

COPY OF CORRO WITH CAO (for reference as required)

1. What is the purpose of investigation and why in that time?

The VCGLR is responsible for regulating Crown Casino (Crown) in Melbourne to ensure it complies with gambling laws in the Australian state of Victoria.

The VCGLR has been investigating the circumstances leading to the detention of Crown staff in China for some time.

In addition to that investigation, the detention has been the subject of ongoing media coverage in Australia, including in 2019 when a former Crown employee (who was or is based in China) appeared in the Australian media and spoke extensively about her experience. In the course of that media coverage, several serious allegations were made.

The VCGLR has contacted you as part of its ongoing investigation and we reiterate what we said in our earlier letter dated 7 January 2020, namely that the investigation is about Crown, not about you as an individual.

2. Content what we discussed will be disclosure to Crown?

It is possible that matters or issues you might discuss with us may need to be disclosed to Crown.

Whilst the precise nature of that disclosure (including whether it might be necessary to disclose your identity) will depend upon several factors, you should be aware that the VCGLR has an obligation to provide what is known as “natural justice” to Crown and this generally includes giving Crown an opportunity to know and respond to allegations that are made against it.

3. Crown give you all arrested employees list and you send all email to them

Yes. The VCGLR has the power to require Crown to provide information. It used that power to obtain the contact details of those who were detained.

The VCGLR does not know however whether the contact details that were provided by Crown remain current for all former employees. Accordingly, if you are aware of any of your ex-colleagues who were also detained in China who would like to speak to the VCGLR, we would be happy for them to contact us, or to receive their contact details.

4. Do you know the contract we signed with Crown, I do not know if I join the investigation Crown will stop to pay me medical reimbursement?

The VCGLR is aware that those who were detained were asked to sign certain confidentiality agreements or contracts. The VCGLR is also aware that some of those who were detained may have signed employment contracts which contained ongoing obligations of confidentiality.

Very recently, Crown provided copies of those documents to the VCGLR.

One of the documents that Crown provided is a "Finalisation Deed" between you and the Hong Kong registered company Crown Resort Pte Ltd. That document is dated August 2018 and among other things provides for mutual releases and the payment of certain sums to you.

In addition to those matters, clauses 4 and 5 of the deed also contain provisions relating to obligations of confidentiality and what are described as the making of "harmful statements". Those obligations are broad and extend to an obligation that each party (i.e., you and Crown) must keep absolutely confidential the terms of the deed and the discussions and negotiations of the terms of the deed.

Those obligations are however also subject to exceptions, including, most relevantly to the questions you have asked in your email, the exception of when disclosure is required by law.

In that context, you should be aware that if you were to fly to Melbourne and speak with the VCGLR, it is intended that you would be given a notice pursuant to section 26 of the Casino Control Act 1991 (Vic). The effect of that notice would be that you would be required, pursuant to the law constituted by section 26, to give the VCGLR such information as it requires and as such the information you provide would be subject to the exceptions contained in clauses 4(a)(i) and 5(a) of the deed.

The VCGLR cannot however advise you in relation to these matters and you should obtain your own independent legal advice, in particular on the effect any future discussions with the VCGLR may have on your ongoing entitlements pursuant to the deed, including medical reimbursement.

5. Do we need a lawyer?

There is no requirement for you to be represented by a lawyer. It is up to you and you can engage a lawyer if you wish. If you do, and you want us to correspond with them, rather than with you directly, please provide us with their contact details.

I trust the above satisfies your queries.

As to your suggestion that you fly to Melbourne to discuss these matters further, please let us know when you would be available so that we might arrange a meeting at our offices.

Furthermore, in respect of any future meeting (and whilst we note that each of your email, the deed and your signed employment contract are written in English) we can arrange for an interpreter to be present, if it would be of assistance to you. If you would like an interpreter to be present, please advise whether you require a Mandarin or Cantonese language interpreter?

