may also be provided to the Junket.*

14:04 23
14:04 24 What I wanted to explore is the extent to which there is
14:04 25 that player anonymity, and I was suggesting that that
14:04 26 occurs because the junket operator and the casino have
14:04 27 the direct relationship which does not involve either the
14:04 28 junket agent or the player; is that correct?

14:04 29
14:04 30 A. That's correct.

14:04 31
14:04 32 Q. There is no general requirement to understand who
14:04 33 the junket player is; am I correct in that assumption?

14:04 34
14:04 35 A. No, that wouldn't be correct. There is a general
14:05 36 requirement under the AUSTRAC regulations that they be
14:05 37 subjected to appropriate level of AML due diligence.

14:05 38
14:05 39 Q. Could you elaborate on that so we can understand the
14:05 40 obligation, please?

14:05 41
14:05 42 A. It relates to how they are considered under the AML
14:05 43 program, and as I noted, under Crown's view, the agent
14:05 44 and the patrons as part of a junket were all considered
14:05 45 to be of higher risk under the AML program, which meant
14:05 46 that they were subject to proper KYC at the time of their
14:05 47 arrival at the casino ---

14:05 1
14:05 2 Q. Sorry to interrupt, KYC, "Know Your Customer"?
14:05 3
14:05 4 A. Know your customer requirements as per the AML
14:05 5 regulations, which generally involves establishing their
14:05 6 identity, ensuring that they are the person they say they
14:05 7 are, and that by virtue of their higher rating under the
14:05 8 AML framework they should be subject to enhanced AML due
14:06 9 diligence which will generally involve monitoring of
14:06 10 transactions through the AML program and a greater level
14:06 11 of scrutiny on particular transactions related to that
14:06 12 particular group.
14:06 13
14:06 14 Q. So they were certainly required to be identified,
14:06 15 under the KYC provisions, and the junket group were
14:06 16 subjected to a higher level of scrutiny.
14:06 17
14:06 18 Q. I see. But understanding where the money comes from
14:06 19 and how much money was contributed by a particular player
14:06 20 is not part of those requirements; is that correct?
14:06 21
14:06 22 A. Not necessarily, no. There is some provisions on
14:06 23 understanding source of wealth --
14:06 24
14:06 25 Q. I see.
14:06 26
14:06 27 A. --- but my experience has been that that can vary very
14:06 28 much in how much information is gained around that.
14:06 29 Noting that I have not looked at that process in Crown in
14:06 30 detail.
14:06 31
14:06 32 Q. So there is a requirement to understand the funds,
14:06 33 but you don't know to what extent there is a requirement
14:06 34 to look at that and the extent to which Crown does look
14:07 35 at that?
14:07 36
14:07 37 A. Within the program that related to junkets, no, I
14:07 38 didn't look at that part.
14:07 39
14:07 40 Q. You can take down that document, operator. Sorry,
14:07 41 one other question, back on that document, operator. If
14:07 42 you go to page _0004, you compare in this slide or
14:07 43 presentation the model in Australia with the model in
14:07 44 Macau. And you see that in the model in Australia you
14:07 45 have a solid white lines identifying credit lines and
14:07 46 commissions to junket operators. Crown didn't provide
14:07 47 a credit line to every --- or a line of credit to every

14:07 1 junket operator, did it?
14:08 2
14:08 3 A. I'm not sure.
14:08 4
14:08 5 Q. My question was going to be, did you observe
14:08 6 a different level of due diligence where there was a line
14:08 7 of credit provided to circumstances in which there was no
14:08 8 line of credit?
14:08 9
14:08 10 A. We didn't specifically look at that issue.
14:08 11
14:08 12 Q. Thank you, operator.
14:08 13
14:08 14 COMMISSIONER: Before you leave that exhibit, can I ask
14:08 15 you some questions, doctor. The necessarily enhanced due
14:08 16 diligence that you are suggesting should be implemented
14:08 17 was largely to deal with money laundering and criminal
14:08 18 elements infiltrating the system?
14:08 19
14:08 20 A. I'm sorry, I'm not sure I understand ---
14:08 21
14:08 22 COMMISSIONER: The purpose for the heightened due
14:08 23 diligence was to guard against money laundering and
14:09 24 criminals becoming involved in aspects of the casino
14:09 25 operations?
14:09 26
14:09 27 A. That's correct.
14:09 28
14:09 29 COMMISSIONER: Okay. When --- and so far as the money
14:09 30 laundering is concerned, that was not necessarily money
14:09 31 laundering by the junket operator or the junket
14:09 32 representative, but by the players themselves?
14:09 33
14:09 34 A. That's correct.
14:09 35
14:09 36 COMMISSIONER: Let's say we eliminate junkets altogether
14:09 37 and the casino deals directly with the players. One way
14:09 38 of looking at that is cutting out the middleman. Would
14:09 39 you recommend that the same level of scrutiny should then
14:09 40 be undertaken so far as the players are concerned, as you
14:09 41 suggested, should be undertaken for the junket operator
14:09 42 and the junket representative?
14:10 43
14:10 44 A. I think you would need to look at that scenario
14:10 45 a little bit differently, in that with a direct
14:10 46 relationship with the customer themselves, there is not
14:10 47 as significant --- you have better visibility over the

14:10 1 transactions, the nature of those transactions, how they
14:10 2 are behaving and interacting.
14:10 3
14:10 4 COMMISSIONER: How do I know whether the player has got
14:10 5 some connection with triads? How do I know whether the
14:10 6 player has not committed criminal offences and been
14:10 7 convicted and jailed? How do I know whether the player
14:10 8 is not a bank robber and so on?
14:10 9
14:10 10 A. I agree, it is actually very difficult to know all of
14:10 11 those things.
14:10 12
14:10 13 COMMISSIONER: If I do the checks that you suggested I
14:10 14 do, then I would at least be in a good position to know
14:10 15 some of those things if the information is available?
14:11 16
14:11 17 A. Potentially.
14:11 18
14:11 19 COMMISSIONER: Not potentially ---
14:11 20
14:11 21 A. Yes, you would be.
14:11 22
14:11 23 COMMISSIONER: Good. Why wouldn't I do that, if I cut
14:11 24 out the junket operator, because I don't deal with junket
14:11 25 operators, and I deal directly with the players, who we
14:11 26 are looking at to see whether they are connected with
14:11 27 criminal organisations or themselves with money
14:11 28 laundering for whatever reason, why wouldn't I do the
14:11 29 same searches and inquiries for them, that is, directly,
14:11 30 as opposed to indirectly, through a junket operator?
14:11 31
14:11 32 A. I'm not sure --- is your question relating to every
14:11 33 customer of the casino or to a specific group?
14:11 34
14:11 35 COMMISSIONER: At the moment the specific group who are
14:11 36 players behind a junket.
14:11 37
14:11 38 A. Okay.
14:11 39
14:11 40 COMMISSIONER: Not every person who comes to a casino,
14:11 41 but the ones that you know are risky because they are
14:11 42 organised by junket operators, just them.
14:11 43
14:12 44 A. In the absence of a junket you would be treating that
14:12 45 individual as a customer of the casino.
14:12 46
14:12 47 COMMISSIONER: That's correct.

14:12 1
14:12 2 A. If this were a significant ongoing customer that is
14:12 3 transacting a lot of information --- a lot of money and
14:12 4 wanting to deal in large volumes of cash, the programs in
14:12 5 place under the AML program, relating to that person as
14:12 6 an individual customer of the casino, will assist in
14:12 7 identifying particular issues through transaction
14:12 8 monitoring, through the normal checks and balances that
14:12 9 would be in place. Were you to identify issues related
14:12 10 to that, or there was something that with a particular
14:12 11 long-standing, high-value, important customer that you
14:12 12 identify that gave you cause for concern, you may then
14:12 13 wish to undertake a much deeper due diligence or cease
14:13 14 your business relationship, depending on what you find.
14:13 15
14:13 16 COMMISSIONER: If it wasn't a long-standing customer, to
14:13 17 the extent that I knew it --- let's say he was
14:13 18 a long-standing customer via a junket operator.
14:13 19
14:13 20 A. I think it is hard to go with the hypothetical in too
14:13 21 many permutations ---
14:13 22
14:13 23 COMMISSIONER: Why? We know that Crown has said that
14:13 24 they are ceasing junkets, at least for the time being.
14:13 25
14:13 26 A. Correct.
14:13 27
14:13 28 COMMISSIONER: Good. So all the players who played --- or
14:13 29 came here through the junket operator, Crown is likely to
14:13 30 go and chase them directly. That makes business sense.
14:13 31
14:13 32 A. Possibly.
14:13 33
14:13 34 COMMISSIONER: What world are you living in?
14:13 35
14:13 36 A. They are not engaging with that. If those people
14:13 37 choose to come to the casino, and Crown may market to
14:13 38 that particular segment, then they are customers of the
14:13 39 business. It should be treated under the AML program and
14:14 40 the normal structures.
14:14 41
14:14 42 COMMISSIONER: Okay.
14:14 43
14:14 44 MS NESKOVICIN: Thank you, Dr Lawson.
14:14 45
14:14 46 I want to take you to a different and final topic, and
14:14 47 that is an aspect to do with the culture review. In

14:14 1 late 2020 Deloitte was approached by Crown to provide
14:14 2 a proposal to undertake an organisational culture review,
14:14 3 and you were involved in that review?
14:14 4
14:14 5 A. Yes.
14:14 6
14:14 7 Q. Deloitte submitted a proposal in about September or
14:14 8 October 2020. Were you familiar with that proposal?
14:14 9
14:14 10 A. Yes.
14:14 11
14:14 12 Q. The initial proposal was to conduct the
14:14 13 organisational review in four phases where phase one
14:14 14 involved identifying a target culture; do you recall
14:14 15 that?
14:14 16
14:14 17 A. Yes, I do.
14:14 18
14:14 19 Q. And that is Deloitte's usual approach to
14:14 20 an organisational cultural review?
14:14 21
14:14 22 A. It would be the typical approach. It is not the only
14:14 23 one.
14:14 24
14:15 25 Q. It is the typical approach because there are
14:15 26 recognised benefits of doing that?
14:15 27
14:15 28 A. That's correct.
14:15 29
14:15 30 Q. That is, you can identify a target culture that
14:15 31 aligns with the organisation's values and strategy and is
14:15 32 within the appropriate risk appetite; correct?
14:15 33
14:15 34 A. That's correct.
14:15 35
14:15 36 Q. Operator, could you please call up
14:15 37 DTT.006.0001.0067.
14:15 38
14:15 39 Dr Lawson, this is an email that you sent to
14:15 40 Victoria Whitaker on 29 September 2020. Ms Whitaker was
14:15 41 the lead partner on the culture engagement.
14:15 42
14:15 43 A. That's correct.
14:15 44
14:15 45 Q. And by September 2020 the junket review report had
14:15 46 been delivered to Crown; correct?
14:15 47

- 14:15 1 A. That's correct.
14:15 2
- 14:15 3 Q. Were you still in discussions with Ms Siegers in
14:15 4 relation to the junket review proposal?
14:16 5
- 14:16 6 A. No, I don't think I was.
14:16 7
- 14:16 8 Q. In any event, according to this email, you had
14:16 9 a discussion with Ms Siegers on 29 September and the
14:16 10 culture proposal came up, and Ms Siegers told you that
14:16 11 Ken Barton had passed on the essentially the
14:16 12 responsibility for the cultural review to her; is that
14:16 13 correct?
14:16 14
- 14:16 15 A. He had passed on our proposal to her for
14:16 16 consideration and her input to it.
14:16 17
- 14:16 18 Q. I see. And according to your email you say that
14:16 19 Ms Siegers noted they, meaning Crown, probably want to
14:16 20 prioritise measuring the current culture first. Her
14:16 21 concern is that the directors and others have a view on
14:16 22 the culture based on the historical information they've
14:16 23 seen come out of the Commission, and they would like to
14:16 24 measure the current culture first and then look at what
14:16 25 needs changing. Can you recall this conversation?
14:16 26
- 14:17 27 A. Yes, I do.
14:17 28
- 14:17 29 Q. Can you recall what Ms Siegers told you in relation
14:17 30 to wanting to measure the culture first?
14:17 31
- 14:17 32 A. Yes. I was informed that one of the key things that
14:17 33 Crown wished to understand is what was the current state
14:17 34 of their culture more broadly across the business. That
14:17 35 there had been clearly issues identified, through the
14:17 36 inquiry and various processes, and they wanted to
14:17 37 understand broadly the culture of the organisation as it
14:17 38 stands at the current time.
14:17 39
- 14:17 40 Q. And in response to that, did you tell her that there
14:17 41 are benefits of measuring where they want to go, or the
14:17 42 target culture, setting a target culture first?
14:17 43
- 14:17 44 A. Yes, I did outline the advantages that that can
14:17 45 provide.
14:17 46
- 14:17 47 Q. To what effect?

- 14:17 1
14:17 2 A. By defining what "good" looks like.
14:17 3
- 14:18 4 Q. What did you say to Ms Siegers on that?
14:18 5
- 14:18 6 A. That by defining what the target or the target state
14:18 7 you are looking to achieve, and is going to support the
14:18 8 environment that Crown wants, allows you to develop
14:18 9 a much more tailored approach to measuring where you are
14:18 10 versus where you wish to be. And that target state
14:18 11 generally involves a fairly detailed process of
14:18 12 workshopping with the senior executive, leaders in the
14:18 13 business, to understand taking the values of the
14:18 14 business, the business strategy, the risk appetite, what
14:18 15 does that actually all mean in terms of the behaviours
14:18 16 and the mindsets that people need to have in order to
14:18 17 support that culture.
14:18 18
- 14:18 19 So, developing that target state can actually help to
14:18 20 have a big discussion about that and then to development
14:18 21 a measurement framework where you can see how far away
14:18 22 you are from where you want to be.
14:18 23
- 14:19 24 Q. What was Ms Siegers's response to what you said to
14:19 25 her?
14:19 26
- 14:19 27 A. She agreed that that was a good point, however, there
14:19 28 was also a view expressed by Ms Siegers at that time and
14:19 29 by the CEO Ken Barton in a subsequent meeting, that there
14:19 30 was an awareness at Crown that there was likely to be
14:19 31 changes to the executive. They were awaiting the
14:19 32 appointment of a Chief People and Culture Officer, and
14:19 33 that there was likely to be consideration through the
14:19 34 business of different positions and different things.
14:19 35 And that the target state developed needed to be
14:19 36 developed with those people involved. That they had to
14:19 37 be a central part of it and they had to own that process.
14:19 38 But several of those key positions weren't in place at
14:19 39 the time, and that process of defining where should Crown
14:20 40 be, and what should the culture look like, would be
14:20 41 well-informed by more understanding of their current
14:20 42 state.
14:20 43
- 14:20 44 Q. So which other executives, apart from the Chief
14:20 45 Culture Officer, were mentioned by Ms Siegers?
14:20 46
- 14:20 47 A. I recall the head of financial crime and compliance,

14:20 1 who was yet to start in role at that time but I think
14:20 2 there was a general awareness that there would be changes
14:20 3 in the business and I recall that there was a restructure
14:20 4 conducted around the same time and that that was
14:20 5 a consideration as well.

14:20 6
14:20 7 Q. Did you discuss whether or not identifying the
14:21 8 target culture state first would be more time efficient
14:21 9 or did that not come up?

14:21 10
14:21 11 A. No, I don't think that it came up.

14:21 12
14:21 13 Q. Did you discuss timing of the competing proposals at
14:21 14 all?

14:21 15
14:21 16 A. We discussed the sequencing of the activities
14:21 17 underneath it, but within the confines of conducting the
14:21 18 current state estimate, the impact was not dramatic in
14:21 19 that we were confident we could conduct a current state
14:21 20 assessment linked to Crown's existing corporate values.

14:21 21
14:21 22 Q. Sorry, what do you mean by that?

14:21 23
14:21 24 A. So the culture measurement that is proposed as the
14:21 25 current state assessment and is aligned to Crown's
14:21 26 corporate values and seeks to measure the extent to which
14:21 27 those are experienced and expressed and lived across the
14:21 28 business, as opposed to a more detailed target culture
14:22 29 state. It is still aligning with the values of Crown.
14:22 30 It will mean that once we've developed that target state,
14:22 31 we will need to go back and look at the measurement
14:22 32 framework again just to realign it with that target
14:22 33 state, but, at the moment, the current state would be
14:22 34 aligned to those values as they currently stand.

14:22 35
14:22 36 Q. Which of those proposals was going to take longer?

14:22 37
14:22 38 A. I think we estimated that the second one might take
14:22 39 a bit longer because that current state would need to
14:22 40 happen at the end, and that we would need to kind of do
14:22 41 that revision of the measurement framework.

14:22 42
14:22 43 Q. So, just to be clear, did the timing issue come up
14:22 44 in that discussion with Ms Siegers?

14:22 45
14:22 46 A. I don't recall.

14:22 47

14:22 1 Q. Is there anything else you recall about that
14:22 2 conversation?

14:23 3

14:23 4 A. No.

14:23 5

14:23 6

14:23 7 MS NESKOVCIN: Thank you, Dr Lawson.

14:23 8

14:23 9 Commissioner, they were the only questions I had for

14:23 10 Dr Lawson. I understand Mr Rozen wants to seek leave to
14:23 11 cross-examine.

14:23 12

14:23 13

14:23 14 **QUESTIONS BY THE COMMISSIONER**

14:23 15

14:23 16

14:23 17 COMMISSIONER: In a minute.

14:23 18

14:23 19 I've just got a couple more questions. Going back to the

14:23 20 topic that I raised with you a moment ago, and I'm just

14:23 21 a bit troubled to make sure I understand the position

14:23 22 that you think is appropriate. One of the reasons why

14:23 23 you suggested that junket operators should be checked out

14:23 24 properly, with heightened work done in checking out

14:23 25 background and so on, was because of the risk of money

14:24 26 laundering and obviously that is the risk of money

14:24 27 laundering taking place at the casino.

14:24 28

14:24 29 A. Yes.

14:24 30

14:24 31 COMMISSIONER: Nodding in agreement.

14:24 32

14:24 33 A. Yes.

14:24 34

14:24 35 COMMISSIONER: Yes, thank you, doctor. And another

14:24 36 reason was that it was quite appropriate for this casino

14:24 37 and any other casino operating in Australia to make sure

14:24 38 that people who have some association with organised

14:24 39 crime, or organised crime elements, shouldn't come and

14:24 40 gamble at the casino.

14:24 41

14:24 42 A. That's correct.

14:24 43

14:24 44 COMMISSIONER: Now, tell me if I'm wrong about this, but

14:24 45 my general impression of the federal AML legislation is

14:24 46 that it is an obligation to have a system in place that

14:24 47 allows you to check for things like money laundering and

14:25 1 just report. In other words it is, the obligations on
14:25 2 the institution is to report to AUSTRAC, suspicious
14:25 3 transactions, transactions above the threshold, and so
14:25 4 on.

14:25 5
14:25 6 A. That's correct.

14:25 7
14:25 8 COMMISSIONER: But it has nothing to do with preventing
14:25 9 organised criminals entering your premises and it doesn't
14:25 10 require you to prevent money laundering; all it requires
14:25 11 you to do is to report money laundering or transactions
14:25 12 which might raise the possibility of money laundering and
14:25 13 AUSTRAC will then go and check them out?

14:25 14
14:25 15 A. That's one aspect. The other aspect is it requires
14:25 16 you to have in --- systems and processes in place to know
14:25 17 your customer and to be able to identify them, and to
14:25 18 conduct due diligence and enhanced due diligence where
14:25 19 there is a higher risk identified.

14:25 20
14:25 21 COMMISSIONER: I see. And the recommendations that you
14:26 22 made and the deficiencies you identified in Crown's
14:26 23 assessment program of junket operators, was that to bring
14:26 24 it up to the same standard as in the federal legislation
14:26 25 that is required by there or to a higher standard?

14:26 26
14:26 27 A. To a higher standard than that.

14:26 28
14:26 29 COMMISSIONER: Can you explain why, please?

14:26 30
14:26 31 A. Under the federal legislation you are asked to
14:26 32 identify an individual and it is the enhanced due
14:26 33 diligence process generally relates to the model where
14:26 34 that person is a customer and is transacting with you,
14:26 35 where you can monitor their transactions, you can monitor
14:26 36 other aspects of that relationship that is ongoing.

14:26 37
14:26 38 What we are talking about when we are talking about
14:26 39 a prospective operator, or due diligence, it is not just
14:26 40 about establishing who this person is, and that they are
14:26 41 who they say they are, which is Know Your Customer. It
14:27 42 is about establishing, beyond that, to understand what is
14:27 43 their reputation, what is their background, who are their
14:27 44 business associates, how do they do business in other
14:27 45 places, so that you can then make a determination based
14:27 46 on the potential risks, whether or not you wish to enter
14:27 47 or maintain a business relationship with them at all.