TRAINING and INDUCTION as per O'CONNOR statement (for reference during interview)

1. Crown employees, including the VIP International in-market sales team, were required to undertake regular compliance training to ensure that they understood Crown's obligations of compliance with the legal and regulatory regimes that applied to its business, and their obligations as employees of Crown or one of its related entities. New employees, including those in the VIP International in-market sales team, were required to attend a company run induction at Crown Melbourne, and employees were required to complete, from time to time, **scheduled refresher online compliance training modules**. This company-wide requirement was managed by the Training and Human Resources team at Crown.
2. On the commencement of their employment, new VIP International in-market sales team staff would attend the general induction program and stay in Australia for an extended period, generally up to two weeks, so that they could become familiar with Crown, the two Australian properties and the people. They would spend some time in Melbourne and some time in Perth. They were also required to attend an induction program in Hong Kong that was specifically tailored to the VIP International business unit. The new staff would spend time in the Hong Kong hub office to "learn the ropes". This tailored induction program was established by Michael Chen.
3. In addition, on occasion, training and guidance was provided to the VIP International business unit, including all in-market sales team staff, on compliance issues relevant to the business unit that I considered needed to be addressed or reinforced. For example, Michelle Fielding, the Regulatory and Compliance Manager for Crown Melbourne, delivered a training session via a conference call to all sales team staff where the staff dialled-in, and I delivered a training session at one of the All-Hands meetings.
4. The role of in-market sales staff in the China VIP International team was to maintain relationships with existing VIP gaming customers in China, to establish and

consolidate relationships with high value gamblers who had not previously visited Crown, and to market Crown's wholly owned properties to those existing and potential new customers. The staff assisted customers who wished to visit any of those properties with their travel and accommodation arrangements and visa applications and helped them to arrange credit or cheque cashing facilities from Crown for gambling at Crown Melbourne and Crown Perth.

5. *Similarly, if a Chinese VIP customer had an outstanding debt to Crown from visits to one or more of Crown's wholly-owned properties, it was the role of in-market sales staff to follow up and discuss the repayment of that debt with the customer.*

RECORD OF INTERVIEW

TRANSLATOR

For the purposes of this interview Mr CAO we have arranged a translator. During the course of the interview if there is anything that you do not understand please ask for clarification (translate same)

Could you, the translator, please introduce yourself, your contact details, qualifications (in English and Chinese)

PREAMBLE

This is a recorded interview between Inspector _____ of the Victorian Commission for Gambling and Liquor Regulation and Mr Frank CAO conducted via **WECHAT** at the Victorian Commission for Gambling and Liquor Regulation 12 Shelley Street, Richmond on _____ (Insert day and date) _____.

Also present is Inspector _____.

The time is _____

Inspector _____ could you please identify yourself for the purpose of the recording by stating your full name and position?

Mr CAO – is there anything in our letter of 12 February 2020 that you would like clarified before we start? Copy as above.

LAWYER (clarify if wants)

*Additionally, **legal counsel** for Frank CAO is present, could you please identify yourself for the purpose of the recording by stating your full name and position?*

OR

Do you wish to have a lawyer present Mr CAO? As previously advised it is up to you if you want to have a lawyer present.

IDENTITY

What is your full name?

What is your current address?

What is your date of birth?

How do you prefer to be addressed during this interview?

Do you have a form of identity document you can show us?

BACKGROUND

The purpose of today's interview is to seek information in relation to the circumstances surrounding the arrest of Crown employees in China as a part of the ongoing investigation under section 24 of the Casino Control Act 1991.

Anything you say in this interview, or any information you provide, may be considered by and relied upon by the Commission as a part of this investigation and any subsequent action that may be taken by the Commission.

Do you have any questions about the purpose of the interview?

How proficient are you in English Written and (verbal)

BACKGROUND / INITIAL EMPLOYMENT WITH CROWN

Before you joined Crown could you please talk about your previous employment?

How did you come to work at Crown?

What were you told about the job before you started?

By whom?

Had you worked for casinos previously?

If so which ones?

Doing what and

When

What qualifications do you hold?

What languages can you speak and read? (Cantonese and Mandarin?)

INDUCTION / TRAINING

the telephone training that was conducted by Crown's Chinese lawyers in December 2015 (Mr Cao started in January 2016) and whether he participated in that training, prior to him commencing his role

Please confirm when you started (January 2016)

What induction did you have?

Who did the induction?

What training did you have (on line courses, travel to Melbourne, face to face) ?

Who did the training?

What materials were you provided with?

Did you still have any of the materials (if so could you provide them)

Can you confirm that your initial position was Beijing

(Position International Sales Manager Beijing)

What were your duties when you started?

Did they change?

And you reported to what position?

Who was your manager / who did you report to?

Was that the only person you reported to?

If not, who else and what roles?

Did anyone report to you?

What was your managers expectations?

Who were your peers?

DAY TO DAY ROLE

What was the objective of your role eg sell Crown resorts, attract gamblers, etc

How did you go about doing this on a day to day basis?

precisely how it was that Mr Cao went about attracting customers to Crown. The objective being to assemble a narrative that can be contrasted with / contradicts the evidence of:

- a. O'Connor that he knew it was illegal "to advertise (/promote) gambling in China";*
- b. Chen that carrying promotional material in China was a "no-no;"*
- c. Pan that she was advised not to carry marketing material in China or to give gaming related material to Chinese citizens in China and that she was told to engage in "low key marketing";*

Where did you get your leads from (regarding who to contact)?

What were your targets?

How many visitors to Australian casinos (Perth and Melbourne) do you think you were able to get during your time in this role?

Did you have a personal (or team) budget

What was it?

What was your budget for?

Where did you travel to?

How often did you travel?

What approval did you need to travel?

Did you travel with others or by yourself?

Mr Cao's involvement in the various marketing "roadshows" that occurred in the period during which he was employed (namely 14-27 March, May, 22-26 June, August and October (this last one being immediately before he was arrested));

What materials did you take with you when you travelled (eg promotional material)

Show the gaming and non-gaming material – Get him to identify what it is, how he got it, why and from whom etc. Where it was stored

the two versions of the July 2016 "Explore" magazine and the extent to which the gaming version promotes gambling;

How did you work out what incentives to give gamblers (ie based on their gambling turnover) ie did you use a computer application? Provided by Crown? Where was it stored?

Performance Evaluation Plan

-

Were you subject to a yearly performance evaluation plan?

Can you detail the purpose of the performance evaluation plan?

What were the financial objectives of your Performance Evaluation Plan?

Can you recall your final outcomes for the years relating to meeting your financial objectives?

Did all your objectives relate specifically to the Chinese market?

What bonuses can you recall receiving regarding meeting your financial objectives

Do you think that the objectives within your performance evaluation plan were reasonable?

How difficult was it for you to reach your targets?

Salary

Can you recall your salary the year you were arrested?

What percentage of your total remuneration was yearly salary as opposed to bonuses?

Chronology of Events in China

CAO did not join Crown until January 2016 – will be interesting his understanding of the landscape before he joined and then what he was told)

Before you joined Crown what was your understanding of the laws regarding gambling in China?

What about the laws regarding approaching people in China to come to Australia to gamble?

How did you gain this understanding?

From who?

Were you given anything in writing? (do you still have copies/can we have same)

When?

From whom?

Were you 'trained' on the laws of gambling by Crown?

If yes, how (online, in- house, one on one, group training)

Competitors in China

Who were your main competitors in China?

How did they compare in size of operators like yourself on the ground?

Were you aware of their marketing approaches to attracting clients?

How did Crown differentiate in their marketing approaches to their competitors?

Were you aware of competitors changing their approach in China at any stage when you worked for Crown. If so, do you know why?

Did you event meet with competitors from other casinos?

What did other competitors tell you about what was going on in China?

2014 early 2015 China Crackdown

There are numerous news articles from late 2014 thru to early 2015 regarding China increasing scrutiny over gambling, in particular Chinese gamblers going to Macau and overseas to gamble.

What can you tell us about these?

Can I please read out one of the articles

Headed 'China's president just declared war on global gambling' dated 7 February 2015 ex Reuters, China clamps down on foreign casinos wooing Chinese gamblers dated 7 February 2015 ex Macau Times

A fair number of neighbouring countries have casinos, and they have set up offices in China to attract and drum up interest from Chinese citizens to go abroad and gamble. This will also be an area that we will crack down on

Can you recall seeing or hearing about similar articles?

What was your reaction to this?

Were you advised of articles like this (or briefed on this occurring when you joined Crown?)

If yes, by whom,
When,

Why

How

25 February 2015 CHEN's email to colleagues (before Cao's time – may have discussed it with colleague?)

Was CAO told about it?