14:27 1
14:27 2 COMMISSIONER: And why wouldn't I want to do that if
14:27 3 I was a casino operator, bearing in mind that I have
14:27 4 a licence from the Government to operate a casino, why
14:27 5 wouldn't I want to do that for people who were players
14:27 6 through a junket operator but now the junket operator is
14:27 7 gone? Why do I lose interest in who they are, what their
14:27 8 background is, are they associated with organised crime,
14:27 9 are they likely money launderers or is there some other
14:27 10 reason why I should not let them into my business, even
14:28 11 though it might be legal for me to do it? In other
14:28 12 words, I fail to see the difference between the two, and
14:28 13 you are suggesting that there is a difference, and I'd
14:28 14 like you to explain why it is different.
14:28 15
14:28 16 A. Yes, Commissioner. I think one of the key
14:28 17 differences is visibility. Within the junket model, I as
14:28 18 the casino don't know who bought what money to this
14:28 19 junket, I don't know the win/loss, I don't know whether
14:28 20 there is inter-party loans between different people,
14:28 21 I don't have visibility over that. That is one of the
14:28 22 key risks associated with junkets, is that lack of
14:28 23 visibility over what are the financial arrangements of
14:28 24 the player's themselves. Where I'm dealing with
14:28 25 an individual player, that intermediary is removed, and
14:28 26 I am now able to see what transactions they are
14:28 27 transacting, they have to deal with me directly, so my
14:29 28 AML program will pick up if there are specific patterns
14:29 29 into their transactions or specific behaviours that may
14:29 30 be indicia of money laundering. My standard AML program
14:29 31 should help to pick that up.
14:29 32
14:29 33 COMMISSIONER: As a substitute for doing a detailed
14:29 34 background search?
14:29 35
14:29 36 A. You may choose to do the detailed background search
14:29 37 if you think that there are significant red flags or this
14:29 38 is a particularly, for whatever reason, high risk
14:29 39 relationship. You may certainly choose to apply that
14:29 40 structure and you may go --- it is certainly possible to
14:29 41 apply that level of due diligence to every single
14:29 42 customer.
14:29 43
14:29 44 COMMISSIONER: I'm not --- you know I'm not talking
14:29 45 about ---
14:29 46
14:29 47 A. Of that nature, if you wish to.

14:29 1
14:29 2 COMMISSIONER: But you don't suggest that that should be
14:29 3 done at all?
14:29 4
14:29 5 A. I think that if you are making best use of all the
14:29 6 information you have at hand for all of your customers in
14:30 7 your AML program, that is a strong defence against being
14:30 8 able to identify whether there are particular issues with
14:30 9 that particular customer.
14:30 10
14:30 11 COMMISSIONER: Okay. Thank you.
14:30 12
14:30 13 Mr Rozen? Before you ask the doctor any questions, do
14:30 14 you want to tell me what topics you want to cover,
14:30 15 please.
14:30 16
14:30 17 MR ROZEN: I want to follow up on this line of inquiry
14:30 18 that you are currently pursuing and (inaudible) in
14:30 19 relation to those, and I want to ask him some questions
14:30 20 briefly about the interviews conducted with Ms Siegers
14:30 21 and Mr Stokes. About 20 minutes.
14:30 22
14:30 23 COMMISSIONER: Okay, that's fine.
14:30 24
14:30 25
14:30 26 **CROSS-EXAMINATION BY MR ROZEN**
14:30 27
14:30 28
14:31 29 MR ROZEN: Dr Lawson --- I wonder could I ask the
14:31 30 operator, please, to bring up RC0010, which is
14:31 31 COM.0005.0001.1137. You were asked about this by Counsel
14:31 32 Assisting earlier today, doctor, this is the AUSTRAC
14:31 33 report on junket tour operations and money laundering.
14:31 34 As I recall you said you hadn't read it in detail.
14:31 35
14:31 36 A. That's correct.
14:31 37
14:31 38 Q. I want to draw your attention to one aspect of it,
14:31 39 which is at page 1163, please, operator.
14:31 40
14:31 41 We heard some evidence about this on Tuesday, Dr Lawson.
14:31 42 See the heading on the left-hand side, half way down
14:31 43 "higher-risk customers". If that first paragraph could
14:31 44 please be highlighted. You see there that AUSTRAC is
14:32 45 reporting that:
14:32 46
14:32 47 *Although not all customers are high-risk, AUSTRAC*

14:32 1 *assesses that the general risk profile of persons*
 14:32 2 *involved in junkets is high. Under current*
 14:32 3 *arrangements, it is not possible to clearly determine*
 14:32 4 *beneficial ownership and control of the funds while*
 14:32 5 *the use of cash increases anonymity. Under the*
 14:32 6 *junket arrangements, the primary customer of the*
 14:32 7 *casino is the junket tour operator while the*
 14:32 8 *relationship between the casino and the junket*
 14:32 9 *players is more opaque.*

14:32 10

14:32 11 Do you generally agree with that observation? That is
 14:32 12 consistent with the evidence you've given to date?

14:32 13

14:32 14 A. Yes, that's correct.

14:32 15

14:32 16 Q. The word "customer" there is important isn't it,
 14:32 17 because under the AUSTRAC legislation, reporting
 14:32 18 obligations on an organisation such as Crown, are linked
 14:32 19 to the customer, they have to report on the customer; is
 14:32 20 that correct?

14:32 21

14:32 22 A. That's correct.

14:32 23

14:32 24 Q. If we go over to the next column, please, the
 14:32 25 right-hand column on that page and perhaps highlight the
 14:33 26 first paragraph, please, operator, it commences "when
 14:33 27 a transaction occurs", sorry, the first two paragraphs,
 14:33 28 please:

14:33 29

14:33 30 *When a transaction occurs on a casino junket account,*
 14:33 31 *the customer of the casino is the JTO (or any JTRs*
 14:33 32 *who may be acting as agents of the JTO).*

14:33 33

14:33 34 Is that the same as agent, is that correct?

14:33 35

14:33 36 A. That's correct.

14:33 37

14:33 38 Q. Reading on:

14:33 39

14:33 40 However, the funds being deposited in, stored in or
 14:33 41 *withdrawn from the JTO's account may not be in*
 14:33 42 *practice owned by the JTO, because it is the credit*
 14:33 43 *the JTO has extended under arrangement to the players*
 14:33 44 *and for the use of the players. In fact, it would be*
 14:33 45 *assumed for the purposes of the junket that much of*
 14:33 46 *the money stored in the JTO's account would be, in*
 14:33 47 *effect, associated with players.*

14:33 1
14:33 2 It could be all the money in a junket tour operator's
14:34 3 account, could it?
14:34 4
14:34 5 A. I'm sorry?
14:34 6
14:34 7 Q. What is being said there is that it would be assumed
14:34 8 for the purposes of the junket that much of the money
14:34 9 stored in the operator's account would be in effect
14:34 10 associated with the players; do you agree with that as
14:34 11 a general proposition?
14:34 12
14:34 13 A. Yes.
14:34 14
14:34 15 Q. And my question is, it could go beyond that, it
14:34 16 could be all the money in the operator's account is the
14:34 17 players' money?
14:34 18
14:34 19 A. Possibly, yes.
14:34 20
14:34 21 Q. And the problem that is being identified, I suggest
14:34 22 to you, in the AUSTRAC document is that in those
14:34 23 circumstances the junket can operate as a shield, almost.
14:34 24 In a way it is a perfect way of disguising money
14:34 25 laundering by individual players, or it can be; do you
14:34 26 agree with that?
14:34 27
14:34 28 A. I think there is definitely a risk ---
14:35 29
14:35 30 Q. Yes.
14:35 31
14:35 32 A. --- there.
14:35 33
14:35 34 Q. I'm not saying all junkets are designed to do that,
14:35 35 but, as you say, there is a risk of that, and it is
14:35 36 potentially a gap in the regulatory framework under the
14:35 37 AUSTRAC regime; do you agree with that?
14:35 38
14:35 39 A. Yes, I think there is probably a gap there that needs
14:35 40 to be thought about.
14:35 41
14:35 42 Q. Thank you.
14:35 43
14:35 44 I wonder if I could ask you about something which appears
14:35 45 in the document which was tendered this morning, it is
14:35 46 RC0022, this is the report by Ms Lane. I can't quite
14:35 47 recall, Commissioner, whether this is a privileged

14:35 1 document and is meant to be only --- no, it's not. I'm
14:35 2 grateful to Counsel Assisting. That is CRW.004.022.6540.
14:35 3 I know you told us this morning, Dr Lawson, this document
14:36 4 wasn't provided to you as part of the brief that you had
14:36 5 in respect of this matter, but if I can ask you about
14:36 6 something that appears on the page that ends in 6546,
14:36 7 please, operator.

14:36 8

14:36 9 I think it was explained to you this was an internal
14:36 10 report prepared by an employee of Crown, Ms Lane, who was
14:36 11 the Group General Manager, AML, and I think it is common
14:36 12 ground this was prepared and presented to her superior,
14:36 13 Mr Preston, who you interviewed as part of your report
14:36 14 and there is a heading just over halfway down the page,
14:36 15 "Junkets"; do you see that?

14:36 16

14:36 17 A. Yes, I do.

14:36 18

14:36 19 Q. She points out how money enters into Crown
14:36 20 Melbourne. I draw your attention to the fifth dot point
14:37 21 that starts "Except", do you see that, doctor?

14:37 22

14:37 23 *Except where it is extending credit, or if a junket*
14:37 24 *operator or key player is from an identified*
14:37 25 *jurisdiction, Crown Melbourne will not seek further*
14:37 26 *information from a key player as to his or her source*
14:37 27 *of wealth or source of funds*

14:37 28

14:37 29 Do you see that?

14:37 30

14:37 31 A. Yes, I can see that.

14:37 32

14:37 33 Q. That was the position that Ms Lane was describing in
14:37 34 2018, but was that also the position as of the Deloitte
14:37 35 review in 2020?

14:37 36

14:37 37 A. We did not review the relation --- the matters
14:37 38 surrounding the key players, we were focused on the
14:37 39 prospective junket operators and that was the scope that
14:37 40 we were asked to review.

14:37 41

14:37 42 Q. I understand that, doctor, and thanks for the
14:37 43 clarification, but this question of the anonymity of the
14:38 44 players, to use the term that Counsel Assisting used, you
14:38 45 have agreed with me that that is potentially problematic
14:38 46 from a money laundering point of view?

14:38 47

14:38 1 A. Yes, I would agree.
14:38 2
14:38 3 Q. Do you know, as you sit there now, whether the
14:38 4 position that Ms Lane described that existed in 2018 was
14:38 5 the position when you did your review or was it just
14:38 6 a matter that you didn't turn your minds to?
14:38 7
14:38 8 A. I'm not sure. I don't know.
14:38 9
14:38 10 Q. All right.
14:38 11
14:38 12 Was it drawn to your attention in the conduct of your
14:38 13 review by Crown that as a result of the most recent
14:38 14 suitability review by the Victorian regulator, the VCGLR,
14:38 15 that this question of the source of funds and anonymity
14:38 16 of junket players was a concern that the regulator had
14:39 17 communicated to Crown?
14:39 18
14:39 19 A. I was unaware of that.
14:39 20
14:39 21 Q. We know from appendix B in your report that Counsel
14:39 22 Assisting took you to earlier that you made some
14:39 23 inquiries of the concerns of regulators, both in
14:39 24 Australia and overseas in relation to junkets; is that
14:39 25 right?
14:39 26
14:39 27 A. Informally, I spoke to some people only.
14:39 28
14:39 29 Q. Did you speak to anyone from the VCGLR?
14:39 30
14:39 31 A. No, I did not.
14:39 32
14:39 33 Q. Did you make any searches of the VCGLR website, for
14:39 34 example, to find a copy of the casino review?
14:39 35
14:39 36 A. I don't recall.
14:39 37
14:39 38 Q. Let me make sure I understand this. Was it simply
14:39 39 not part of the scope of work that you were doing for
14:39 40 Crown that led to the report that you've produced today
14:40 41 to look at money laundering risks associated with the
14:40 42 junket players as opposed to the junket operators? Have
14:40 43 I understood that correctly?
14:40 44
14:40 45 A. The scope of our review was to look at Crown's
14:40 46 current processes in relation to dealing with junket
14:40 47 operators.

14:40 1
14:40 2 Q. Okay. Picking up on the questions that you were
14:40 3 asked by the Commissioner a few minutes ago, if the
14:40 4 junket operator is removed from the conversation, so say
14:40 5 there are no more junkets to be in place, but the players
14:40 6 who are currently part of the junkets wish to gamble at
14:40 7 the casino in Melbourne, is it the case that they would
14:40 8 necessarily fall under the description of premium players
14:40 9 as that term is used in the internal control statements
14:40 10 that Crown is required to have?
14:41 11
14:41 12 A. I'm not sure.
14:41 13
14:41 14 Q. All right. Is that because it depends on the
14:41 15 particular arrangements that are in place, for example,
14:41 16 whether they are to be paid a Commission for gambling?
14:41 17
14:41 18 A. It would be speculative and hypothetical at best. It
14:41 19 would depend very much on what the arrangements and
14:41 20 relationships are.
14:41 21
14:41 22 Q. That, though, would be one way, would it not, of
14:41 23 addressing the concerns expressed by the Commissioner,
14:41 24 that is to forget about the designation of them as junket
14:41 25 players --- because of course they wouldn't be because it
14:41 26 wouldn't be a junket --- but to use some other criteria,
14:41 27 perhaps frequency of gambling or the arrangements that
14:41 28 are in place such as payment of Commission, or the amount
14:41 29 that they are gambling, and use those criteria as the
14:41 30 touchstone for these enhanced due diligence inquiries?
14:42 31 Do you understand what I'm asking you?
14:42 32
14:42 33 A. Not particularly, no.
14:42 34
14:42 35 Q. Let me see if I can rephrase it. The concern that
14:42 36 you are being asked about is the risk of money laundering
14:42 37 associated with the individual players who may have
14:42 38 inappropriate criminal connections or other undesirable
14:42 39 features. You've given some examples. Involvement in
14:42 40 an industry using forced labour, I think, is one example
14:42 41 you've given, is it not, in your report?
14:42 42
14:42 43 A. We noted that that was one of the considerations they
14:42 44 may wish to contemplate.
14:42 45
14:42 46 Q. Yes, and there could be a wide range of
14:42 47 circumstances associated with an individual that make

14:42 1 them undesirable as a customer at a casino; you agree
14:42 2 with that?

14:42 3

14:42 4 A. I do agree, yes.

14:42 5

14:42 6 Q. And the question you are being asked is what would
14:42 7 be an appropriate regime to detect those undesirable
14:43 8 characteristics, and how would it be appropriate who is
14:43 9 would be the subject of those enhanced inquiries?

14:43 10

14:43 11 A. I think that is a very broad question.

14:43 12

14:43 13 Q. Yes.

14:43 14

14:43 15 A. It would depend very much on what the regulatory
14:43 16 regime was around that situation, what are the legal
14:43 17 requirements, what are the compliance requirements, what
14:43 18 is the process of assessing that risk and measuring and
14:43 19 monitoring it.

14:43 20

14:43 21 Q. Yes.

14:43 22

14:43 23 A. And then figuring out what an appropriate set of
14:43 24 controls and mitigations around that would look like. So
14:43 25 it is a very broad topic that would rely on a whole lot
14:43 26 of variables.

14:43 27

14:43 28 Q. Yes. Accepting that, but it is something that each
14:43 29 of those matters could potentially be addressed and
14:43 30 a regime could be put in place?

14:43 31

14:43 32 A. Well, you should be able to look at a set of controls
14:43 33 to determine what is the inherent risk associated ---
14:44 34 what controls can I put in place, and then making
14:44 35 a determination about whether those controls are suitably
14:44 36 effective in order to bring that risk down to a level
14:44 37 that you can operate with.

14:44 38

14:44 39 Q. Thank you, doctor.

14:44 40

14:44 41 Can I change topics and ask you about two of the
14:44 42 interviews that you conducted as part of your review.
14:44 43 The first one I want to ask you about is at
14:44 44 DTT.001.0002.0363. It is the interview with Mr Stokes
14:44 45 and Mr Sutherland that Counsel Assisting asked you about
14:44 46 earlier. I wonder, operator, if that document could
14:44 47 please be brought up on the screen so that Dr Lawson can

14:44 1 see it.
14:44 2
14:44 3 While that is coming up, Dr Lawson, do you recall why it
14:44 4 was you interviewed Mr Stokes and Mr Sutherland, whereas
14:45 5 all the other interviews just seemed to be with one
14:45 6 person?
14:45 7
14:45 8 A. I don't recall exactly why. I think it was just the
14:45 9 way it turned out. I'm not sure exactly what the reason
14:45 10 was for it.
14:45 11
14:45 12 Q. Okay. If I perhaps give that number again,
14:45 13 DTT.001.0002.0383. Thank you. I know you were asked
14:45 14 about this earlier, Dr Lawson, but if I can clarify from
14:45 15 you, it would appear that each of these documents is in
14:45 16 two parts. Firstly, an interview plan which presumably
14:45 17 was prepared in advance of the interview; is that
14:45 18 correct?
14:45 19
14:45 20 A. Yes, that's correct.
14:45 21
14:45 22 Q. And then there is some following --- following the
14:46 23 interview plan there are records of what was said during
14:46 24 the course of the interview by yourself and interviewee
14:46 25 or interviewees? Is that right?
14:46 26
14:46 27 A. Summaries of the discussion.
14:46 28
14:46 29 Q. I understand it is not verbatim. The interview plan
14:46 30 was provided in advance to the interviewees; is that
14:46 31 right?
14:46 32
14:46 33 A. No, this is an internal document.
14:46 34
14:46 35 Q. I see. Internal to Deloitte?
14:46 36
14:46 37 A. Yes.
14:46 38
14:46 39 Q. I see. Taking this one as an example is the
14:46 40 interview plan extends to halfway down the second page.
14:46 41 Perhaps, operator, if you could go to the next page,
14:46 42 _0001. Does the interview extend halfway down the
14:46 43 page where we see the different coloured typing?
14:46 44
14:46 45 A. Yes, that's correct.
14:46 46
14:46 47 Q. Right. And then as you indicated earlier, subject

14:46 1 to the caveat of perhaps it might not be entirely
14:47 2 accurate, I understood you gave earlier, where it says
14:47 3 "Nick", they are words that are attributed to Nick and
14:47 4 then the bold type is a summary of the questions that you
14:47 5 asked; is that right, the bold purple --
14:47 6
14:47 7 A. Broadly that's correct.
14:47 8
14:47 9 Q. If you go to the next page, please, operator, _0002,
14:47 10 do you see you asked:
14:47 11
14:47 12 What do you see as key challenges or pain points to
14:47 13 *change process*?
14:47 14
14:47 15 What is a "pain point", Dr Lawson?
14:47 16
14:47 17 A. The key difficulties being placed in a particular
14:47 18 process.
14:47 19
14:47 20 Q. So a hurdle that might be there to achieving change;
14:47 21 is that right?
14:48 22
14:48 23 A. Correct.
14:48 24
14:48 25 Q. And then the answer that is attributed to Mr Stokes,
14:48 26 it is a mindset culture. You are asked some questions
14:48 27 about culture earlier. You see the next paragraph and
14:48 28 I think --- are we to understand these as words
14:48 29 summarising what Mr Stokes said, "You don't want to have
14:48 30 remediation, look down the barrel of the a gun, you want
14:48 31 to be proactive, get on the front foot"? Is that
14:48 32 a summary of what Mr Stokes said to you, Dr Lawson?
14:48 33
14:48 34 A. I don't recall specifically, but the notes are
14:48 35 a reflection, so --
14:48 36
14:48 37 Q. Yes, by that you mean this might be Mr Sutherland,
14:48 38 or?
14:48 39
14:48 40 A. No, I'm pretty confident that was Mr Stokes.
14:48 41
14:48 42 Q. Okay. Because the protocol seems to be that where
14:48 43 it is Mr Sutherland it starts with "Adam". Is that
14:48 44 right?
14:48 45
14:48 46 A. Broadly, yes.
14:48 47

- 14:48 1 Q. After saying that, Mr Stokes, it seems, said this:
14:48 2
14:49 3 *Crown, being a great employer, people have stayed*
14:49 4 *with Crown for decades. Has a lot of positives, but*
14:49 5 *on the flip side, you get people who are set in the*
14:49 6 *ways, we've always done it this way.*
14:49 7
14:49 8 He went on to talk about there being a lot of room for
14:49 9 improvement and it really takes tone from the top. I
14:49 10 want to ask you a little about that if I could. From
14:49 11 your perspective, and especially drawing on your other
14:49 12 experience with cultural change and so on in large
14:49 13 organisations, is that a particular problem, do you
14:49 14 think, in relation to achieving cultural change at Crown?
14:49 15
14:49 16 A. As I sort of said earlier, I think I would want to
14:49 17 understand the culture of Crown --
14:49 18
14:49 19 Q. Yes.
14:49 20
14:49 21 A. --- and that requires a much broader understanding of
14:49 22 the issues. "Culture" is a term that is used imprecisely
14:49 23 in many circumstances to describe a whole range of
14:49 24 issues. The important thing is to understand how
14:50 25 pervasive, what are the pervasive mindsets and normative
14:50 26 behaviours and what are the cultural barriers to change.
14:50 27
14:50 28 Q. I'm not one that understands the management-speak
14:50 29 well, I will admit that to you upfront, Dr Lawson, but if
14:50 30 I'm understanding the concerns you've raised in your
14:50 31 report in light of other evidence the Commissioners heard
14:50 32 in this Royal Commission, is one of the concerns about
14:50 33 culture that there are suggestions in Crown's behaviour,
14:50 34 as identified in your report, which would suggest that
14:50 35 they are putting profit above regulatory compliance?
14:50 36
14:50 37 A. I think that would go to a broader question that I'm
14:50 38 not equipped to answer at the moment.
14:50 39
14:50 40 Q. I see. Cutting through all the jargon, that is the
14:51 41 concern here, isn't it, with culture?
14:51 42
14:51 43 A. I'm not sure I understand your question.
14:51 44
14:51 45 Q. Well, you said earlier that senior executives ought
14:51 46 to be able to do both, achieve commercial outcomes and
14:51 47 ensure compliance. They are not mutually exclusive.

14:51 1 They ought to be able to get both done. That's part of
14:51 2 the challenge of being a senior executive in any business
14:51 3 organisation, is it not?

14:51 4
14:51 5 A. That's correct.

14:51 6
14:51 7 Q. As you sit there now, and you've had quite a bit of
14:51 8 exposure to Crown both in relation to this report, is
14:51 9 that a concern that you have, that they are not getting
14:51 10 the balance right?

14:51 11
14:51 12 A. I think there is --- I don't know the situation now,
14:51 13 but there is ample evidence that there have been issues
14:52 14 identified of problems.

14:52 15
14:52 16 Q. Just before leaving the interview with Mr Stokes, he
14:52 17 said "getting commitment and buy-in from the top now", is
14:52 18 that consistent with your experience that during the
14:52 19 course of the review you could see that change, greater
14:52 20 buy-in from the top?

14:52 21
14:52 22 A. Within the course of our review?

14:52 23
14:52 24 Q. Yes, and subsequently.

14:52 25
14:52 26 A. A period of six weeks.

14:52 27
14:52 28 Q. I think it's getting better, Dr Lawson, put it that
14:52 29 way.

14:52 30
14:52 31 A. I think there was certainly growing attention and
14:52 32 focus being brought to key processes and policies and
14:52 33 issues.

14:52 34
14:52 35 Q. Are you able to summarise, albeit on the basis of
14:52 36 the relatively limited exposure you've had to Crown, what
14:52 37 cultural concerns you have about Crown?

14:53 38
14:53 39 A. No, I don't think I could summarise what cultural
14:53 40 concerns I have about Crown.

14:53 41
14:53 42 COMMISSIONER: Is that because you don't have any
14:53 43 concerns or you don't want to say them?

14:53 44
14:53 45 A. I don't think I'm equipped with the facts to be able
14:53 46 to suggest that, Commissioner. I conducted a review of
14:53 47 some processes and some decision-making architectures.

14:53 1 I don't think that equips me to make broader statements
14:53 2 about the culture of Crown.
14:53 3
14:53 4 MR ROZEN: Finally, doctor, could I ask you about the
14:53 5 interview with Ms Siegers. This is DTT.0001.0002.0384.
14:53 6 Ms Siegers was at the time Group General Manager risk and
14:54 7 audit.
14:54 8
14:54 9 Operator, if we could scroll down to the bottom third of
14:54 10 the page under the heading "Junket element: a few
14:54 11 things". Do you see the third dot point there,
14:54 12 Dr Lawson:
14:54 13
14:54 14 *People don't come with those sums of money in*
14:54 15 *pockets, why the process has grown from credit*
14:54 16 *department.*
14:54 17
14:54 18 Do you see that?
14:54 19
14:54 20 A. Yes.
14:54 21
14:54 22 Q. Did you understand that being the explanation for
14:54 23 why the junket assessment process rested primarily with
14:54 24 the credit department? Is that what Ms Siegers was
14:54 25 saying to you there, as you understood it?
14:54 26
14:54 27 A. It was her opinion, and her view.
14:54 28
14:54 29 Q. Yes. Were you able to substantiate that, that that
14:54 30 is the rationale behind the credit department being the
14:54 31 primary focus for the assessment processes?
14:55 32
14:55 33 A. We certainly saw documents that the process had
14:55 34 originated some time ago as an assessment of
14:55 35 creditworthiness.
14:55 36
14:55 37 Q. Yes. I understand that. My question is, how did
14:55 38 that come about? Are you in a position to tell the
14:55 39 Commissioner that?
14:55 40
14:55 41 A. I'm not sure, to be honest. No.
14:55 42
14:55 43 Q. If we go to the next page, this is the blank canvas
14:55 44 issue. Was Ms Siegers the only interviewee who was asked
14:55 45 the blank canvas question, do you remember?
14:55 46
14:55 47 A. I think that's correct. She was the only one I asked

14:55 1 that question.
14:55 2
14:55 3 Q. Any reason why you didn't ask that?
14:55 4
14:55 5 A. Her position as head of risk --
14:55 6
14:55 7 Q. Yes.
14:55 8
14:55 9 A. --- and with a good understanding of the risk
14:55 10 framework and the risk management structures. I thought
14:55 11 it was a question that occurred to me at the time to ask.
14:55 12
14:56 13 Q. And because of that, because of her position, you
14:56 14 would attach some weight to her opinion in relation to
14:56 15 that; is that right?
14:56 16
14:56 17 A. Well, certainly as a specialist in risk.
14:56 18
14:56 19 Q. Yes, and she told you that she would change it
14:56 20 dramatically, and having it driven by credit or managed
14:56 21 by credit is not the best place to have it. Did you
14:56 22 agree with that? That is, that credit is not the best
14:56 23 place for this function to be performed?
14:56 24
14:56 25 A. Not entirely. I think that there is a model where it
14:56 26 could still be managed within the credit process, the
14:56 27 line of business closest to the relationship --
14:56 28
14:56 29 Q. Yes.
14:56 30
14:57 31 A. --- ie, the first line, but with the appropriate
14:57 32 support, oversight and improved transparency and
14:57 33 record-keeping through the process.
14:57 34
14:57 35 The other alternative is to remove it to another area,
14:57 36 but that would require contemplation of what is the
14:57 37 appropriate area to manage that process. There are
14:57 38 advantages and disadvantages to both approaches.
14:57 39
14:57 40 Q. Yes. And in fairness to you, Dr Lawson, your
14:57 41 ultimate recommendation that it stay with credit, because
14:57 42 that was the position ultimately was it not?
14:57 43
14:57 44 A. We suggested that the process being managed within
14:57 45 the credit team ---
14:57 46
14:57 47 Q. Yes.

14:57 1
14:57 2 A. --- as that first line could be supported, with all
14:57 3 of those other inputs and the increased holistic view as
14:57 4 part of that process.
14:57 5
14:57 6 Q. Enhanced training of the credit employees?
14:57 7
14:58 8 A. Correct.
14:58 9
14:58 10 Q. Better communication between credit and other areas
14:58 11 such as AML and security?
14:58 12
14:58 13 A. Correct.
14:58 14
14:58 15 Q. And generally a more coordinated approach to the
14:58 16 assessment?
14:58 17
14:58 18 A. Correct.
14:58 19
14:58 20 Q. I'm not sure if finally you were asked this, and I
14:58 21 apologise if you were and I missed it, but what is the
14:58 22 status of the cultural review?
14:58 23
14:58 24 A. The current time, we are in the middle of conducting
14:58 25 that assessment.
14:58 26
14:58 27 Q. Okay. Is there a timeline for its completion?
14:58 28
14:58 29 A. At this stage our timeline will have us reporting to
14:58 30 the Crown board mid-to late July.
14:58 31
14:58 32 MR ROZEN: Thank you, Dr Lawson.
14:58 33
14:58 34 Thank you, Commissioner.
14:58 35
14:58 36 COMMISSIONER: Thank you, Mr Rozen.
14:58 37
14:58 38 Mr Harris?
14:58 39
14:58 40 MR HARRIS: Nothing, Commissioner.
14:59 41
14:59 42 COMMISSIONER: Thank you, doctor. I think you are --
14:59 43
14:59 44 MS NESKOVICIN: Dr Lawson is excused.
14:59 45
14:59 46 COMMISSIONER: The answer is yes.
14:59 47

14:59 1 You are free to go, doctor.
14:59 2
14:59 3 MS NESKOVCIN: Thank you, Dr Lawson.
14:59 4
14:59 5
14:59 6 **THE WITNESS WITHDREW**
14:59 7
14:59 8
14:59 9 MR HARRIS: Commissioner, may I be excused as well?
14:59 10
14:59 11 COMMISSIONER: Yes, certainly.
14:59 12
14:59 13 MS NESKOVCIN: Commissioner, the next witness is Nicholas
14:59 14 Stokes.
14:59 15
14:59 16 COMMISSIONER: Is he in or outside the room?
14:59 17
14:59 18
14:59 19 **MR NICHOLAS ST AUBYN STOKES, AFFIRMED**
15:00 20
15:00 21
15:01 22 **EXAMINATION-IN-CHIEF BY MS NESKOVCIN**
15:01 23
15:01 24
15:01 25 COMMISSIONER: Thank you, Mr Stokes.
15:01 26
15:01 27 MS NESKOVCIN: Mr Stokes, could you please state your
15:01 28 full name for the transcript.
15:01 29
15:01 30 A. Nicholas St Aubyn Stokes.
15:01 31
15:01 32 Q. What is your business address?
15:01 33
15:01 34 A. Level 3, 8 Whiteman Street, Southbank.
15:01 35
15:01 36 Q. What is your current occupation?
15:01 37
15:01 38 A. Group General Manager, anti-money laundering.
15:01 39
15:01 40 Q. Mr Stokes, you've prepared a witness statement in
15:01 41 response to a request for statement and you are here
15:01 42 today under notice to attend?
15:01 43
15:01 44 A. Yes, that's correct.
15:01 45
15:01 46 Q. Do you have your witness statement with you?
15:01 47

15:01 1 A. Yes, I do.
15:01 2
15:01 3 Q. Mr Stokes, is that statement true and correct to the
15:01 4 best of your knowledge?
15:01 5
15:01 6 A. Yes, it is.
15:01 7
15:01 8 Q. Commissioner, I want to tender Mr Stokes's statement
15:01 9 together with all the annexures. There is an application
15:02 10 for a non-publication order in relation to parts of
15:02 11 Mr Stokes's statement, so those documents will be
15:02 12 available once the application is determined. I tender
15:02 13 that statement.
15:02 14
15:02 15 COMMISSIONER: Mr Nick Stokes's statement dated 25 April
15:02 16 2021 will be 23.
15:02 17
15:02 18 ASSOCIATE: RC23.
15:02 19
15:02 20 COMMISSIONER: I should say with the attached annexures.
15:02 21
22
23 **EXHIBIT #RC0023 - STATEMENT OF MR NICHOLAS ST**
24 **AUBYN STOKES WITH ANNEXURES DATED 25 APRIL 2021**
25
26
15:02 27 MS NESKOVICIN: Mr Stokes, you are the group manager of
15:02 28 AML at Crown?
29
30 A. That's correct.
31
32 Q. If I call it AML, you're happy with that?
33
15:02 34 A. I'm very happy with that. Yes.
15:02 35
15:02 36 Q. You are the AML/CTF compliance officer?
15:02 37
15:02 38 A. That's correct.
15:02 39
15:02 40 Q. As that officer, you report to the board of Crown
15:02 41 Resorts?
15:02 42
15:02 43 A. I have a reporting line into the board as well as to
15:02 44 Mr Steve Blackburn, Chief Financial Crime and Compliance
15:03 45 Officer.
15:03 46
15:03 47 Q. Thank you.

- 15:03 1
15:03 2 By way of your qualifications you hold a Master of Laws
15:03 3 in International Relations; is that correct?
15:03 4
15:03 5 A. That's correct.
15:03 6
15:03 7 Q. And a Juris Doctor from the University of
15:03 8 Technology, Sydney?
15:03 9
15:03 10 A. That's correct.
15:03 11
15:03 12 Q. You hold a Bachelor of Asian studies, majoring in
15:03 13 Japanese?
15:03 14
15:03 15 A. That's correct.
15:03 16
15:03 17 Q. You joined Crown on 19 November 2019 in your current
15:03 18 capacity?
15:03 19
15:03 20 A. That's correct.
15:03 21
15:03 22 Q. Prior to joining Crown you have had an extensive
15:03 23 career in the finance sector?
15:03 24
15:03 25 A. Yes, predominantly in the last 10 years with three
15:03 26 international banks.
15:03 27
15:03 28 Q. From September 2016 to June 2019 you were the head
15:03 29 of financial crime, compliance for the Asia Pacific
15:03 30 region at Credit Suisse?
15:03 31
15:03 32 A. Yes, it was excluding Singapore and Hong Kong, yes.
15:03 33
15:03 34 Q. And between March 2015 and September 2016 you worked
15:04 35 as the head of anti-bribery and corruption for Standard
15:04 36 Chartered Bank based in Singapore?
15:04 37
15:04 38 A. That's correct.
15:04 39
15:04 40 Q. Between November 2013 and March 2015 you worked as
15:04 41 the region's head of financial crime compliance assurance
15:04 42 for Asia, Africa and the Middle East?
15:04 43
15:04 44 A. That's correct.
15:04 45
15:04 46 Q. In 2008 to October 2013 you held various roles at
15:04 47 the Bank of Tokyo-Mitsubishi?

15:04 1
15:04 2 A. That's correct.
15:04 3
15:04 4 Q. You also worked at regulatory bodies, Mr Stokes?
15:04 5
15:04 6 A. That's correct.
15:04 7
15:04 8 Q. In 2007 to 2008 you worked at AUSTRAC?
15:04 9
15:04 10 A. That is correct.
15:04 11
15:04 12 Q. And you worked at APRA for a period as well?
15:04 13
15:04 14 A. That's right.
15:04 15
15:04 16 Q. Throughout that career, Mr Stokes, you've developed
15:05 17 a strong speciality in AML and compliance; is that
15:05 18 correct?
15:05 19
15:05 20 A. Yes, that's correct.
15:05 21
15:05 22 Q. Primarily in the financial sector and more recently
15:05 23 in the casino sector?
15:05 24
15:05 25 A. That's right.
15:05 26
15:05 27 Q. Turning now to the AML work you do at Crown, I'm not
15:05 28 sure how to describe it, but is there a team or,
15:05 29 department or division; how do you describe it?
15:05 30
15:05 31 A. We've had a recent name change so it is called
15:05 32 "Financial Crime".
15:05 33
15:05 34 Q. Is it a team or group?
15:05 35
15:05 36 A. It is a team.
15:05 37
15:05 38 Q. And so AML sits within that team?
15:05 39
15:05 40 A. It has been a name change from "AML" to "Financial
15:05 41 Crime" to reflect the broader responsibilities or future
15:05 42 responsibilities of the team. So not just AML, but we
15:05 43 are looking to move into anti-bribery, corruption,
15:05 44 possibly fraud compliance as well, or fraud risk.
15:05 45
15:05 46 Q. Within the broader team, is there a group of people
15:05 47 such as yourselves that are primarily AML focused?

15:05 1
15:06 2 A. That's correct.
15:06 3
15:06 4 Q. So can I just deal with that group and call that AML
15:06 5 if I might?
15:06 6
15:06 7 A. Sure.
15:06 8
15:06 9 Q. I want to understand the extent of that team and the
15:06 10 work that you do. Currently are you the head of the AML
15:06 11 team?
15:06 12
15:06 13 A. Yes, that's correct.
15:06 14
15:06 15 Q. And you have a number of people reporting to you?
15:06 16
15:06 17 A. That's right.
15:06 18
15:06 19 Q. How many people in the Melbourne part?
15:06 20
15:06 21 A. Approximately 14.
15:06 22
15:06 23 Q. I should have clarified, Melbourne is separate to
15:06 24 Sydney and Perth; isn't it?
15:06 25
15:06 26 A. That's correct.
15:06 27
15:06 28 Q. So you have 14 people reporting to you?
15:06 29
15:06 30 A. A rough count, yes.
15:06 31
15:06 32 Q. And you report to Mr Blackburn as the Chief
15:06 33 Financial Crime Officer?
15:06 34
15:06 35 A. That's right.
15:06 36
15:06 37 Q. And the functions of the AML team include
15:06 38 transaction monitoring?
15:06 39
15:06 40 A. That's right.
15:06 41
15:07 42 Q. Financial transactions reporting?
15:07 43
15:07 44 A. That's correct.
15:07 45
15:07 46 Q. There is a regulatory compliance function? Please
15:07 47 tell me if I'm wrong about this?

15:07 1
15:07 2 A. From an AML/CTF perspective, yes.
15:07 3
15:07 4 Q. Thank you. And AUSTRAC reporting?
15:07 5
15:07 6 A. AUSTRAC reporting, yes, that would accompany the
15:07 7 financial --- the old financial transaction reporting,
15:07 8 yes.
15:07 9
15:07 10 Q. Anything else that I've missed?
15:07 11
15:07 12 A. We also do education and training. So we have
15:07 13 a training component, a KYC CDD component investigations,
15:07 14 customer investigations, intelligence and due diligence.
15:07 15
15:07 16 Q. Is it the case that you and your team, the AML team,
15:07 17 are responsible for AML training at Crown Melbourne?
15:07 18
15:07 19 A. We have input into the training, yes.
15:07 20
15:07 21 Q. That's what I want to understand. Whether you
15:07 22 actually run the training or you just have input?
15:07 23
15:07 24 A. We have input and sorry, we also deliver the
15:07 25 training. The face-to-face training that is.
15:07 26
15:08 27 Q. Is there also online training?
15:08 28
15:08 29 A. There is, yes.
15:08 30
15:08 31 Q. And so you are distinguishing the face-to-face
15:08 32 training from the online training?
15:08 33
15:08 34 A. That's right.
15:08 35
15:08 36 Q. Can you just give the Commissioner an idea of who
15:08 37 undertakes the training, whether it is online or
15:08 38 face-to-face or both? We just want to understand.
15:08 39
15:08 40 A. Okay. So everyone who comes into Crown will do
15:08 41 induction training usually within the first week or so of
15:08 42 starting. Once they perform --- once they attend the
15:08 43 induction training they will have some time within which
15:08 44 to complete the online training. That's before --- if
15:08 45 they have an operational role, or if they are providing
15:08 46 a designated service, they will need to complete the
15:08 47 online training before they actually are released, if

15:08 1 I can use that word, on to the main gaming floor and
15:08 2 provide their respective duties as dealers, or if they
15:08 3 are a gaming machine attendants. And then for certain
15:08 4 departments the cage, table games, electronic gaming,
15:09 5 security and surveillance we've developed targeted
15:09 6 training and targeted AML/CTF awareness training.
15:09 7

15:09 8 Q. Is the training more intense depending on which part
15:09 9 of the organisation you belong to?
15:09 10

15:09 11 A. That's right. It is certainly more focused towards
15:09 12 those four teams I've just mentioned. There is also what
15:09 13 is called business operations team training which we've
15:09 14 delivered and more recently the Board has also received
15:09 15 training.
15:09 16

15:09 17 Q. When was last time you did the training? And I'm
15:09 18 not asking you that to see if you are trained in the
15:09 19 area, I am asking you that to see when was the last time
15:09 20 you assessed the adequacy of the training?
15:09 21

15:09 22 A. Assess the adequacy of the training? (Nods head).
15:09 23

15:09 24 A. We reviewed the training content in late last year.
15:09 25

15:09 26 Q. You personally?
15:09 27

15:09 28 A. Yes, I was involved in that.
15:09 29

15:09 30 Q. And you satisfied that it was at the appropriate
15:09 31 level?
15:09 32

15:09 33 A. Yes.
15:09 34

15:10 35 Q. Now, based on your experience and qualifications,
15:10 36 particularly your experience in AML, you are aware,
15:10 37 aren't you, that casinos are vulnerable to money
15:10 38 laundering risks?
15:10 39

15:10 40 COMMISSIONER: Can I before you deal with that, can I
15:10 41 just go back to the training.
15:10 42

15:10 43 A. Sure.
15:10 44

15:10 45 COMMISSIONER: You said that anybody who joins the
15:10 46 organisation, or everyone who joins the organisation gets
15:10 47 some kind of training.

15:10 1
15:10 2 A. That's right.
15:10 3
15:10 4 COMMISSIONER: Can you give me a rough idea whether it is
15:10 5 for a new inductee, a day, a week, a month, full-time,
15:10 6 part-time, half hour, 45 minutes, hour, can you tell me
15:10 7 what kind of induction they get?
15:10 8
15:10 9 A. The induction training is usually the large part of
15:10 10 a day but it goes across not just AML, you will have
15:10 11 health and safety and other presentations. I would
15:10 12 imagine that particular component would roughly be 15, 20
15:10 13 minutes at induction. The online training I've been
15:11 14 informed can take anywhere between 20 to 30 minutes,
15:11 15 perhaps longer depending on the individual.
15:11 16
15:11 17 COMMISSIONER: Is the online work, is that with an online
15:11 18 lecturer or is it like a question and answer ---
15:11 19
15:11 20 A. It's a module. It's interactive where you click
15:11 21 through the module, you get asked questions you have to
15:11 22 answer ---
15:11 23
15:11 24 COMMISSIONER: To get to the next module?
15:11 25
15:11 26 A. Correct, that's right. And you click sort of
15:11 27 graphics which you then open up definitions or scenarios
15:11 28 that you go through.
15:11 29
15:11 30 COMMISSIONER: I see. That takes anything up to half
15:11 31 an hour?
15:11 32
15:11 33 A. I believe so, depending on the individual, yes.
15:11 34
15:11 35 MS NESKOVCIN: Mr Stokes, is that the same training that
15:11 36 the directors of Crown Resorts and Crown Melbourne have
15:11 37 had recently?
15:11 38
15:11 39 A. The recent training they had was a face-to-face
15:11 40 training delivered by Steve Blackburn with the assistance
15:11 41 of Allens.
15:11 42
15:12 43 Q. And when was that approximately?
15:12 44
15:12 45 A. I believe that was on or about 8 March.
15:12 46
15:12 47 Q. 2021?

- 15:12 1
15:12 2 A. 2021.
15:12 3
15:12 4 Q. And prior to that, had the directors received AML
15:12 5 training?
15:12 6
15:12 7 A. I believe the only training they had received was the
15:12 8 online module.
15:12 9
15:12 10 Q. So you agree with me that casinos are vulnerable to
15:12 11 money laundering risks, and you agree also, don't you,
15:12 12 that junkets are also a source of potential money
15:12 13 laundering risk for Crown?
15:12 14
15:12 15 A. Potential vulnerability, yes.
15:12 16
15:12 17 Q. Having regard to Crown's position as a casino and
15:12 18 the various reporting obligations you take your AML
15:12 19 obligations very seriously, do you not?
15:12 20
15:12 21 A. Yes, I do.
15:12 22
15:12 23 Q. And that is something that you reinforce to your
15:12 24 team?
15:12 25
15:12 26 A. Yes.
15:12 27
15:12 28 Q. You understand, don't you, that one of the
15:13 29 objectives of the Casino Control Act is to establish
15:13 30 a system of licensing, supervision, and control that
15:13 31 ensures the casino remains free from criminal influence
15:13 32 and exploitation?
15:13 33
15:13 34 A. Yes, I'm aware of that.
15:13 35
15:13 36 Q. And that applies to the how Crown manages and
15:13 37 supervises junket operations and premium players?
15:13 38
15:13 39 A. Yes.
15:13 40
15:13 41 Q. There is an obligation through internal control
15:13 42 statements to ensure junket operations and premium
15:13 43 players are managed in such a way as to ensure that the
15:13 44 casino remains free from criminal influence and
15:13 45 exploitation?
15:13 46
15:13 47 A. Yes.

15:13 1
15:13 2 Q. And you see AML as having a role in achieving that?
15:13 3
15:13 4 A. When I started I automatically assumed AML would have
15:13 5 a significant role in that, and that is right, yes,
15:13 6 correct.
15:13 7
15:13 8 Q. I'm trying to establish that you agree that AML has
15:13 9 an important role and it seeks to achieve that?
15:13 10
15:14 11 A. Currently the topic of junkets is not the focus due
15:14 12 to our circumstances, but under normal circumstances I
15:14 13 would expect AML to be one of those --- a pretty
15:14 14 significant focus, yes.
15:14 15
15:14 16 Q. Have you read AUSTRAC's report in relation to junket
15:14 17 operations?
15:14 18
15:14 19 A. The risk assessment?
15:14 20
15:14 21 Q. Yes, the risk assessment?
15:14 22
15:14 23 A. Yes, I have.
15:14 24
15:14 25 Q. In fact, did you see earlier drafts of the report
15:14 26 before it was published?
15:14 27
15:14 28 A. In terms of the draft assessment, yes, but that was
15:14 29 some time back.
15:14 30
15:14 31 Q. And you agree with AUSTRAC's assessment, do you not?
15:14 32
15:14 33 A. The final assessment?
15:14 34
15:14 35 Q. Yes.
15:14 36
15:14 37 A. By in large I agree with the risks that they've
15:14 38 identified, yes.
15:14 39
15:14 40 Q. The risks and the vulnerabilities associated with
15:14 41 junket operations?
15:14 42
15:14 43 A. Yes.
15:14 44
15:14 45 Q. And you are aware of those issues before the AUSTRAC
15:14 46 report weren't you?
15:14 47

- 15:15 1 A. Yes, some of them, yes.
15:15 2
15:15 3 Q. You participated in a junket workshop conducted by
15:15 4 AUSTRAC in Macau in 2007, didn't you?
15:15 5
15:15 6 A. That's correct.
15:15 7
15:15 8 Q. And the sorts of things that came out in the AUSTRAC
15:15 9 report were discussed in that workshop as early as 2007,
15:15 10 were they not?
15:15 11
15:15 12 A. It's a long time ago, but certainly the topic of
15:15 13 junkets was one of those topics that was discussed
15:15 14 because in 2007, yes.
15:15 15
15:15 16 Q. What I'm trying to establish is they are not new.
15:15 17 The issues that the AUSTRAC reported were not new?
15:15 18
15:15 19 A. To the best of my knowledge, yes, that's correct.
15:15 20
15:15 21 Q. And do you agree that when you joined Crown there
15:15 22 was a recognition of the risk and issues associated with
15:15 23 junket operations?
15:15 24
15:15 25 A. Not to the extent that the recognition is today.
15:15 26
15:15 27 Q. What do you mean by that?
15:15 28
15:15 29 A. Early after joining Crown I had a number of
15:15 30 interactions with the team and as you would when you
15:16 31 start a new job you want to get to know --- for me it was
15:16 32 a new business, I had come from banking, I was new to
15:16 33 casinos, I wanted to get quite a good picture of the
15:16 34 casino landscape.
15:16 35
15:16 36 Q. And in trying to familiarise yourself, and get
15:16 37 a good picture, did you form the view that Crown's
15:16 38 appreciation of the risks associated with junket
15:16 39 operations was not as you would expect?
15:16 40
15:16 41 A. That's correct.
15:16 42
15:16 43 Q. And it needed improving?
15:16 44
15:16 45 A. That's right.
15:16 46
15:16 47 Q. What is it a complacent attitude?

- 15:16 1
15:16 2 A. My view is at the time it was one of that junket
15:16 3 business had always been run that way and that no one had
15:16 4 told them any better so they continued to do things that
15:16 5 way.
15:16 6
15:16 7 Q. Run that way by whom, the VIP team?
15:16 8
15:16 9 A. Just in general. The feeling I got was for me cash
15:16 10 was obviously something that was very different coming
15:17 11 from a banking environment. Third-party transfers
15:17 12 equally so. For me, I had a bit of background in
15:17 13 alternative remittance from a regulatory perspective so
15:17 14 I was quite intrigued by the flows of transactions in and
15:17 15 out of the casino.
15:17 16
15:17 17 Q. When you say "intrigued", do you mean alarmed?
15:17 18
15:17 19 A. Well, particularly around third-party payments, yes,
15:17 20 I thought that was a vulnerability.
15:17 21
15:17 22 Q. Could you explain to the Commissioner what you mean
15:17 23 by third-party payments and what you observed in relation
15:17 24 to where they emanated from and to whom they were made?
15:17 25
15:17 26 A. Well, in the context of junkets, you have junket
15:17 27 operators who have representatives in the casinos, who
15:17 28 facilitate transactions, so whether that be front money
15:17 29 or debt repayment, so funds have to flow into the casino.
15:17 30 And my understanding at the time was increasingly
15:18 31 financial institutions had, due to their own risk
15:18 32 appetite, casinos were often becoming --- facilitating
15:18 33 casino payments was something that banks decided,
15:18 34 international banks were not particularly keen to get
15:18 35 involved in. And so the alternative remittance sector was
15:18 36 used quite extensively to facilitate those payments into
15:18 37 casinos.
15:18 38
15:18 39 COMMISSIONER: In effect using the casino's accounts as
15:18 40 a substitute for banks?
15:18 41
15:18 42 A. Historically when Crown had overseas offices there
15:18 43 was an opportunity to send funds I guess more easily
15:18 44 because they were Crown-related entities. But when those
15:18 45 offices were closed it became from, what I hear
15:19 46 anecdotally, more difficult to get funds into Crown.
15:19 47 Again, anecdotally, remitters were used to get funds into

15:19 1 the casino.

15:19 2

15:19 3 MS NESKOVCIN: So it wasn't so much as a banking system,

15:19 4 but as a funds transmitting system?

15:19 5

15:19 6 A. I mean, I came from a banking environment and, you
15:19 7 know, with corresponding banking relationships you would
15:19 8 always do an assessment of the respondent bank from
15:19 9 a money laundering perspective and based on a bank's
15:19 10 controls you would make an assessment of whether you
15:19 11 wanted to have that respondent bank facilitate
15:19 12 transactions on your behalf. So the remittance ---
15:19 13 sorry, in the banking sector they also would be detecting
15:19 14 that payments were casino-related payments, if you saw
15:19 15 gaming or the words "gambling", you knew they were
15:19 16 casino-related payments.

15:19 17

15:19 18 Q. How did that translate when you came to the casino
15:19 19 and saw similar cross-border or international transfers?

15:20 20

15:20 21 A. In my first couple of weeks I was --- I came to
15:20 22 understand that it was increasingly difficult for people
15:20 23 to send funds in because banks weren't very --- their
15:20 24 risk appetite was quite anti-gaming related.

15:20 25

15:20 26 Q. But you observed that it was occurring frequently at
15:20 27 the casino did you?

15:20 28

15:20 29 A. In terms of remittance payments?

15:20 30

15:20 31 Q. Yes.

15:20 32

15:20 33 A. Yes. Yes.

15:20 34

15:20 35 Q. So that raised an alarm bell for you?

15:20 36

15:20 37 A. Well, it really depended on whether those remittance
15:20 38 dealers were licensed or registered, or whether they were
15:20 39 unregistered. That was the risk, really. And where
15:20 40 those funds were coming from ---

15:20 41

15:20 42 COMMISSIONER: You mean the country of origin?

15:20 43

15:20 44 A. Yes, country of origin, but also due to the way the
15:20 45 remittance network works, based on offsetting, where
15:21 46 value doesn't actually --- they don't often put funds
15:21 47 through the banking system. So funds may be deposited in

15:21 1 one country and made available in another country, that
15:21 2 is your typical remittance arrangement. And various
15:21 3 migrant remittances, whether we are talking about
15:21 4 Indonesia, Malaysia, Vietnam or Korea, et cetera, they
15:21 5 have different ways of doing that based on their own
15:21 6 experience of trust, really. So there are certain
15:21 7 vulnerabilities there because you don't know sometimes
15:21 8 where the funds are coming from.

15:21 9

15:21 10 COMMISSIONER: And these were at least potentially
15:21 11 suspicious transactions?

15:21 12

15:21 13 A. I wouldn't say necessarily that a licensed remitter
15:21 14 or registered remitter in of itself would be a suspicious
15:21 15 transaction but depending on an individual remittance,
15:22 16 there may be other potentially suspicious attributes
15:22 17 involved, country, as you mentioned before, whether they
15:22 18 are licensed, whether they are registered or whether they
15:22 19 use a corporate, whether they use a company to remit the
15:22 20 funds.

15:22 21

15:22 22 COMMISSIONER: As opposed to an individual you mean?

15:22 23

15:22 24 A. Well, I think the challenge anecdotally was the banks
15:22 25 were really ---

15:22 26

15:22 27 COMMISSIONER: The banks were walking away from that?

15:22 28

15:22 29 A. Yes, and it became increasingly difficult, not just
15:22 30 for the casino sector but for the remittance sector,
15:22 31 there was de-risking. So you would have banks who would
15:22 32 identify more informal remittance dealers, as opposed to
15:22 33 your MoneyGrams or your Western Union who had their own
15:22 34 proprietary systems any, but they would be de-risking
15:22 35 from those remittance dealers unless they were registered
15:22 36 with AUSTRAC. I think some of them were potentially --
15:22 37 in my experience they were flying under the radar, they
15:22 38 weren't registered as a reporting entity, which meant
15:22 39 they were in effect not within the purview of the Act and
15:23 40 the reporting responsibilities.

15:23 41

15:23 42 COMMISSIONER: And I take it that in the ordinary course
15:23 43 of things, the casino would report all of those
15:23 44 transactions, those kinds of transactions to AUSTRAC
15:23 45 under its obligations?

15:23 46

15:23 47 A. Yes, under the FDDRA, designated remittance

15:23 1 arrangements, they would have to report those to AUSTRAC,
15:23 2 that's right.

15:23 3

15:23 4 COMMISSIONER: And you are satisfied that the reporting
15:23 5 was in fact carried out, undertaken?

15:23 6

15:23 7 A. Based on what I've seen, yes, that's correct.

15:23 8

15:23 9 MS NESKOVCIN: Thank you, Mr Stokes.

15:23 10

15:23 11 You are aware, aren't you, that in 2020 Crown engaged
15:23 12 Deloitte to review Crown's governance reporting and due
15:23 13 diligence frameworks in relation to approval of
15:23 14 prospective junket operators and other matters?

15:23 15

15:23 16 A. Yes, I am.

15:23 17

15:23 18 Q. And for the purposes of that review you participated
15:23 19 in an interview with Deloitte?

15:23 20

15:23 21 A. I did.

15:23 22

15:24 23 Q. With Mr Adam Sutherland?

15:24 24

15:24 25 A. That's correct.

15:24 26

15:24 27 Q. Was he one of your --- a person that reported to you
15:24 28 at the time?

15:24 29

15:24 30 A. Yes, that's right.

15:24 31

15:24 32 Q. Is he still with the organisation?

15:24 33

15:24 34 A. Yes, he is.

15:24 35

15:24 36 Q. And have you recently seen the interview note?

15:24 37

15:24 38 A. I have recently, yes.

15:24 39

15:24 40 Q. So you hadn't seen it until it was provided to you
15:24 41 recently?

15:24 42

15:24 43 A. I had not seen it.

15:24 44

15:24 45 Q. During the interview you told Deloitte that in your
15:24 46 view, AML's role in the junket due diligence was
15:24 47 surprisingly light. Do you remember that?

15:24 1
15:24 2 A. To be honest, I don't remember the exact words, but
15:24 3 having looked at that file note in terms of the themes,
15:24 4 the themes that came up in that file note seem to be
15:24 5 quite --- reasonably accurate, yes.
15:24 6
15:24 7 Q. But it was your view at the time that AML's role in
15:24 8 the junket due diligence process was surprisingly light?
15:24 9
15:24 10 A. Particularly from the due diligence perspective, yes.
15:24 11
15:24 12 Q. And it was your expectation that AML would have had
15:25 13 a greater role in either vetting and approving junket
15:25 14 operators; is that correct?
15:25 15
15:25 16 A. I think rather than approving, giving
15:25 17 a recommendation around the risks involved in approving
15:25 18 a junket relationship, yes.
15:25 19
15:25 20 Q. You were critical of the fact that the credit team
15:25 21 had primary responsibility for the task, weren't you?
15:25 22
15:25 23 A. Well, I just thought it was unusual focusing on
15:25 24 creditworthiness when there were other issues that needed
15:25 25 to be ---
15:25 26
15:25 27 Q. I think you thought it was more than unusual,
15:25 28 I think you were critical of it, weren't you?
15:25 29
15:25 30 A. Critical of the process or the lack of AML
15:25 31 involvement?
15:25 32
15:25 33 Q. Sorry, the lack of AML involvement and the fact that
15:25 34 the primary responsibility rests with the credit team?
15:25 35
15:25 36 A. From what I recollect I thought AML should be more
15:25 37 involved in opining around the risks of a particular
15:25 38 relationship, yes.
15:25 39
15:25 40 Q. But you recognised that the problem with it resting
15:25 41 in the credit team was that they were focused on credit
15:25 42 before they focused on risk?
15:26 43
15:26 44 A. At the time I don't quite recall whether I held that
15:26 45 view, but I wouldn't be surprised if that was the case
15:26 46 today.
15:26 47

- 15:26 1 Q. Well, looking back on it ---
15:26 2
15:26 3 A. Yes.
15:26 4
15:26 5 Q. --- when you ---
15:26 6
15:26 7 A. It is a credit team. So they are not AML-trained,
15:26 8 so ---
15:26 9
15:26 10 Q. They weren't trained, and what training they had in
15:26 11 your view was not adequate for the purposes of
15:26 12 appreciating AML compliance risks, was it?
15:26 13
15:26 14 A. To be honest, I can't comment on what training they
15:26 15 were provided at that time, but they were not --- they
15:26 16 weren't AML practitioners.
15:26 17
15:26 18 Q. And you understood that that might have been for
15:26 19 historic reasons that it evolved that way, that the
15:26 20 credit team was primarily involved, but you made it clear
15:26 21 to Deloitte that you thought that that needed to change?
15:26 22
15:26 23 A. Yes, I thought AML needed to have a role in reviewing
15:26 24 the results of that due diligence.
15:26 25
15:27 26 Q. You said that credit was too focused on wealth and
15:27 27 not enough on risk. Do you remember saying that?
15:27 28
15:27 29 A. I don't remember saying that.
15:27 30
15:27 31 Q. But that was your view at the time, wasn't it?
15:27 32
15:27 33 A. As I recall, what we were discussing, I wouldn't be
15:27 34 surprised if I said something like that, yes.
15:27 35
15:27 36 Q. Because you recognised, don't you, that in assessing
15:27 37 a junket operation, there is a tension, isn't there,
15:27 38 between the business and the gaming interests on the one
15:27 39 hand and the AML and the compliance issues on the other?
15:27 40
15:27 41 A. Yes, there is certainly a tension if the business is
15:27 42 making a decision on AML risk from an AML risk
15:27 43 understanding.
15:27 44
15:27 45 Q. I will be clearer.
15:27 46
15:27 47 A. Sure.

15:27 1
15:27 2 Q. The tension is the casino wants the business ---
15:27 3
15:27 4 A. Sure.
15:27 5
15:27 6 Q. --- but it has an obligation to comply with its AML
15:27 7 and compliance obligations --
15:27 8
15:28 9 A. Yes.
15:28 10
15:28 11 Q. --- so any decision has to balance those competing
15:28 12 considerations, agree?
15:28 13
15:28 14 A. That's why I thought AML should have a role.
15:28 15
15:28 16 Q. And that's why you thought credit shouldn't be
15:28 17 making those decisions or recommendations?
15:28 18
15:28 19 A. I thought they could have a role in the due diligence
15:28 20 process from a credit perspective, but from an AML
15:28 21 perspective, AML should be the team advising.
15:28 22
15:28 23 Q. There was a separate VIP team at the time, wasn't
15:28 24 there?
15:28 25
15:28 26 A. Yes.
15:28 27
15:28 28 Q. And they were the team largely responsible for
15:28 29 managing junket operations when they were up and running?
15:28 30
15:28 31 A. I believe so, yes.
15:28 32
15:28 33 Q. What involvement did they have on the
15:28 34 decision-making process?
15:28 35
15:28 36 A. So are you referring to the sales team within that
15:28 37 department or --- because the credit team, from my
15:28 38 understanding, were or are within the VIP area.
15:28 39
15:28 40 Q. I see. Can you --- what did you know about the
15:28 41 involvement of the sales team?
15:28 42
15:28 43 A. I don't recall whether they had a due diligence role
15:28 44 at the time.
15:28 45
15:28 46 Q. I see.
15:28 47

15:28 1 A. I think it was just the credit team.
15:28 2
15:29 3 Q. So if the credit team sat within the VIP team that
15:29 4 would be a conflict of interest, wouldn't it?
15:29 5
15:29 6 A. Based on reporting lines, yes.
15:29 7
15:29 8 Q. You also thought at the time that the process was
15:29 9 not coordinated enough. What did you mean by that?
15:29 10
15:29 11 A. I have read that part of the file note and I still
15:29 12 can't quite understand whether I said that or what I
15:29 13 meant by that.
15:29 14
15:29 15 Q. Is it possible that if you said it that it wasn't
15:29 16 coordinated enough between the various stakeholders such
15:29 17 as compliance, security, AML and the business?
15:29 18
15:29 19 A. In hindsight, that would be a logical interpretation
15:29 20 if that file note was in fact correct.
15:29 21
15:29 22 Q. But that is the case, wasn't it, that it wasn't
15:29 23 coordinated, as it should have, between the various
15:29 24 stakeholders?
15:29 25
15:29 26 A. AML wasn't involved, so that is correct.
15:29 27
15:29 28 Q. Thank you. One of the concerns that you identified
15:30 29 when you were interviewed by Deloitte, was that the due
15:30 30 diligence process didn't focus on the junket agent at
15:30 31 all?
15:30 32
15:30 33 A. (Nods head).
15:30 34
15:30 35 Q. You are nodding, you need to say "yes" for the
15:30 36 transcript.
15:30 37
15:30 38 A. Sorry. That's correct.
15:30 39
15:30 40 Q. When did you identify that as a problem, was it
15:30 41 immediately upon joining Crown?
15:30 42
15:30 43 A. I cannot say with any certainty of the timing of when
15:30 44 I held that view.
15:30 45
15:30 46 Q. What I want to suggest to you is that once you came
15:30 47 to appreciate how junkets operated and the role of the

15:30 1 agent, it immediately stood out to you that that was
15:30 2 a deficiency in the due diligence process.
15:30 3
15:30 4 A. What I learned early on was that the operator may not
15:30 5 visit the casino that frequently, and so they were in
15:30 6 effect a figurehead, and that the junket reps were the
15:31 7 ones who were onshore coordinating, making decisions,
15:31 8 facilitating transactions, yet the bulk of the due
15:31 9 diligence was done on the operator, not so much on the
15:31 10 representative.
15:31 11
15:31 12 Q. And you recognised that the representative exposed
15:31 13 Crown to potential risks, didn't you?
15:31 14
15:31 15 A. I do believe so, yes.
15:31 16
15:31 17 Q. What were some of those risks?
15:31 18
15:31 19 A. Just around their background. I came to understand
15:31 20 that those representatives were not --- that wasn't their
15:31 21 primary occupation. They had other occupations which
15:31 22 may, if known, present some risk, depending what those
15:31 23 occupations were. But it was more around the coming and
15:31 24 going of those representatives. I felt there wasn't much
15:31 25 control of and understanding of who their reps were and
15:31 26 how often they joined a junket and left a junket
15:31 27 relationship or employment.
15:31 28
15:31 29 Q. When you say "occupations", what sort of occupations
15:32 30 did they tend to have outside the junket operation?
15:32 31
15:32 32 A. I can't recall, but --- yes, I don't recall.
15:32 33
15:32 34 Q. I wonder whether that was a euphemism for interests
15:32 35 in other potentially illegal activities?
15:32 36
15:32 37 A. I honestly don't recall what other occupations they
15:32 38 had, but there could have been some explanation to me on
15:32 39 that point. But I don't recall.
15:32 40
15:32 41 Q. And, in addition to the not focusing on the agent or
15:32 42 the representative, you identified that another problem
15:32 43 was not looking behind the operator ---
15:32 44
15:32 45 A. Yes.
15:32 46
15:32 47 Q. --- to shareholders and directors?

15:32 1
15:32 2 A. Yes.
15:32 3
15:32 4 Q. You thought that was important because I assume that
15:32 5 is another way that Crown can be infiltrated and exposed
15:32 6 to risk of exploitation and criminal activity; is that
15:33 7 correct?
15:33 8
15:33 9 A. From my experience working in banking you need to
15:33 10 understand, particularly if, say, in this case the junket
15:33 11 operator is a part of a corporate entity, you need to
15:33 12 understand the risks involved by looking at who is behind
15:33 13 the corporate entity, the beneficial owners, the
15:33 14 shareholders, the controllers.
15:33 15
15:33 16 Q. To take a further step, we've talked about the
15:33 17 operator, the agent. The junket players weren't part of
15:33 18 the due diligence process at all; is that correct?
15:33 19
15:33 20 A. They would have to go through the KYC, they have to
15:33 21 be identified, yes.
15:33 22
15:33 23 Q. But the extent of the Know Your Customer obligations
15:33 24 didn't extend to understanding where the money came from,
15:33 25 difficult?
15:33 26
15:33 27 A. No, no it didn't.
15:33 28
15:33 29 Q. And you were troubled by that?
15:33 30
15:33 31 A. Sorry?
15:33 32
15:33 33 Q. You were troubled by that?
15:33 34
15:33 35 A. It really depends on how they were risk-rated, in
15:34 36 terms of the player.
15:34 37
15:34 38 Q. So, just stepping that through, you have a Know Your
15:34 39 Customer obligation ---
15:34 40
15:34 41 A. Yes.
15:34 42
15:34 43 Q. --- they are assigned a risk rating ---
15:34 44
15:34 45 A. Correct.
15:34 46
15:34 47 Q. --- and you say, depending on that risk rating, you

15:34 1 might want further understand source of funds and matters
15:34 2 of that kind?

15:34 3

15:34 4 A. To give you an extreme example, if the junket --
15:34 5 a premium player was a politically exposed person, there
15:34 6 would be further enhanced customer due diligence
15:34 7 obligations, senior management approval, and to
15:34 8 understand the source of wealth, yes.

15:34 9

15:34 10 Q. But that wasn't something that Crown's due diligence
15:34 11 processes or annual review processes did at the time you
15:34 12 joined Crown?

15:34 13

15:34 14 A. For junket operators or for --

15:34 15

15:34 16 Q. Junket players.

15:34 17

15:34 18 A. Junket players, I --- they would have to have been ---
15:34 19 fall under the banner of the risk rating. So if the
15:34 20 junket player was rated high risk, they would follow the
15:35 21 workflows from that risk rating.

15:35 22

15:35 23 Q. But isn't that in itself a problem? Because the
15:35 24 junket operator may not have a high risk rating but the
15:35 25 player might if they were individually assessed. Am I on
15:35 26 the wrong ---

15:35 27

15:35 28 A. Sorry?

15:35 29

15:35 30 Q. If the junket operator doesn't have a high risk
15:35 31 rating but the player, had it been assessed on its own
15:35 32 merits, they might, so isn't there a conflict?

15:35 33

15:35 34 A. There potentially would be --- you could have that
15:35 35 situation, yes.

15:35 36

15:35 37 Q. You identified for Deloitte the problem in terms of
15:35 38 AML's involvement at the time as a resourcing issue?

15:35 39

15:35 40 A. I honestly do not recall saying that but there was
15:35 41 a resourcing issue, yes.

15:35 42

15:35 43 Q. Can you tell the Commissioner about the resourcing
15:36 44 issue at the time you joined in 2019?

15:36 45

15:36 46 A. I was new to casinos, and so coming from banking,
15:36 47 straight away I thought the team was not resourced

15:36 1 appropriately. I was asked, within two to three weeks,
15:36 2 to provide an early assessment of resourcing. We had two
15:36 3 staff in Perth and two staff in Melbourne and myself, so
15:36 4 that's five people. Yeah, it was very obvious that we
15:36 5 were under-resourced, just by speaking to the team in
15:36 6 terms of the hours that they were working, and also the
15:36 7 nature of what work they were doing and the depth of that
15:36 8 work around investigations in particular.

15:36 9

15:36 10 Q. Can you expand on that. When you mean "depth of
15:36 11 work", do you mean in relation to transaction monitoring,
15:36 12 due diligence, or --- withdraw that because they weren't
15:37 13 doing due diligence, do you mean transaction
15:37 14 monitoring ---

15:37 15

15:37 16 A. I will take the suspicious matter reporting as
15:37 17 an example. They were --- the team was receiving what is
15:37 18 called an internal SMR, if I can use that acronym, and
15:37 19 they would do some form of review on the unusualness of
15:37 20 that escalation, and they would, where they could, add
15:37 21 further commentary or narrative and then they would
15:37 22 submit the report to AUSTRAC.

15:37 23

15:37 24 During the end of 2019 when one of the team members was
15:37 25 injured, I had to pick up some of their work, or at least
15:37 26 have oversight of that work, and became quite familiar
15:37 27 with the reporting process. I also learnt that AUSTRAC
15:37 28 had some feedback a few years prior as well in relation
15:37 29 to the suspicious matter reporting, and that feedback was
15:38 30 in relation to the narrative, so the grounds for
15:38 31 suspicion, and they had asked some questions around
15:38 32 that --- what that was. For example, the feedback was
15:38 33 why do you find --- the number of SMRs --- what was the
15:38 34 nature of the suspicion. So I took that away with a view
15:38 35 to overhauling the whole process. It was very different
15:38 36 from how banks look at suspicion, and so I was very keen
15:38 37 to take that onboard as one of the first tasks early on
15:38 38 after joining.

15:38 39

15:38 40 Q. When you say AUSTRAC provided feedback, was that to
15:38 41 improve the process for reporting?

15:38 42

15:38 43 A. More the quality of the reporting.

15:38 44

15:38 45 Q. And when had AUSTRAC provided that feedback?

15:39 46

15:39 47 A. I'm guessing it was approximately 2017 or 2018.

15:39 1
15:39 2 Q. And nothing had been done to adopt that feedback
15:39 3 prior to you starting?
15:39 4
15:39 5 A. I couldn't see documented evidence that that issue
15:39 6 had been addressed.
15:39 7
15:39 8 COMMISSIONER: What about on the ground? Leaving aside
15:39 9 documentary evidence, had it been addressed? Did it
15:39 10 appear to you the way the tasks were being performed that
15:39 11 it hadn't probably been addressed?
15:39 12
15:39 13 A. This is no reflection on the team, but certainly the
15:39 14 narrative around the grounds for suspicion was --- could
15:39 15 have been improved, in terms of the investigation that
15:39 16 you would expect to see to inform the grounds for
15:39 17 suspicion a little bit more, which would then give better
15:39 18 intelligence back to AUSTRAC and then the partner
15:39 19 agencies.
15:39 20
15:39 21 Q. Mr Stokes, I sense that you don't want to be
15:40 22 critical of your team because they are under-resourced,
15:40 23 but what you are really suggesting is they were doing the
15:40 24 best they can, but didn't have enough time to do a better
15:40 25 job? Is that a fair summary?
15:40 26
15:40 27 A. I think, more accurately, in my view they had a lot
15:40 28 of operational tasks to complete which fell on the
15:40 29 shoulders of the AML team. So, one example was what's
15:40 30 called the threshold transaction reports, so looking at
15:40 31 the data quality of those, the team was charged with
15:40 32 reviewing that data quality which was manual and
15:40 33 time-consuming. So before the reports were sent off to
15:40 34 AUSTRAC, the team had to plough through those reports and
15:40 35 fix spelling errors or --- they had to do quality checks
15:40 36 over the address and whether there was a PO box or
15:40 37 a hyphen or whatever the case may be. That fell on AML's
15:40 38 shoulders. So that was --- for me, I was very surprised
15:40 39 by that because that would normally fall under
15:41 40 an operational team, not a second-line --- AML team.
15:41 41
15:41 42 COMMISSIONER: Just so I get a sense of it, if they are
15:41 43 working doing manual checks, for example, to explain what
15:41 44 that means, those kinds of manual checks meant going over
15:41 45 that day or the day before's bank statements line by line
15:41 46 by line?
15:41 47

15:41 1 A. It would involve, from the threshold transaction
15:41 2 reporting example, looking at the information that had to
15:41 3 be reported to see if that was accurate as per the ID
15:41 4 document or the information we have on file. So the
15:41 5 address, the name, date of birth.
15:41 6
15:41 7 COMMISSIONER: That's the accuracy of information --
15:41 8
15:41 9 A. Correct.
15:41 10
15:41 11 COMMISSIONER: --- but who identified the threshold
15:41 12 transactions? That is a manual process?
15:41 13
15:41 14 A. The threshold transactions were initiated in
15:41 15 a different department --
15:41 16
15:41 17 COMMISSIONER: I see.
15:41 18
15:41 19 A. --- but the reporting side of it was the AML.
15:42 20
15:42 21 COMMISSIONER: Is the AML department?
15:42 22
15:42 23 A. That's correct.
15:42 24
15:42 25 COMMISSIONER: Follow.
15:42 26
15:42 27 MS NESKOVICIN: Thank you, Mr Stokes.
15:42 28
15:42 29 After you joined and formed the view that you were
15:42 30 under-resourced, you set about trying to change that and
15:42 31 get some more people. What happened?
15:42 32
15:42 33 A. I put up a proposal in the form of an org chart for
15:42 34 more resources.
15:42 35
15:42 36 Q. Do you now have more resources?
15:42 37
15:42 38 A. Today we have ---
15:42 39
15:42 40 Q. The 14?
15:42 41
15:42 42 A. We have, totally, across the three properties, 20
15:42 43 people.
15:42 44
15:42 45 Q. Can you explain to the Commissioner when more people
15:42 46 started to come on board, how long that took? I presume
15:42 47 you didn't go from three to 14 overnight.

15:42 1
15:42 2 A. No, the initial ask was for a couple of contractors
15:42 3 to assist with policy and procedure writing. I also
15:42 4 asked for a training --- from memory a training position
15:42 5 as well as an assurance position and a data analytics
15:43 6 investigation position. I got two positions approved and
15:43 7 that really didn't alleviate the amount of work that we
15:43 8 had to do. And it was some six or so months later when I
15:43 9 finally started to get more traction and get more
15:43 10 resources.
15:43 11
15:43 12 Q. So that was mid-2020?
15:43 13
15:43 14 A. Possibly a bit later. Maybe August, September. Yes.
15:43 15
15:43 16 Q. What changed, was there a change in the person that
15:43 17 you reported to, a change in management, executives,
15:43 18 board?
15:43 19
15:43 20 A. I think combination of things. Perhaps it was the
15:43 21 climate at the time but I also was getting a bit
15:43 22 frustrated ---
15:43 23
15:43 24 Q. The climate being?
15:43 25
15:43 26 A. The ILGA inquiry.
15:43 27
15:43 28 Q. Sorry. Continue.
15:43 29
15:43 30 A. But also to my direct supervisor at the time, he
15:43 31 didn't believe we needed the amount of resources that
15:44 32 I was after so I felt the need to copy into a request the
15:44 33 CEO at the time and very quickly things started to move.
15:44 34
15:44 35 Q. Who was the person that you mentioned that you
15:44 36 reported to?
15:44 37
15:44 38 A. At the time it was the former AML/CTF and chief legal
15:44 39 officer, Joshua Preston.
15:44 40
15:44 41 Q. And apart from more personnel, have there been any
15:44 42 other changes that you've introduced to AML since you
15:44 43 joined?
15:44 44
15:44 45 A. We had a budget that was put on hold for a case
15:44 46 manager. So a big part of that was to stand up
15:44 47 a transaction monitoring system. So an automated

15:44 1 transaction monitoring system. Early on, together with
15:44 2 the team, we developed a new what's called an unusual
15:44 3 activity reporting framework. And that started at a very
15:45 4 basic level of developing forms similarly to what the
15:45 5 banks have today around three different levels, level 1,
15:45 6 level 2, and level 3. And what I mean by that is level 1
15:45 7 is the first level, triage, a particular escalation that
15:45 8 comes through to see whether there is a merit to further
15:45 9 investigate that escalation or concern. Level 2 was the
15:45 10 investigation or case stage and level 3 was a decision
15:45 11 around whether a sufficient matter, reporting obligation
15:45 12 was there or not.

15:45 13
15:45 14 So we started developing the forms. And then obviously
15:45 15 we weren't getting much --- developing forms in of itself
15:45 16 wasn't going to help because it is manual. So I got
15:45 17 a lot of support from the chief information officer to
15:45 18 look for an appropriate vendor supplier of a system that
15:46 19 can help us with automating that particular platform. So
15:46 20 we can automate and capture those forms electronically.

15:46 21
15:46 22 Q. Has that been implemented or is that in the
15:46 23 pipeline?

15:46 24
15:46 25 A. It's been implemented.

15:46 26
15:46 27 Q. Are there further changes that you think you would
15:46 28 like to make to AML to make it --- to improve its
15:46 29 compliance reporting or other obligations?

15:46 30
15:46 31 A. Well, in 2020 we were part of and facilitating other
15:46 32 control enhancements, for instance, the third-party
15:46 33 prohibitions. There were a number of discussions around
15:46 34 that and now we have a prohibition against third party
15:46 35 payments and remitters. I also on the technology side
15:46 36 got the team to develop what is called management
15:46 37 information or metrics on things like large cash. So
15:46 38 I was quite concerned around the amount of cash, you
15:47 39 know, that you see in a casino. Coming from a banking
15:47 40 environment, that was a natural concern for me. But I
15:47 41 wanted to provide data to illustrate to what extent cash
15:47 42 is prevalent throughout the casino. And so myself and
15:47 43 the team developed a number of cash rules,
15:47 44 threshold-based across the different segments. So main
15:47 45 gaming, VIP, across the different tiers as well as
15:47 46 politically exposed persons and they have different
15:47 47 thresholds. So once those transactions get entered they

15:47 1 will alert or flag in our system and then they can be
15:47 2 looked at or extracted to give management an idea of how
15:47 3 frequently large cash, either deposits or withdrawals are
15:47 4 occurring in the casino.

15:47 5

15:47 6 Q. Mr Stokes, in that short space of time you've
15:47 7 outlined a number of significant changes that you've
15:47 8 implemented to AML since you joined Crown, both at
15:48 9 a resourcing level, at a technology level, at a process
15:48 10 level, forms and the like. Do you think that prior to
15:48 11 you joining and getting an audience with the right
15:48 12 people, Crown was not taking AML seriously?

15:48 13

15:48 14 A. My view on that, and I've asked myself this question
15:48 15 a number of times, having worked at AUSTRAC and been
15:48 16 involved in the evolution of the Financial Transaction
15:48 17 *Reports Act to the AML/CTF Act. I got the feeling*
15:48 18 a combination of resourcing and the view that just
15:48 19 reporting in of itself was not really enough to comply
15:48 20 with the new AML/CTF environment. And that was evident
15:48 21 to me based on what I was looking at in my first few
15:48 22 weeks.

15:48 23

15:48 24 Q. But I'm going to the heart of the problem.

15:48 25

15:48 26 A. Right.

15:48 27

15:49 28 Q. The heart of the problem was the mindset and
15:49 29 attitude and commitment, wasn't it?

15:49 30

15:49 31 A. What I can say on that is when I had made inquiries
15:49 32 as to why the casinos were quite light on AML/CTF
15:49 33 compliance, the answers I got was, well, we've had
15:49 34 AUSTRAC come in and review and they haven't given us any
15:49 35 significant feedback. And there was a misunderstanding
15:49 36 that an AUSTRAC review was an independent review. And so
15:49 37 I thought that there was --- certainly that was
15:49 38 a contributing factor to why the firm felt comfortable
15:49 39 with our level of compliance.

15:49 40

15:49 41 In addition, the only independent review that was
15:49 42 conducted that I could gauge from the time when I joined
15:49 43 was an internal independent review in 2016.

15:49 44

15:49 45 Q. Did you say an internal independent review ---

15:49 46

15:49 47 A. Independent in the sense that an audit was conducted

15:50 1 by the audit team ---
15:50 2
15:50 3 Q. Yes.
15:50 4
15:50 5 A. --- and that is allowed under the regime.
15:50 6
15:50 7 Q. Yes. But I sensed tension between saying it was
15:50 8 internal and independent.
15:50 9
15:50 10 A. Independent of the AML team who was implementing the
15:50 11 program.
15:50 12
15:50 13 Q. Not to suggest that you are not doing a fabulous
15:50 14 job, Mr Stokes, but do you think the organisation would
15:50 15 benefit from an independent review?
15:50 16
15:50 17 A. An independent review is definitely scheduled for
15:50 18 later in the year.
15:50 19
15:50 20 Q. And is that --- can you explain how that has come
15:50 21 about? Is it a regulatory obligation, or something that
15:50 22 Crown ---
15:50 23
15:50 24 A. It is a regulatory obligation. I actually asked
15:50 25 early on if we could hurry up the independent review
15:50 26 because I was walking into a role where I had very little
15:50 27 visibility of what the problems were in the sense of, you
15:50 28 know, audit, or external reviews. And the focus --- one
15:50 29 of the focuses at the time was to implement the joint
15:51 30 program and so the joint program had been approved but it
15:51 31 hadn't been fully implemented. That was one of my
15:51 32 focuses as well as to give the program time to be
15:51 33 implemented before you go and review it. So there wasn't
15:51 34 much point, I guess, sending an independent reviewer of
15:51 35 a program that had just been approved. You want to let
15:51 36 it run its course before you start bringing in
15:51 37 an independent reviewer.
15:51 38
15:51 39 Q. So that I can clarify, that was approved at the time
15:51 40 that you started?
15:51 41
15:51 42 A. Approved about three months before I started.
15:51 43
15:51 44 Q. Mr Stokes, it didn't take you long to identify
15:51 45 a number of issues with AML generally and issues in
15:51 46 relation to the junket operations program. Did you raise
15:51 47 those concerns prior to raising them with Deloitte? Did

15:51 1 you raise them internally?
15:51 2
15:51 3 A. I had a number of conversations internally, yes.
15:51 4
15:51 5 Q. With whom?
15:51 6
15:51 7 A. Predominantly with Joshua Preston.
15:51 8
15:52 9 Q. You mentioned to Deloitte that you prepared a paper
15:52 10 for Josh?
15:52 11
15:52 12 A. I did.
15:52 13
15:52 14 Q. And I don't mean to be familiar, I was using the
15:52 15 words in the interview, so I apologise.
15:52 16
15:52 17 A. That's fine.
15:52 18
15:52 19 Q. You did prepare a paper and could you describe it
15:52 20 and tell us what happened to it?
15:52 21
15:52 22 A. Well, I was involved in one paper. I authored one
15:52 23 paper. It was a table of --- I was asked to identify
15:52 24 junket vulnerabilities so that could have been the paper
15:52 25 that the file note is referring to.
15:52 26
15:52 27 Q. So when roughly was that?
15:52 28
15:52 29 A. 12 February.
15:52 30
15:52 31 Q. 2020?
15:52 32
15:52 33 A. Yes, 2020.
15:52 34
15:52 35 Q. You are very specific about that date, why do you
15:52 36 remember that?
15:52 37
15:52 38 A. Because it is mentioned in the file note. Not the
15:52 39 date, but the possibility that that could have been the
15:52 40 document.
15:52 41
15:52 42 Q. I see. So what came of that?
15:52 43
15:52 44 A. To be honest, I don't recall receiving a reply.
15:53 45 I was just asked to produce my view on the
15:53 46 vulnerabilities of junkets.
15:53 47

- 15:53 1 Q. Did you discuss it with Mr Preston?
15:53 2
- 15:53 3 A. We had a number of discussions on various aspects of
15:53 4 the program about vulnerabilities and risks but I don't
15:53 5 specifically recall discussing that paper after I
15:53 6 submitted it.
15:53 7
- 15:53 8 Q. When you discussed your view with him about the
15:53 9 vulnerabilities and risks, did he generally agree with
15:53 10 the issues that you raised?
15:53 11
- 15:53 12 A. He would hear me out, and listen to my views but on
15:53 13 a number of occasions he was of the view that casinos had
15:53 14 always been that way and casinos are not a bank and thus
15:53 15 the same rules didn't quite apply.
15:53 16
- 15:53 17 Q. That expression that you just used about "casinos
15:53 18 had always been that way", that is a matter that came
15:53 19 across in your interview with Deloitte in the sense that
15:53 20 I think you were identifying that people had been there
15:53 21 for a long time, the system had worked until then and
15:54 22 they weren't intent on changing it; is that what you were
15:54 23 getting at?
15:54 24
- 15:54 25 A. I encountered a number of people who had given me
15:54 26 that kind of feedback when I was proposing changes. That
15:54 27 we're not a bank. When I talked about three lines of
15:54 28 defence, they said that that only applies to banks,
15:54 29 despite the fact that there was a document which clearly
15:54 30 set out such a framework but that has changed
15:54 31 considerably. That attitude has changed quite
15:54 32 considerably to the point where the business now is very
15:54 33 proactive in taking on those sort of first line
15:54 34 responsibilities, assisting --- they know we had
15:54 35 historically and still do have resourcing issues. We are
15:54 36 looking to build the team further. The business has been
15:54 37 instrumental in giving us resources, on loan, seconded
15:54 38 resources, but who are trained, analysts. I've seen
15:55 39 quite a significant change in that mindset and culture so
15:55 40 that is very pleasing for me because it has been
15:55 41 18 months and I hope to show something for 18 months.
15:55 42
- 15:55 43 Q. What change, was it a change of personnel?
15:55 44
- 15:55 45 A. A combination of many things. Certainly going
15:55 46 through the ILGA inquiry and AUSTRAC enforcement action
15:55 47 really kicked off in people's minds that we do need to

15:55 1 change and think about risks differently and be the
15:55 2 leader of that change. And I think that is evidence in
15:55 3 the appointment of Mr Steve Blackburn and other people in
15:55 4 the organisation, a new head of culture, a new general
15:55 5 manager of audit. It is a different organisation that I
15:55 6 walked into some 18 months ago.

15:55 7

15:55 8 Q. You identified Mr Preston as a person that you spoke
15:55 9 to would gave you that feedback of that's the way we've
15:55 10 always done it.

15:55 11

15:55 12 A. On some issues, yes. On some issues he agreed we
15:56 13 needed to change. I think a lot of the dialogue I had
15:56 14 with him one on one he would go and speak to other
15:56 15 business leaders that I didn't have visibility of those
15:56 16 conversations and things would change. Certain things
15:56 17 would change and improve. But there were other issues
15:56 18 which we just didn't agree on.

15:56 19

15:56 20 Q. Did he share your paper on vulnerabilities with
15:56 21 anybody else in the organisation?

15:56 22

15:56 23 A. Not that I'm aware of.

15:56 24

15:56 25 Q. Did you discuss it with anybody else in the
15:56 26 organisation?

15:56 27

15:56 28 A. I don't recall to be honest. I take that back. Ken
15:56 29 Barton asked me to send that paper to him so I sent that
15:56 30 to him.

15:56 31

15:56 32 Q. What about the risk management committee? Do you
15:56 33 know if the paper was given the risk management
15:56 34 committee?

15:56 35

15:56 36 A. I don't recall if it was or wasn't.

15:56 37

15:56 38 Q. Apart from that paper, were there any other reports
15:56 39 or memos that you prepared in relation to junkets
15:56 40 specifically and either vulnerabilities, risks or
15:57 41 enhanced controls?

15:57 42

15:57 43 A. I was asked to prepare a paper for Josh on the risk
15:57 44 of shell companies.

15:57 45

15:57 46 Q. Anything else?

15:57 47

- 15:57 1 A. Apart from giving input into the junket risk
15:57 2 assessment and terms of that internal discussion, we had
15:57 3 internal discussions on junket enhancement controls. So
15:57 4 I was involved in a number of discussions in March/April.
15:57 5
- 15:57 6 Q. With whom?
15:57 7
- 15:57 8 A. There was a group, a working group which consisted of
15:57 9 Mr Barry Felstead, VIP International from memory, Mr Rob
15:57 10 Tyler, Jacinta Maguire, Jan Williamson from legal and --
15:58 11 oh, security so there may have been Mr Craig Walsh from
15:58 12 security and there may have been a couple of other people
15:58 13 that I don't recall ---
15:58 14
- 15:58 15 Q. Was that a working group that had been established
15:58 16 for a specific purpose or an existing working group?
15:58 17
- 15:58 18 A. To look at junket vulnerabilities and discuss further
15:58 19 junket controls that we could introduce.
15:58 20
- 15:58 21 Q. Who was steering or leading that working group?
15:58 22
- 15:58 23 A. I think certainly it was being led by Mr Felstead but
15:58 24 in terms of the administration and coordination that it
15:58 25 was led by legal.
15:58 26
- 15:58 27 Q. Prior to --- remember I was asking you about the
15:58 28 AUSTRAC assessment and there was an early draft on that.
15:58 29 Were you involved in reviewing the draft and providing
15:58 30 feedback or comments?
15:58 31
- 15:58 32 A. Certainly on some aspects of the April draft and more
15:59 33 so --- yes, on the April draft, but not on the covering
15:59 34 letter that went to AUSTRAC.
15:59 35
- 15:59 36 Q. I'm about to show you a letter that I think you've
15:59 37 just mentioned. Before I do that, part of the assessment
15:59 38 involved AUSTRAC actually coming into the organisation
15:59 39 and sitting down with people, did it not?
15:59 40
- 15:59 41 A. It was during COVID so I don't think --- they did
15:59 42 eventually come in quite recently.
15:59 43
- 15:59 44 Q. I will rephrase that. Virtually sitting down and
15:59 45 talking to people?
15:59 46
- 15:59 47 A. Yes. I organised one meeting with the other two

15:59 1 casinos because we had some clarifications around the
15:59 2 draft assessment so we had some discussion but, yes,
15:59 3 equally we would have also had a discussion one by one
15:59 4 bilaterally with AUSTRAC.
15:59 5

15:59 6 Q. Did you talk to them about what you perceive to be
16:00 7 the vulnerabilities or was it just a session that they
16:00 8 asked questions and you would answer them?
16:00 9

16:00 10 A. It was from what I recall a Q&A, but certainly there
16:00 11 would have been opportunity to give feedback into some of
16:00 12 the content in the draft risk assessment report.
16:00 13

16:00 14 Q. Some of the discussions about vulnerabilities and
16:00 15 the sorts of things you and I discussed moments ago,
16:00 16 agents, operators, players and the like?
16:00 17

16:00 18 A. I do remember talking about offsetting and remittance
16:00 19 because that was the connection I had with AUSTRAC. One
16:00 20 of the roles I had when I was there. I imagine there
16:00 21 would have also been discussion on those topics as well.
16:00 22

16:00 23 Q. All right. I just want to show you the letter now.
16:00 24

16:00 25 COMMISSIONER: Can I interrupt for a minute. Not to ask
16:00 26 any questions, but looking at time, will you be long?
16:00 27

16:00 28 MS NESKOVCIN: I knew you were going to do that.
16:01 29

16:01 30 COMMISSIONER: It's just that we have things to do in 15
16:01 31 minutes. How long do you think you will be?
16:01 32

16:01 33 MS NESKOVCIN: I think I could finish in 15 minutes.
16:01 34

16:01 35 COMMISSIONER: I wasn't thinking that so much.
16:01 36

16:01 37 MR BRERETON: Sir, if I may, to the extent that it is
16:01 38 relevant, I do have perhaps 15 minutes of questions.
16:01 39

16:01 40 COMMISSIONER: It is very relevant, thank you.
16:01 41

16:01 42 Do you mind coming back tomorrow?
16:01 43

16:01 44 A. That is fine with me.
16:01 45

16:01 46 COMMISSIONER: Maybe not, but you will have to come back
16:01 47 tomorrow in any event.

16:01 1
16:01 2 A. Yes. I understand.
16:01 3
16:01 4
16:01 5 **THE WITNESS STOOD DOWN**
16:01 6
16:01 7
16:01 8 COMMISSIONER: Thank you. I will adjourn for the time
16:01 9 being.
16:01 10
16:01 11
16:01 12 **ADJOURNED** [4:01 P.M.]
16:10 13
16:10 14
16:22 15 **RESUMED** [4:22 P.M.]
16:22 16
16:22 17
16:22 18 **HEARING IN-CAMERA**
16:22 19
16:22 20
16:22 21 COMMISSIONER: Thank you. Sit down, please.
16:22 22
16:22 23 MR KOZMINSKY: Commissioner, I call [Confidential]
16:22 24
16:22 25
16:22 26 [Confidential] **AFFIRMED**
16:22 27
16:22 28
16:22 29 **EXAMINATION-IN-CHIEF BY MR KOZMINSKY**
16:22 30
16:22 31
16:22 32 MR KOZMINSKY: Thank you. Would you please tell the
16:23 33 Commissioner your full name?
16:23 34
16:23 35 A. My full name, given name is [Confidential] my surname is [Confidential]
16:23 36
16:23 37 COMMISSIONER: Thank you.
16:23 38
16:23 39 MR KOZMINSKY: Would you please tell the Commissioner
16:23 40 your address?
16:23 41
16:23 42 A. My address is number [Confidential]
16:23 43 [Confidential]
16:23 44
16:23 45 Q. And you have a Masters of Translation and
16:23 46 Interpretation Studies [Confidential]; is that right?
16:23 47

16:23 1 A. Yes.
16:23 2
16:23 3 Q. And a Masters in Social Work [Confidential]
16:23 4
16:23 5 A. Yes.
16:23 6
16:23 7 Q. Could you please tell the Commissioner where it is
16:23 8 you are employed at the moment?
16:23 9
16:23 10 A. I'm working at the [Confidential]
16:23 11 as a gambling counsellor and social worker. Yep.
16:23 12
16:23 13 Q. And how long have you been in that role?
16:23 14
16:23 15 A. I work for this role for five years.
16:24 16
16:24 17 COMMISSIONER: What exactly does [Confidential] do?
16:24 18
16:24 19 A. We are actually information centre basically
16:24 20 providing the settlement service and counselling service
16:24 21 to the Chinese community.
16:24 22
16:24 23 COMMISSIONER: Thank you.
16:24 24
16:24 25 MR KOZMINSKY: And, in your role, can you just explain to
16:24 26 the Commissioner what your key responsibilities are in
16:24 27 terms of providing assistance to people with gambling
16:24 28 issues and their families?
16:24 29
16:24 30 A. Yes. Actually I'm in charge of the gambler's house
16:24 31 program, which is funded by the VRGF, and then we mainly
16:24 32 provide the gambling counselling service to the gamblers
16:24 33 and the affected others, who is the family and friends of
16:24 34 addicts from the gambling homes, and we also provided the
16:24 35 case management and the community educations.
16:24 36
16:24 37 Q. Over the last five years, I think you said you have
16:24 38 been there for five years, how many clients have you
16:25 39 seen, approximately?
16:25 40
16:25 41 A. About 200.
16:25 42
16:25 43 Q. And at the moment how many clients are you seeing?
16:25 44
16:25 45 A. Not that much, 12 to 13.
16:25 46
16:25 47 Q. 12 to 13?

16:25 1
16:25 2 A. Yes, one is not signing the consent form so I'm still
16:25 3 waiting.
16:25 4
16:25 5 Q. Of your clients you are seeing the gambling issues
16:25 6 or their families, what percentage of those people are
16:25 7 gambling at Crown?
16:25 8
16:25 9 A. About 85 per cent.
16:25 10
16:25 11 Q. 85 per cent?
16:25 12
16:25 13 A. Yes.
16:25 14
16:25 15 Q. And could you just explain to ---
16:25 16
16:25 17 COMMISSIONER: Before we get to that, how do the clients
16:25 18 come to you? Do they come by themselves because they
16:25 19 know of Confidential or are they referred by friends
16:25 20 or referred by some other organisational person?
16:25 21
16:25 22 A. Definitely we have walk-in clients due to the
16:25 23 Confidential is very famous and
16:25 24 Confidential So
16:26 25 definitely we have walk-in clients. And we do have
16:26 26 referrals from Victoria Police, the courts and quite
16:26 27 a lot of networking partnerships with different kind of
16:26 28 human service industry, yes.
16:26 29
16:26 30 MR KOZMINSKY: Thank you.
16:26 31
16:26 32 As part of your work, do you visit Crown Casino?
16:26 33
16:26 34 A. Yes. Before COVID-19, I usually pay a regular visit
16:26 35 at Crown Casino. It's about once a quarter. And after
16:26 36 COVID-19, I become lazy, maybe just once.
16:26 37
16:26 38 Q. And why do you do that, why do you go to the casino?
16:26 39
16:26 40 A. Because we need to update all the settings. Crown
16:26 41 Casino is priority to the gamblers and we need to
16:26 42 familiarise with the poker machines, are there any new
16:26 43 update for that, and the most important thing I need to
16:26 44 observe on site about gamblers behaviours and feel what
16:26 45 they feel, and observe their emotional change and all
16:27 46 kinds of things. What concerns me most is that also
16:27 47 observing the relations between the gamblers and dealers.

- 16:27 1
16:27 2 Q. And when you go to Crown Casino to observe, how long
16:27 3 are you there for?
16:27 4
16:27 5 A. Usually I will spend two hours to three hours, it
16:27 6 depends.
16:27 7
16:27 8 Q. Okay. When you are there observing, do you ever see
16:27 9 people gambling on more than one poker machine at a time?
16:27 10
16:27 11 A. Sometimes.
16:27 12
16:27 13 Q. You do?
16:27 14
16:27 15 A. Yes, but before COVID-19.
16:27 16
16:27 17 Q. Now, what percentage of your client's gambling at
16:27 18 Crown, when they speak to you tell you that they've been
16:27 19 gambling for a long time, say more than 12 hours?
16:27 20
16:27 21 A. Quite a lot of them. Yes. Many people experience
16:27 22 big loss that they usually have history of staying long
16:28 23 hours at Crown Casino. At least it's like two days and
16:28 24 nights.
16:28 25
16:28 26 COMMISSIONER: Can I take you back to where you get your
16:28 27 clients from and who they are, what do they come to see
16:28 28 you about? Do they come to see you because they have got
16:28 29 problems or because somebody else has identified they
16:28 30 have problems they need to come to your organisation for
16:28 31 some kind of help?
16:28 32
16:28 33 A. Yes, we do provide two programs: one is the quick
16:28 34 gambling program and actually people come to this program
16:28 35 it is like to reduce their gambling behaviour, not
16:28 36 completely quit. Another program is called revocation
16:28 37 program. We will observe and evaluate it whether the
16:28 38 gambler will be eligible, or will be ready to enroll with
16:28 39 self-exclusion order with Crown Casino or with AHA.
16:29 40
16:29 41 MR KOZMINSKY: Thank you, Commissioner. Just going back
16:29 42 to where we were a moment ago, I think you said to me
16:29 43 that one of your clients gambled for sometimes two days.
16:29 44
16:29 45 A. Yes, two days.
16:29 46
16:29 47 Q. If they are gambling for two days at the casino,

16:29 1 where are they sleeping?
16:29 2
16:29 3 A. They reported to me maybe three places. One is the
16:29 4 sofa, the second place is the food court, the third place
16:29 5 is the car park.
16:29 6
16:29 7 Q. In their cars?
16:29 8
16:29 9 A. Yes, in their cars, if they drive.
16:29 10
16:29 11 Q. Based on what is reported to you from your clients,
16:29 12 does Crown Casino often come along, staff members come
16:29 13 along when they are gambling for long periods of time and
16:29 14 suggest they take a break or ask them to leave?
16:29 15
16:29 16 A. No. No. Only you behave unwell, ungood. For
16:29 17 example, you may have argument with another gambler or
16:29 18 the staff down there, or your dressing is like, not that
16:30 19 good. And it's like, you are --- you looks like not ---
16:30 20
16:30 21 COMMISSIONER: Not well.
16:30 22
16:30 23 A. That not well, that will affect another gambler's
16:30 24 emotion, then the Crown Casino staff will come to you and
16:30 25 ask you to maybe go to the washing room to wash your
16:30 26 face, to tidy yourself up. But they will not, like,
16:30 27 persuade you to go home.
16:30 28
16:30 29 COMMISSIONER: How many of your clients are in the
16:30 30 category that they spend day after day there, or more
16:30 31 than 24 hours? Is that a handful or a lot?
16:30 32
16:30 33 A. If the case is like reported to us, they are seeking
16:30 34 for help, nearly they will have big issues in gamblings.
16:30 35 I mean the problem gambler. So, yes, it is common for
16:30 36 them.
16:30 37
16:30 38 COMMISSIONER: Common for them?
16:30 39
16:30 40 A. Yes. Yes, regarding the case reporting to us, yes.
16:31 41
16:31 42 MR KOZMINSKY: Thank you, Commissioner.
16:31 43
16:31 44 Can we turn to self-exclusion. Do any of your clients
16:31 45 current or past, have they self-excluded from Crown
16:31 46 Casino?
16:31 47

- 16:31 1 A. Yes.
- 16:31 2
- 16:31 3 Q. And I don't want you to tell me people's names for
16:31 4 obvious reasons, but are you able to provide the
16:31 5 Commission with a recent example of a client who has
16:31 6 breached a self-exclusion order?
16:31 7
- 16:31 8 A. Yes, I got a very heartbreaking case. We undertake
16:31 9 the counselling session with this client who was like set
16:31 10 up the self-exclusion order with Crown within 18 months.
16:31 11 But this client breached this self-exclusion order 11
16:31 12 times.
16:31 13
- 16:31 14 Q. And when did that happen, the breaches?
16:31 15
- 16:31 16 A. It is from March to April this year.
16:31 17
- 16:31 18 Q. And over those 11 breaches how much did the client
16:32 19 lose if you can remember?
16:32 20
- 16:32 21 A. She reports to me it is AU\$150,000.
16:32 22
- 16:32 23 Q. And so the Commissioner understands a bit about this
16:32 24 person, were they married?
16:32 25
- 16:32 26 A. Yes.
16:32 27
- 16:32 28 Q. Children?
16:32 29
- 16:32 30 A. Two children, one step child.
16:32 31
- 16:32 32 Q. And university educated or not?
16:32 33
- 16:32 34 A. No.
16:32 35
- 16:32 36 Q. And working, employed?
16:32 37
- 16:32 38 A. Self-employ.
16:32 39
- 16:32 40 Q. I want to turn to another theme, which is loan
16:32 41 sharking. Have any of your current clients or previous
16:32 42 clients experienced loan sharking at Crown Casino?
16:32 43
- 16:32 44 A. Yes.
16:32 45
- 16:32 46 Q. And how many --- put to one side people that have
16:32 47 told you they have seen it and things like that, how many

16:32 1 have actually out of the 200 or so actually been involved
16:32 2 with loan sharking?

16:32 3

16:32 4 A. Four.

16:32 5

16:33 6 Q. And say in the last two years, how many in the last
16:33 7 two years?

16:33 8

16:33 9 A. Two.

16:33 10

16:33 11 COMMISSIONER: Do they tell you what they borrowed the
16:33 12 money for?

16:33 13

16:33 14 A. Yes. But they dare not to tell their exact name and
16:33 15 what kind of organisations from.

16:33 16

16:33 17 MR KOZMINSKY: Did I ask so you can explain to the
16:33 18 Commissioner, in what circumstances, based on what is
16:33 19 reported to you, are loan sharks approaching people at
16:33 20 the casino?

16:33 21

16:33 22 A. Actually I was told by my client that they carefully
16:33 23 pick up the clients at the Crown Casino where we said if
16:33 24 the Crown is really in the zone, means losing big and
16:33 25 can't control themselves, the loan shark will approach
16:33 26 them and they usually have a very big loss, usually it's
16:34 27 about AU\$50,000.

16:34 28

16:34 29 Q. Again, just so we can get a bit more specificity
16:34 30 around an example, are you able to give the Commissioner
16:34 31 an example, one of the recent ones in the last two years
16:34 32 of your clients, one of them who was approached by the
16:34 33 loan shark and borrowed money?

16:34 34

16:34 35 A. Yes, I got a very heartbreaking case. About two
16:34 36 years ago. A young man, aged 26. He being approached by
16:34 37 the loan shark at the Crown Casino and this young man is
16:34 38 actually set up a self-exclusion order with Crown Casino
16:34 39 and definitely he lose big at that night and then the
16:34 40 loan shark approach him and then he lose AU\$500,000.

16:35 41

16:35 42 COMMISSIONER: Is that how much he borrowed?

16:35 43

16:35 44 A. Sorry?

16:35 45

16:35 46 COMMISSIONER: Is that how much he borrowed?

16:35 47

16:35 1 A. Yes, from the loan shark.
16:35 2
16:35 3 COMMISSIONER: Where would he get the money to pay it
16:35 4 back?
16:35 5
16:35 6 A. His father sell all his business at their home
16:35 7 country and then pay off the loan.
16:35 8
16:35 9 MR KOZMINSKY: Before we get to that part of the story,
16:35 10 before the money was paid back, so your client borrowed
16:35 11 \$500,000 and hadn't paid it back, what did the loan
16:35 12 sharks do to try and get repaid. What steps did they
16:35 13 take?
16:35 14
16:35 15 A. About two weeks later the loan shark is actually
16:35 16 knock on the gambler's door.
16:35 17
16:35 18 COMMISSIONER: At home?
16:35 19
16:35 20 A. Yes. The gambler is not at home but his mother,
16:35 21 sister and girlfriend is actually at home. They are at
16:35 22 home at that moment and the loan shark is opposed to his
16:36 23 family and is actually threaten them if they fail to
16:36 24 repay the money on time and then the mother and the young
16:36 25 sister need to do sex work to repay this loan.
16:36 26
16:36 27 MR KOZMINSKY: And just so we know a little bit about the
16:36 28 gambler, that gambler, did he work at the time he was
16:36 29 gambling and borrowing the money?
16:36 30
16:36 31 A. Yes.
16:36 32
16:36 33 Q. What was he doing?
16:36 34
16:36 35 A. He is self-employed builder.
16:36 36
16:36 37 Q. Thank you.
16:36 38
16:36 39 I want to take you, if we could, to any example from your
16:36 40 clients of family violence linked to gambling at Crown
16:36 41 Casino. Are you able to share with the Commissioner any
16:36 42 example of one of your clients?
16:36 43
16:36 44 A. Okay. One example is the most horrible one. It
16:37 45 happened five years ago. And then the wife is like came
16:37 46 to my office and reported family violence related to her
16:37 47 husband who has the gambling behaviours. And when this

16:37 1 man is lose money at Crown Casino he will come back home
16:37 2 and whack his wife, then blaming her that she brings bad
16:37 3 luck after they getting marriage because before getting
16:37 4 marriage the man can win some money, after they get marry
16:37 5 he keep losing the money. So he thinks that is all his
16:37 6 wife's fault.

16:37 7

16:37 8 Q. And just so the Commissioner understands, how did
16:37 9 the husband propose the money be repaid?

16:37 10

16:37 11 A. He force his wife to provide sex work in their
16:37 12 massage shop. He ask his wife to provide either hand job
16:38 13 or blow job to the client to collect more money.

16:38 14

16:38 15 Q. You might not know the answer to this, but I take it
16:38 16 that is illegal sex work?

16:38 17

16:38 18 A. Yes, this it illegal sex work. They just have only
16:38 19 massage shop which is not supposed to provide this
16:38 20 illegal sex service.

16:38 21

16:38 22 Q. And are you able to tell us, do you have any of
16:38 23 wives trying to escape husbands who have gambled at Crown
16:38 24 and are violent or otherwise abuse their partners?

16:38 25

16:38 26 A. Yes, we have a case, it is about three years ago, the
16:38 27 wife just committed suicide but she is still survive and
16:38 28 then she came to us and saying she want to escape this
16:39 29 violent marriage. It is similar to the case I share
16:39 30 before because the husband is like thinking the wife is
16:39 31 not good enough, not bring him the good luck to win the
16:39 32 money. So that's why he abuse his wife in front of their
16:39 33 children.

16:39 34

16:39 35 Q. And how many children did they have?

16:39 36

16:39 37 A. One stepson and one biological daughter.

16:39 38

16:39 39 Q. I don't know if you can remember this, and it's fine
16:39 40 if you don't, but do you remember the losses involved,
16:39 41 how much money the husband had lost?

16:39 42

16:39 43 A. Because the wife arrived saying the husband is
16:39 44 financially abuse her as well so she doesn't quite sure
16:39 45 how much money her husband lose, but what number she can
16:39 46 tell me it's about AU\$100,000.

16:39 47

16:40 1 Q. Thank you. I don't have any further questions for
16:40 2 the witness, subject to one thing that is being checked.
16:40 3 But, the question of confidentiality. The witness has
16:40 4 given evidence and deidentified all the clients for
16:40 5 obvious reasons and there would be impacts if it was
16:40 6 publicly known she was disclosing information about those
16:40 7 clients so we are seeking a confidentiality order that
16:40 8 her name not be disclosed, the organisation where she
16:40 9 works not be disclosed, but the stories themselves would
16:40 10 be. So subject to the Commissioner's view proposing ---

16:40 11
16:40 12 COMMISSIONER: Just a question about the organisation.

16:40 13
16:40 14 MR KOZMINSKY: Yes.

16:40 15
16:40 16 COMMISSIONER: Can you tell me why is it necessary, I'm
16:40 17 not saying I won't do it, but why is it necessary to keep
16:40 18 the organisation confidential as well?

16:40 19
16:41 20 A. Because we will have the referral network with Crown
16:41 21 Supporting Gaming Centre, because our revocation
16:41 22 education program is linked to their self-exclusion
16:41 23 order. We share the cooperation relationship. So that's
16:41 24 why it is good to stay private but as a citizen I think I
16:41 25 have that right to disclose this kind of information,
16:41 26 privately.

16:41 27
16:41 28
16:41 29 **QUESTIONS BY THE COMMISSIONER**

16:41 30
16:41 31
16:41 32 COMMISSIONER: Can I ask you some other questions just
16:41 33 very quickly.

16:41 34
16:41 35 A. Yes.

16:41 36
16:41 37 COMMISSIONER: Does Confidential have other officers
16:41 38 like you who carry out the same kind of functions?

16:41 39
16:41 40 A. Not at this moment. So that's why we provide our
16:41 41 service with the client's consent. We can travel to safe
16:41 42 place that they agree to share their story with us
16:41 43 because all the counselling we conduct in first language.
16:41 44 So that's why they are feeling safe to tell.

16:42 45
16:42 46 COMMISSIONER: I see.
16:42 47

16:42 1 MR KOZMINSKY: Mr Commissioner ---
16:42 2
16:42 3 COMMISSIONER: The reason I ask the question is, whether
16:42 4 you have 200 clients ---
16:42 5
16:42 6 A. Yes.
16:42 7
16:42 8 COMMISSIONER: --- that fall into the category we are
16:42 9 talking about, but whether there are other people in the
16:42 10 **Confidential** who also have 50, 100, 150 clients with
16:42 11 similar kinds of problems, just so I can see how big the
16:42 12 problem is?
16:42 13
16:42 14 A. Okay. I don't think the clients will go to another
16:42 15 organisation because they are, how you say, in **Confidential**
16:42 16 community they are little bit shy and they think they can
16:42 17 settle all this --- they regard this family conflict and
16:42 18 they are all by themselves. If they really can't figure
16:42 19 out their stuff, they will report it to us and ask for
16:42 20 some kind of support. So that's why I think they won't
16:42 21 report to other organisations.
16:43 22
16:43 23 COMMISSIONER: Okay. Thank you.
16:43 24
16:43 25
16:43 26 **THE WITNESS WITHDREW**
16:43 27
16:43 28
16:43 29 MR KOZMINSKY: Mr Commissioner, I think you will hear
16:43 30 from another person working at **Confidential** later this
16:43 31 evening.
16:43 32
16:43 33 COMMISSIONER: I see.
16:43 34
16:43 35 MR KOZMINSKY: Similar task and has clients they are
16:43 36 seeing.
16:43 37
16:43 38 COMMISSIONER: Okay.
16:43 39
16:43 40 MR KOZMINSKY: Thank you very much for your time.
16:43 41 Subject to the Commissioner's view, I think we will send
16:43 42 through a redacted transcript for you to look at and once
16:43 43 you are happy with the redactions, we will publish that.
16:43 44
16:43 45 COMMISSIONER: Thank you.
16:43 46
16:43 47 MR KOZMINSKY: We might adjourn for 5 minutes until the

16:43 1 next witness.
 16:43 2
 16:43 3 COMMISSIONER: Yes, we will do that.
 16:43 4
 16:43 5
 16:43 6 **ADJOURNED** [4:43 P.M.]
 16:43 7
 16:43 8
 16:50 9 **RESUMED** [4:50 P.M.]
 16:50 10
 16:50 11
 16:50 12 COMMISSIONER: Thank you.
 16:50 13
 16:50 14 MS NESKOVCIN: Commissioner, the next witness is Confidential
 16:50 15 Confidential
 16:50 16
 16:50 17
 16:50 18 Confidential **AFFIRMED**
 16:51 19
 16:51 20
 16:51 21 **EXAMINATION-IN-CHIEF BY MS NESKOVCIN**
 16:51 22
 16:51 23
 16:51 24 MS NESKOVCIN: Thank you, Confidential For the transcript,
 16:51 25 would you please state your full name?
 16:51 26
 16:51 27 A. My name is Confidential
 16:51 28
 16:51 29 Q. And for the transcript, what is your address?
 16:51 30
 16:51 31 A. Confidential
 16:51 32
 16:51 33 Q. And your current operation?
 16:51 34
 16:51 35 A. I am a property manager.
 16:51 36
 16:51 37 Q. Confidential you were born in Confidential and you
 16:51 38 moved --- I beg your pardon.
 16:51 39
 16:51 40 A. I was born in Confidential and raised in Confidential
 16:51 41
 16:51 42 Q. When did you move back to Australia?
 16:51 43
 16:51 44 A. When I came the first time when I was Confidential but then I
 16:51 45 came back when I was Confidential years old.
 16:51 46
 16:51 47 Q. You have since been in Australia for Confidential years?

- 16:51 1
16:51 2 A. In August it will be Confidential years.
16:51 3
16:51 4 Q. When did you start gambling?
16:51 5
16:52 6 A. Probably by the age of 21. Maybe 20.
16:52 7
16:52 8 Q. What was your preferred medium of gambling?
16:52 9
16:52 10 A. I've always played blackjack and a little bit of
16:52 11 roulette but mainly blackjack.
16:52 12
16:52 13 Q. Table games, not electronic gaming machines?
16:52 14
16:52 15 A. Not electronic games, no. I don't play poker
16:52 16 machines, nothing like that.
16:52 17
16:52 18 Q. Since you moved back to Australia, have you always
16:52 19 lived in Melbourne?
16:52 20
16:52 21 A. Yes.
16:52 22
16:52 23 Q. And has your gambling always been at the Melbourne
16:52 24 casino?
16:52 25
16:52 26 A. Melbourne Crown Casino, yes.
16:52 27
16:52 28 Q. So, over the course of the last 20 years, how
16:52 29 frequently have you gambled and if there has been times
16:52 30 where it has been more intense in terms of how much money
16:52 31 you would gamble or how much time you spend at the
16:52 32 casino, could you give us an idea of that?
16:52 33
16:52 34 A. So --- look, with my gambling it has been pretty much
16:52 35 off and on. I've always had these urges to play.
16:53 36 Probably this year, since last year, since it was closed,
16:53 37 I still start going more frequently, definitely for me to
16:53 38 go four times, five times in one week that was quite
16:53 39 common. Like, during my life --- yeah, I have been
16:53 40 sensible with my money so I haven't thrown my money away
16:53 41 so to speak.
16:53 42
16:53 43 Q. Do I take that to mean you've never gotten into debt
16:53 44 over your gambling?
16:53 45
16:53 46 A. No.
16:53 47

- 16:53 1 Q. And you've always been able to maintain a job and
16:53 2 a profession?
16:53 3
- 16:53 4 A. Yes, I have.
16:53 5
- 16:53 6 Q. So at various times of your career, what sort of
16:53 7 jobs and things have you held?
16:53 8
- 16:53 9 A. I've always been in a sales job. So I've always been
16:53 10 paid Commissions. I was working in real estate sales for
16:54 11 a period of 7.5 to 8 years. So during that time I was
16:54 12 earning big Commissions. So for me to go and blow
16:54 13 \$1,000, \$2,000 in one sitting I wouldn't think twice
16:54 14 about it.
16:54 15
- 16:54 16 Q. When you were earning the big Commissions, were you
16:54 17 losing them as well?
16:54 18
- 16:54 19 A. Yes. Yes. I get paid monthly. The Commissions
16:54 20 would come in quarterly but at the same time on purpose I
16:54 21 would go and buy things for myself because if I didn't I
16:54 22 would blowing it down the drain.
16:54 23
- 16:54 24 Q. So was most that you would lose in one sitting
16:54 25 a thousand or two thousand dollars?
16:54 26
- 16:54 27 A. Yeah, 2,000.
16:54 28
- 16:54 29 Q. Was that happening multiple times a week?
16:54 30
- 16:54 31 A. No, when I got paid. So when I got paid, when I got
16:55 32 Commission, yeah.
16:55 33
- 16:55 34 Q. And at any one time how long would you spend at the
16:55 35 casino?
16:55 36
- 16:55 37 A. Easily, three, four hours. The other thing to add,
16:55 38 like, I am a single man, I have been single for ---
16:55 39 I have had girlfriends but what I was going to say is
16:55 40 lately I am on my own so it is a pastime because I've got
16:55 41 nothing to do.
16:55 42
- 16:55 43 Q. You enjoy gambling though, don't you?
16:55 44
- 16:55 45 A. I enjoy gambling, I love gambling.
16:55 46
- 16:55 47 Q. A form of entertainment?

16:55 1
16:55 2 A. Yes, I've gambled right around the world.
16:55 3
16:55 4 Q. You have also managed to maintain a job, you haven't
16:55 5 gotten into debt, do you think you have a gambling
16:55 6 problem?
16:55 7
16:55 8 A. I think about it a lot, yes, yes, I do.
16:55 9
16:55 10 Q. I want to ask you about Responsible Gaming Centre at
16:55 11 the Crown Casino.
16:55 12
16:56 13 A. Yes.
16:56 14
16:56 15 Q. When did you first learn that centre existed and how
16:56 16 did you learn that it existed?
16:56 17
16:56 18 A. I learnt about it a month ago. So I lost between
16:56 19 \$11,000 to \$12,000 in the period of about 2 months and I
16:56 20 thought this has got out of hand and I needed help
16:56 21 because that was basically all of my savings and I rang
16:56 22 the Gamblers Help line and they were the people that
16:56 23 informed me that you can ring up the casino and actually
16:56 24 ban yourself from the casino and, I did not even know
16:56 25 that there was a room in the casino where you could go
16:56 26 inside and ban yourself.
16:56 27
16:56 28 Q. So you found a responsible gaming room off the food
16:56 29 court near the car park?
16:56 30
16:56 31 A. Yes.
16:56 32
16:56 33 Q. Had you passed that space on previous occasions?
16:56 34
16:56 35 A. I have passed it before. Its access, you go down
16:57 36 further to the poker room. So I would have passed that
16:57 37 many times but it's not --- it is just this glass, all
16:57 38 frosted glass and, you know, you just walk past it.
16:57 39 There are no signs pointing out this is a gamblers
16:57 40 counselling centre or Responsible Gaming Centre.
16:57 41
16:57 42 Q. So you visited the centre, haven't you, and what
16:57 43 happened when you did that?
16:57 44
16:57 45 A. I walked in. Obviously they open the door and they
16:57 46 sat me down and one girl --- I think there was one person
16:57 47 sitting there. Sorry, she spoke to me and she said ---

16:57 1 started questioning me about if by signing this form that
16:57 2 by banning yourself that the minimum requirement ---
16:58 3 sorry, the minimum term to ban yourself was for
16:58 4 12 months. If you do want to come back and play you will
16:58 5 need to attend counselling, you will need to complete
16:58 6 an online form or an online application to be able to
16:58 7 come back and play and I said "yes, I'm quite okay with
16:58 8 that, this is why I'm here. I want to ban myself. Then
16:58 9 she said that she needed to get my ID. She took a photo
16:58 10 of me and some other guy came in and he was there as
16:58 11 a witness and this other gentleman was there as well as
16:58 12 a witness. So she went off, photocopied my ID and
16:58 13 prepared the paperwork and then ---

16:58 14

16:58 15 Q. Can I interrupt you. So there was more than one
16:58 16 person during this process where you were trying to
16:59 17 exclude yourself?

16:59 18

16:59 19 A. Basically there were two people there. One person
16:59 20 sat down next to me and she was doing the paper work and
16:59 21 then a third person came in to do the witnessing.

16:59 22

16:59 23 Q. And the person that was doing most of the talking
16:59 24 was the lady who was sitting opposite you?

16:59 25

16:59 26 A. Yes.

16:59 27

16:59 28 Q. Did you get the impression she was trying to
16:59 29 discourage you from banning yourself?

16:59 30

16:59 31 A. In a sense, yes. It wasn't like --- it wasn't
16:59 32 something easy and, but the other thing that I felt was
16:59 33 that after 12 months they also made it difficult for you
16:59 34 to come back and be able to play again. When I have been
16:59 35 banned from the casino before, over some other issue, not
16:59 36 Crown banning me from playing. Do you want me to talk
16:59 37 about that?

16:59 38

16:59 39 Q. I will come back to that in a moment. I just want
16:59 40 to finish off on this process and what was going on. I
17:00 41 wondered whether this lady was discouraging you. Did
17:00 42 anybody support you in that process?

17:00 43

17:00 44 A. The one gentleman he was sort of it takes a lot of
17:00 45 courage for you to come in here, and I also mentioned to
17:00 46 them we are --- they explained to me that we are on the
17:00 47 floor watching people to see how they play and see

17:00 1 whether people are in distress, and I explained to them
17:00 2 I've never seen any of your faces before in my lives and
17:00 3 I'm a regular player where you know the dealers, you know
17:00 4 the Crown staff, the people who come and serve you
17:00 5 drinks. You sort of like, okay I've seen that guy many,
17:00 6 many times before and comes and offers you a free drink
17:00 7 or whatever and the same with the dealers. You start
17:00 8 familiarising yourself with the faces. But those three
17:00 9 faces, never seen them before on the floor.

17:00 10

17:00 11 Q. Were they suggesting to you that they are out on the
17:00 12 floor to assist people in distress ---

17:01 13

17:01 14 A. Yes.

17:01 15

17:01 16 Q. Have you ever been approached by anyone?

17:01 17

17:01 18 A. Never. Never. And I've never seen them approach
17:01 19 other people. I've never seen them until that time I
17:01 20 walked in there. So it was very surprising that they
17:01 21 actually even mentioned that.

17:01 22

17:01 23 Q. Just assuming that there is more than three people
17:01 24 in the office, have you seen any Crown staff approach
17:01 25 a gambler ---

17:01 26

17:01 27 A. Only if they are drunk.

17:01 28

17:01 29 Q. So you have gone through this process of
17:01 30 self-excluding, is that correct?

17:01 31

17:01 32 A. Yes, I have.

17:01 33

17:01 34 Q. And as explained to you, in order to go back you
17:01 35 have to wait 12 months and you have to get counselling.

17:01 36

17:01 37 A. Counselling and like I said, the online. And they
17:01 38 said they were going to give me a call back within the
17:01 39 next month. Okay, it hasn't been a month yet.

17:01 40

17:01 41 Q. Did they offer you any counselling?

17:01 42

17:01 43 A. They said that, yes, we do have counselling here,
17:01 44 yes, they did. But through the first phone call through
17:02 45 the gambler's helpline they are the ones that also
17:02 46 mentioned that we can have counselling and they gave me
17:02 47 a phone number, so I have that part sorted. I'm having

17:02 1 counselling.
17:02 2
17:02 3 Q. I wanted to ask if you are getting counselling now
17:02 4 and if you think it should be part of the process for
17:02 5 self-excluding. Do you find that it helps?
17:02 6
17:02 7 A. I don't know. I don't think so. I think it is just
17:02 8 something that is in my blood for me to --- I like the
17:02 9 adrenaline rush, the gamble ---
17:02 10
17:02 11 Q. Can I ask you about the time when Crown excluded
17:02 12 you? How did that come about?
17:02 13
17:02 14 A. So that came about, it would have been two to three
17:02 15 years ago, probably three years ago. I had lost some
17:02 16 money and I went to a table, there was a \$50 table.
17:02 17 There was \$700 worth of chips, so seven \$100 chips on the
17:03 18 player's side and I asked the dealer whose money does
17:03 19 this belong to and he shrugged his shoulders and I
17:03 20 basically grabbed it and can I take it and he shrugged
17:03 21 his shoulders so I took the money and at that stage I
17:03 22 knew that I was doing the wrong thing because obviously
17:03 23 the money must have belonged to someone but I wasn't
17:03 24 taking the money from the banker's side so I took it and
17:03 25 I left and I had been probably back a couple of other
17:03 26 times ---
17:03 27
17:03 28 Q. Since then?
17:03 29
17:03 30 A. --- since I took the \$700 and then probably two
17:03 31 weeks from that initial time that I took the 700 I saw
17:03 32 the dealer that saw me who took the \$700 and I didn't go
17:03 33 and play on that table. I went and played somewhere
17:03 34 else. And I got a tap on the shoulder half an hour later
17:04 35 saying, they pulled me aside and they said that I had
17:04 36 stole \$800 from Crown.
17:04 37
17:04 38 Q. Can I stop you there. How do you think they
17:04 39 recognised you, through the other dealer or some other
17:04 40 way?
17:04 41
17:04 42 A. Well, it's just a coincidence that same day I saw the
17:04 43 dealer so he must have flagged security because you would
17:04 44 think that with the amount of cameras that are in that
17:04 45 place that they should have picked up my face the other
17:04 46 times that I had gone there between those two weeks.
17:04 47

- 17:04 1 Q. But it struck you, didn't it, that they had the
17:04 2 capability to recognise you when they wanted to but not
17:04 3 when you might have needed help. Is that the point?
17:04 4
- 17:04 5 A. Yes, that is a very valid point. I've been there
17:04 6 where you take 500, \$600, you lose it, you go to the
17:05 7 machine, you take another \$600, you lose it and you go
17:05 8 back to the machine and you take out another \$600 or \$700
17:05 9 until you've reached your maximum limit of \$2,000 in one
17:05 10 day and --- look, for me, do I always go back to the same
17:05 11 table? Sometimes, sometimes I will go to a completely
17:05 12 different table.
17:05 13
- 17:05 14 Q. And just to complete the story about the exclusion,
17:05 15 you were as a result of that incident excluded. You were
17:05 16 paid the money.
17:05 17
- 17:05 18 A. Yes.
17:05 19
- 17:05 20 Q. You were excluded for 12 months but you actually
17:05 21 went back when the 12 months expired. What happened?
17:05 22
- 17:05 23 A. I went back, I was not meant to go back until
17:05 24 February, I can't remember the exact date, but I went
17:05 25 back in January because I wanted to go back. So I went
17:05 26 back a month earlier and I was never picked up.
17:05 27
- 17:05 28 Q. When you started gambling at Crown, what were the
17:06 29 limits on the blackjack tables?
17:06 30
- 17:06 31 A. Before you could play \$10, \$15 on the blackjack
17:06 32 tables. I think that was --- it's an amount that you are
17:06 33 comfortable with. You know, if you are earning,
17:06 34 obviously I'm talking about 20 years ago, even say 10
17:06 35 years ago, it's an amount that you can control. You
17:06 36 know, to go in there with \$200, \$300 and sitting on a \$15
17:06 37 table, you can, sort of be, in more control. But they
17:06 38 took those \$10, \$15 tables and changed the name to
17:06 39 "Blackjack Plus", which the rules are completely
17:06 40 different, and to go and play the old way, you have to
17:06 41 play on a \$50 table, or a \$100 table.
17:06 42
- 17:07 43 Q. So you are forced to bet more?
17:07 44
- 17:07 45 A. You are forced to bet more and I'm pretty sure
17:07 46 they've done that intentionally because if you are
17:07 47 a smart player and you are playing the smaller bets, when

- 17:07 1 it turns, that's when you can start chipping up and start
17:07 2 winning.
17:07 3
- 17:07 4 Q. Don't you also want to make the point that buy
17:07 5 increasing the limit and not having the \$10 and \$15 limit
17:07 6 you exclude people from a form of entertainment?
17:07 7
- 17:07 8 A. That's correct. 100 per cent. It is supposed to be
17:07 9 a place of entertainment, but it seems like a place of
17:07 10 entertainment for only the wealthy people.
17:07 11
- 17:07 12 Q. But in your secondary point was you thought, at
17:07 13 least for you, it was more manageable having smaller
17:07 14 betting limits?
17:07 15
- 17:07 16 A. 100 per cent. Even \$25 is more manageable than
17:07 17 playing \$50. It goes twice as fast.
17:07 18
- 17:08 19 Q. Was there anything else about the self-exclusion
17:08 20 process you wanted to say to the Commissioner in terms of
17:08 21 how complex or difficult you found the process, any
17:08 22 improvements that you think could be made, apart from
17:08 23 signage to actually know that the responsible gaming
17:08 24 centre exists?
17:08 25
- 17:08 26 A. Yes, so like what I said to you --- like, firstly,
17:08 27 (a), I didn't know they existed, (b), they should maybe
17:08 28 even have cards on the table saying if you are having ---
17:08 29 if you have a problem with your gambling, here is your
17:08 30 card, we are available here on site, because they say
17:08 31 it's on the screen but I've never seen anything like
17:08 32 that.
17:08 33
- 17:08 34 Q. When you say "it's on the screen", you mean the
17:08 35 screens that appear around gaming tables?
17:08 36
- 17:08 37 A. The betting screen where it tells you the odds and
17:09 38 what, how much the table is worth playing on that table.
17:09 39
- 17:09 40 Q. Confidential you also filed a submission. Was there
17:09 41 anything further in the submission that you wanted to
17:09 42 elaborate on to the Commissioner today?
17:09 43
- 17:09 44 A. The other thing I just wanted to mention was, like I
17:09 45 said, the automatic shuffling machines, I think it is
17:09 46 a little bit rigged. Before, back in the old days, and
17:09 47 they are only available now on the \$50, \$100 tables, that

17:09 1 when the cards are continuously being automatically
17:09 2 shuffled, it is definitely in favour of Crown. When it
17:09 3 is not shuffled in that manner and comes out of --- once
17:09 4 again, it is another automatic shuffling machine, but you
17:09 5 have a new shoe. Do you understand what a shoe is?
17:09 6
17:09 7 COMMISSIONER: I do.
17:09 8
17:09 9 A. There are good shoes and bad shoes and that's the
17:10 10 reality. Sometimes the dealer can bust continuously like
17:10 11 ten times in a row. I've been there, I've played it,
17:10 12 I've seen it. And sometimes the dealer just keeps on
17:10 13 winning every single hand whatever happens. At least in
17:10 14 that circumstance you could even ask the dealer can
17:10 15 you --- can we have a new shoe and obviously they ask the
17:10 16 pit boss, the boss pit, what is it called?
17:10 17
17:10 18 Q. Sorry, I can't help you.
17:10 19
17:10 20 A. The person behind the dealer and they get the okay to
17:10 21 change to a new shoe.
17:10 22
17:10 23 Q. But with the automatic it doesn't exist?
17:10 24
17:10 25 A. It doesn't exist.
17:10 26
17:10 27 Q. Is that a change that has been made in more recent
17:10 28 times or can you give the Commissioner an idea?
17:10 29
17:10 30 A. That probably would have probably changed about five
17:10 31 or six years ago.
17:10 32
17:10 33 Q. And your impression is that it penalises the
17:10 34 player ---
17:10 35
17:10 36 A. For sure.
17:10 37
17:11 38 Q. --- and works only to the casino's advantage.
17:11 39
17:11 40 A. What else was I going to mention The limits.
17:11 41 No, that's about it.
17:11 42
17:11 43 Q. I think that does cover the things that you've
17:11 44 mentioned in your submission, Confidential
17:11 45
17:11 46 A. Yes, thanks.
17:11 47

17:11 1 Q. Is there nothing further you want to say to the
17:11 2 Commissioner? We do have your submission and we have
17:11 3 read it.

17:11 4

17:11 5 A. No, that's okay. That's all I have to say.

17:11 6

17:11 7

17:11 8 **QUESTIONS BY THE COMMISSION**

17:11 9

17:11 10

17:11 11 COMMISSIONER: I have two questions. Two topics. When
17:11 12 you went to the centre at the casino, did you go there
17:11 13 for the purposes of self-exclusion or did you go there
17:11 14 for counselling?

17:11 15

17:11 16 A. I went there only for self-exclusion. To ban myself.

17:11 17

17:11 18 COMMISSIONER: You didn't expect to have any counselling
17:11 19 there at all?

17:11 20

17:11 21 A. No. They did offer it but all I wanted was --- I
17:11 22 just wanted to exclude myself.

17:11 23

17:11 24 COMMISSIONER: Did they offer counselling instead of
17:11 25 exclusion?

17:12 26

17:12 27 A. No.

17:12 28

17:12 29 COMMISSIONER: Or in addition to?

17:12 30

17:12 31 A. It was in addition. They said that we do offer
17:12 32 counselling here as well.

17:12 33

17:12 34 COMMISSIONER: All right.

17:12 35

17:12 36 And on the last point that you were talking about, the
17:12 37 way the cards are shuffled, I don't understand why the
17:12 38 new method of shuffling is any different from the earlier
17:12 39 one. They don't shuffle until the deck is played
17:12 40 through, do they? In other words, they just shuffle
17:12 41 once, you play out the 52 cards and then it's shuffled
17:12 42 again, or it doesn't work like that?

17:12 43

17:12 44 A. No, it doesn't work like that. So in the automatic
17:12 45 shuffling machine there is either six or eight decks in
17:12 46 that machine.

17:12 47

17:12 1 COMMISSIONER: Okay.
 17:12 2
 17:12 3 A. So the dealer deals the cards and then they go over
 17:12 4 here and once they get to that many cards, maybe 25 or 30
 17:12 5 cards, they put it back into the shuffling machine so it
 17:12 6 is always continuously shuffling when versus the old
 17:13 7 system, once the shoe, like the six or eight decks in the
 17:13 8 shoe, once that black card comes up because it gets cut,
 17:13 9 once it finishes then all the cards are over here and put
 17:13 10 into a machine where it shuffles and then the new six,
 17:13 11 eight decks come out and a new shoe is played.
 17:13 12
 17:13 13 COMMISSIONER: Is one reason why it happens the new way
 17:13 14 to stop people counting the cards?
 17:13 15
 17:13 16 A. I've never counted cards. I don't know how to count
 17:13 17 cards. I'd love to count cards. But, yes, of course it
 17:13 18 would. 100 per cent it would because there is no rhythm.
 17:13 19 There is no rhythm. But in saying that, like you say, is
 17:13 20 it counting cards, you can see how many picture cards
 17:13 21 have come out versus the cards from 3, 4, 5, 6, 7 have
 17:13 22 come out. At least you can have a feel for the game, you
 17:14 23 know.
 17:14 24
 17:14 25 COMMISSIONER: Not if it is constantly shuffled.
 17:14 26
 17:14 27 A. When it is constantly shuffled, you don't, it is just
 17:14 28 very, very random.
 17:14 29
 17:14 30 COMMISSIONER: Okay. I understand.
 17:14 31
 17:14 32 MS NESKOVCIN: I have nothing further for Confidential
 17:14 33 Thank you Confidential
 17:14 34
 17:14 35 COMMISSIONER: Thank you, Confidential
 17:14 36
 17:14 37 A. Thanks.
 38
 39
 40 **THE WITNESS WITHDREW**
 41
 42
 17:14 43 MS NESKOVCIN: We'll adjourn to ---
 17:14 44
 17:14 45 COMMISSIONER: For a couple of minutes.
 17:14 46
 17:14 47

17:14 1 **ADJOURNED** [5:14 P.M.]

17:18 2

17:18 3

17:18 4 **RESUMED** [5:18 P.M.]

17:18 5

17:18 6

17:18 7 MR KOZMINSKY: Commissioner, I call [Confidential]

17:18 8

17:18 9

17:18 10 [Confidential] **AFFIRMED**

17:18 11

17:18 12

17:18 13 **EXAMINATION-IN-CHIEF BY MR KOZMINSKY**

17:19 14

17:19 15

17:19 16 MR KOZMINSKY: Would you please tell the Commissioner
17:19 17 your full name?

17:19 18

17:19 19 A. My full name is [Confidential]

17:19 20

17:19 21 Q. And your address?

17:19 22

17:19 23 A. [Confidential]

17:19 24

17:19 25 Q. Have you got a Masters of Social Work from

17:19 26 [Confidential]

17:19 27

17:19 28 A. Yes.

17:19 29

17:19 30 Q. Could you tell the Commissioner what it is you do at
17:19 31 the moment, what your job is?

17:19 32

17:19 33 A. At the moment I'm a social worker in the [Confidential]
17:19 34 [Confidential] I provide counselling services
17:19 35 to clients who are affected by gambling issues and the
17:19 36 affected others. [Confidential]

17:19 37 [Confidential]

17:19 38

17:19 39 Q. When you say "affected others", what do you mean?

17:19 40

17:20 41 A. It means people affected by gamblers, such as family
17:20 42 members, friends or partners.

17:20 43

17:20 44 Q. How long have you been doing that job?

17:20 45

17:20 46 A. I have been doing that for around [Confidential] years.

17:20 47

- 17:20 1 Q. Over that Confidential period, how many clients have
17:20 2 you seen?
17:20 3
- 17:20 4 A. Around 70 to 80 clients.
17:20 5
- 17:20 6 Q. At the moment how many active clients do you have,
17:20 7 or how many clients are you seeing?
17:20 8
- 17:20 9 A. I have 20 clients. I have around 15 of them active.
17:20 10
- 17:20 11 Q. And of your current clients and past clients, just
17:20 12 approximately, what percentage gambled at the casino?
17:20 13
- 17:20 14 A. I have around 75 per cent of them gambling in the
17:20 15 casino.
17:20 16
- 17:20 17 Q. As part of your work, do you visit the casino?
17:20 18
- 17:20 19 A. Yes, I visit the casino.
17:20 20
- 17:20 21 Q. And why do you do that?
17:20 22
- 17:20 23 A. I visit the casino in order to observe the change of
17:20 24 the habits of the gamblers after the lockdown and before
17:20 25 the lockdown.
17:20 26
- 17:21 27 Q. Well, before the lockdown you didn't know there was
17:21 28 going to be a lockdown. So before the lockdown why were
17:21 29 you going to the casino?
17:21 30
- 17:21 31 A. Just to observe the habit of the gamblers and how
17:21 32 they interact with the dealers there.
17:21 33
- 17:21 34 Q. And how often or how frequently did you go and look
17:21 35 at the casino and observe what was going on before the
17:21 36 pandemic and how frequently after the pandemic?
17:21 37
- 17:21 38 A. I visited once every two months before the lockdown
17:21 39 and now I visit there fortnightly.
17:21 40
- 17:21 41 Q. And when you go, how long do you usually spend?
17:21 42
- 17:21 43 A. I usually spend one or two hours there but sometimes
17:21 44 I spend up to six hours there.
17:21 45
- 17:21 46 Q. And, based on what you see, and what your clients
17:21 47 tell you --- sorry, I withdraw that. What percentage of,

17:21 1 approximately, I know it is hard, of your clients might
17:21 2 gamble at the casino for long period of times, say more
17:22 3 than 12 hours?

17:22 4
17:22 5 A. Around 75 per cent of them gamble there up to 12
17:22 6 hours.

17:22 7
17:22 8 Q. And, based on what you've seen, so when you go to
17:22 9 the casino and you've been going for three years, and
17:22 10 based on what people tell you, your clients, do Crown
17:22 11 staff often or regularly come up to people who have been
17:22 12 gambling for long periods of time and ask them to take
17:22 13 a break?

17:22 14
17:22 15 A. I've never seen that before and I've never heard that
17:22 16 before.

17:22 17
17:22 18 Q. Thank you. Do you have any ---

17:22 19
17:22 20 COMMISSIONER: When you were there on your visits, did
17:22 21 you see any people gambling who showed some signs of
17:22 22 distress or were tired and falling asleep or something
17:22 23 other than looking quite normal and usual?

17:22 24
17:22 25 A. Yes, I do.

17:23 26
17:23 27 COMMISSIONER: Tell me what happened? What did you see?

17:23 28
17:23 29 A. I have seen people crying on their phone and I have
17:23 30 seen staff walking by without approaching them and I've
17:23 31 seen a lot of people sleeping right in front of the pokie
17:23 32 machines.

17:23 33
17:23 34 COMMISSIONER: And anybody of the staff do anything?

17:23 35
17:23 36 A. No, I don't think so.

17:23 37
17:23 38 MR KOZMINSKY: Thank you, Commissioner.

17:23 39
17:23 40 Can you give the Commissioner an example, if you have
17:23 41 one, of one of your client's gambling for an extended
17:23 42 period of time?

17:23 43
17:23 44 A. Yes. At the moment I have a client who have stayed
17:23 45 in the casino and gambling four days straight on baccarat
17:23 46 and she stopped just because she think it's too much but
17:23 47 none of the staff there have approached her ever.

17:24 1
17:24 2 COMMISSIONER: How does she do four days straight without
17:24 3 sleeping?
17:24 4
17:24 5 A. She actually sleep a little bit, also in front of the
17:24 6 pokie machines, but when she wakes up ---
17:24 7
17:24 8 COMMISSIONER: So she physically stayed in the building,
17:24 9 in the gambling area for four days straight?
17:24 10
17:24 11 A. Yes.
17:24 12
17:24 13 MR KOZMINSKY: And just so the Commissioner understands
17:24 14 a bit about this person, male or female?
17:24 15
17:24 16 A. Female.
17:24 17
17:24 18 Q. Married?
17:24 19
17:24 20 A. She's married.
17:24 21
17:24 22 Q. Children?
17:24 23
17:24 24 A. Yes, she has children.
17:24 25
17:24 26 Q. And her occupation?
17:24 27
17:24 28 A. She was a doctor Confidential
17:24 29
17:24 30 Q. Thank you.
17:24 31
17:24 32 COMMISSIONER: Do the people who come to you for help, do
17:24 33 they come seeking help principally because they've lost
17:24 34 too much money and are in terrible financial position, or
17:24 35 do they come because they still haven't lost all of their
17:25 36 money yet but they just want to break their gambling
17:25 37 habit or for some other reason?
17:25 38
17:25 39 A. I think financial issue is one of the major problem
17:25 40 but some of them also approach us because their family
17:25 41 think they have gambled too much.
17:25 42
17:25 43 COMMISSIONER: And they might not think that but the
17:25 44 family force them to go?
17:25 45
17:25 46 A. Yes.
17:25 47

17:25 1 MR KOZMINSKY: I would like to discuss loan sharking at
17:25 2 the casino with you. What percentage of your clients
17:25 3 have experienced loan sharking at the casino, and when I
17:25 4 say that, I mean actually been involved in borrowing
17:25 5 money from loan sharks?

17:25 6
17:25 7 A. Around 20 to 25 per cent.

17:25 8
17:25 9 Q. Does that include current clients?

17:25 10
17:25 11 A. Currently I have around like 15 per cent of my client
17:25 12 have been approached by the loan shark before.

17:25 13
17:25 14 COMMISSIONER: And borrowed money or just approached by
17:26 15 them?

17:26 16
17:26 17 A. Borrowed.

17:26 18
17:26 19 MR KOZMINSKY: And based on what you are told by your
17:26 20 clients, when do loan sharks approach them?

17:26 21
17:26 22 A. Usually when they lost a lot on the gaming table. So
17:26 23 when I mean "a lot", which is more than \$50,000.

17:26 24
17:26 25 Q. And can you share with the Commissioner a story, if
17:26 26 you have one, about the consequences of one of your
17:26 27 clients from loan sharking at the casino?

17:26 28
17:26 29 A. Sure. I previously had a client which had a debt of
17:26 30 more than a million from the loan shark in Crown. So,
17:26 31 afterwards, in order to pay back the debt, he engaged in
17:26 32 weed growing and end up in the jail.

17:26 33
17:26 34 COMMISSIONER: Is the money they borrow I assume is at
17:26 35 very high interest rates?

17:26 36
17:26 37 A. Yes.

17:26 38
17:26 39 COMMISSIONER: Where do they get the money to pay the
17:27 40 interest and the loan money back?

17:27 41
17:27 42 A. To be honest, I have never had any clients before
17:27 43 that have fully paid back their debt for these loan
17:27 44 sharks and they will just ask them to pay more and more
17:27 45 endlessly.

17:27 46
17:27 47 COMMISSIONER: Are they ever threatened?

17:27 1
17:27 2 A. Yes, they do get threatened.
17:27 3
17:27 4 COMMISSIONER: Threatened if they don't pay back the
17:27 5 money that they borrowed?
17:27 6
17:27 7 A. Yes, they will usually threaten to kill them,
17:27 8 although none of my clients get killed.
17:27 9
17:27 10 COMMISSIONER: (Nods head).
17:27 11
17:27 12 MR KOZMINSKY: And this client of yours, when were they
17:27 13 released from jail?
17:27 14
17:27 15 A. He was released like around one to two years ago.
17:27 16 Yep.
17:27 17
17:27 18 Q. So how long ago did the incident occur, so we have
17:27 19 a timeframe for it?
17:27 20
17:27 21 A. Around three to four years.
17:27 22
17:27 23 Q. Thank you.
17:27 24
17:27 25 Of your clients past and present are you able to tell the
17:28 26 Commissioner what percentage have attempted suicide
17:28 27 because of gambling problems at Crown?
17:28 28
17:28 29 A. I have around 10 per cent of my clients attempted
17:28 30 suicide but more than half of them have suicidal
17:28 31 ideation.
17:28 32
17:28 33 MR KOZMINSKY: Mr Commissioner, I have no further
17:28 34 questions for the witness. I don't know if you do.
17:28 35
17:28 36
17:28 37 **QUESTIONS BY THE COMMISSIONER**
17:28 38
17:28 39
17:28 40 COMMISSIONER: What kind of help can you give these
17:28 41 people?
17:28 42
17:28 43 A. Usually I do offer counselling services to them and
17:28 44 if they have problem for their housing we will find them
17:28 45 a shelter. And, if possible, we can try to make
17:28 46 referrals to the alternative agency for free food for
17:28 47 them just to ensure that they have immediate support to

17:28 1 maintain their living.
17:28 2
17:28 3 COMMISSIONER: What about to help them with their
17:28 4 gambling problem? How successful are you about that or
17:29 5 do you refer the clients off to other places to deal with
17:29 6 their gambling issue?
17:29 7
17:29 8 A. At the moment I would say around 30 per cent of my
17:29 9 client had stopped gambling afterwards but we also see
17:29 10 reducing gambling habits as a success.
17:29 11
17:29 12 COMMISSIONER: Do you counsel any of them to adopt the
17:29 13 self-exclusion program that is offered by the casino?
17:29 14
17:29 15 A. I beg your pardon, please?
17:29 16
17:29 17 COMMISSIONER: Do you get them to go to the casino and
17:29 18 self-exclude so that they are banned on their own
17:29 19 application, banned from going to the casino for
17:29 20 12 months? Do you suggest that to your clients?
17:29 21
17:29 22 A. That is always our first step.
17:29 23
17:29 24 COMMISSIONER: First step, is it?
17:29 25
17:29 26 A. Yes.
17:29 27
17:29 28 COMMISSIONER: And how successful is that?
17:29 29
17:29 30 A. Usually they will follow that because when they first
17:29 31 approach us they are usually very distressed.
17:30 32
17:30 33 COMMISSIONER: And how does the self-banning --- is that
17:30 34 a big help or it just keeps them away from the casino for
17:30 35 12 months and then back doing it again?
17:30 36
17:30 37 A. Usually it's a big help because 12 months is
17:30 38 a minimum period.
17:30 39
17:30 40 COMMISSIONER: And that can help break the habit?
17:30 41
17:30 42 A. Yes.
17:30 43
17:30 44 MR KOZMINSKY: Could I just ask on that, do clients
17:30 45 breach self-exclusion in your experience?
17:30 46
17:30 47 A. Yes, they do.

17:30 1
17:30 2 Q. And when they breach self-exclusion, are they able
17:30 3 to gamble at the casino or do the casino usually pick it
17:30 4 up?
17:30 5
17:30 6 A. Usually when they gamble in pokies machine they never
17:30 7 get caught but sometimes they get caught on the gaming
17:30 8 table.
17:30 9
17:30 10 MR KOZMINSKY: I have no further questions, Commissioner.
17:30 11 Just a question of confidentiality, I think we've been
17:30 12 through this. The witness for obvious reasons has
17:30 13 de-identified examples of clients and would like his name
17:30 14 and the foundation of the organisation he works at
17:31 15 de-identified.
17:31 16
17:31 17 COMMISSIONER: Will you provide a copy of a redacted
17:31 18 transcript --
17:31 19
17:31 20 MR KOZMINSKY: Yes.
17:31 21
17:31 22 COMMISSIONER: --- to make sure that it is okay for
17:31 23 publication?
17:31 24
17:31 25 MR KOZMINSKY: Yes, Counsel Assisting will do that and
17:31 26 once the witness is happy with that it will be available
17:31 27 for publication.
17:31 28
17:31 29 COMMISSIONER: That is okay?
17:31 30
17:31 31 A. Yes.
32
33
34 **THE WITNESS WITHDREW**
35
36
17:31 37 COMMISSIONER: Thank you very much. We will adjourn
17:31 38 until 9.30 tomorrow.
17:31 39
17:31 40 MR KOZMINSKY: 9.30.
17:31 41
42
43 **HEARING ADJOURNED AT 5.31 PM UNTIL FRIDAY, 21 MAY**
44 **2021, AT 9.30 AM**

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