If so by who

and when?

Marketing when CAO commenced

What advice did you receive regarding how to market / operate in mainland China?

Where you told about the number of clients at meetings,

Were you told about the 10 or more rule?,

Were you told not carry gambling materials?,

Were you told what to say to the police if questioned by them about what you did for a job?

Were you told about the risks of money transferring?

Do you know what these instructions / advice was based on? (eg advice from Mintz and/or Wilmer Hale?)

Who relayed the advice?

How was your marketing instructions relayed (email, face to face training, group training)

Where was it done?

By whom?

How often?

Were you ever told to do low key marketing?

What did you understand by the term low key marketing?

Were you give advice regarding mobile phone usage (eg not use texts/ use pre paid from Hong Kong?)

Were you told not to carry certain materials (eg promoting gambling?)

Were you told why to take these type of precautions?

KOREAN arrests 20 June 2015

On 20 June 2015 media articles reported that '*S Korean casino operators hit by arrests in China*' ([read article](#))

Were you aware of this before you joined Crown?

If yes, what was your understanding of it?

When you joined Crown, were you briefed on the Korean arrests?

What were you told?

By whom?

How were you told?

10 July 2015 Crown employees questioned in Wuhan.

Were you aware that Crown employees had previously been questioned by Chinese Police?

If yes, who told you?

What did they say?

14 October 2015 CCTV report as per email CHEN to MINTZ regarding Korean arrests and general situ in China *translation states*

Were you aware of this news report before you joined Crown

(If yes), what was your reaction?

What is your response to this?

Were you ever briefed about this when you joined Crown?

If so, when?

By whom?

What did they say?

General discussions amongst Crown employees in China

Michael Chen's suggestion during his interview that some of the staff in China were of the opinion that what they were doing might have been illegal and there was a lot of chatter amongst them accordingly. Mr Cao should be asked about his discussions with his China-based colleagues accordingly

the arrest of 218 people in April 2016 in relation to “fake online casinos” and the email (also in April 2016) from Crown seeking to have Alfred Gomez use the China-based crown staff promote the online CrownBet offering;

the trial, conviction and deportation of the South Korean Casino staff in August 2016 (noting that their earlier arrest in 2015 is already referred to in the plan);

the email that circulated among Crown execs in the first couple of days of October 2016 (just before the arrests) noting that staff from other foreign casinos were leaving China;

Specific arrest incident

When you were arrested, what occurred?

Can you explain the reason you were arrested?

What was the reason given to you as to your arrest?

What documents were you provided with regarding your arrest (eg charges)?

What were you charged with?

In your own words can you explain what your charges were?

Crowns Melbourne Ltd’s notification to the VCGLR on 10 July 2017 provided a conviction was recorded against you in relation to

Article 303, Clause 1, is that anyone who organises gambling parties or is engaged in gambling as one’s main business for the purpose of making profits shall be sentenced to not more than three years of fixed-term imprisonment, detention, or surveillance, and shall be jointly fined.

Article 25, Clause 1, is that a joint crime is an intentional crime committed by two or more persons jointly.

Is that correct?

Can you detail what your involvement was in breaching Article 303, Clause 1?

What were you told you did specifically relating to this breach?

Can you detail what your involvement was in breaching Article 25, Clause 1?

What did you do specifically relating to this breach?

Can you detail what your involvement in organising gambling parties or is engaged in gambling as one's main business for the purpose of making profits was?

What evidence did the Chinese authorities present to you to support the charges made against you

What did you plea?

Were you told what the time frame was that these offences occurred over?

When did they state that the offences commenced?

When did they state that the offences concluded?

What legal representation or assistance did you receive during the process from arrest to conviction?

What role did the Crown Group of companies play after your arrest and imprisonment in China?

What was your sentence?

Was a monetary fine paid as a result of your finding of guilt?

What was the fine?

Who paid this fine?

Are you obligated to reimburse this fine to the Crown group?

After release

Has anyone been in contact with you from Crown since your release?

If yes,

Who

When

How

Where

What did they say?

Did they tell you to do anything?

Not do anything?

Any questions Inspector _____?

Before concluding the interview is there anything further that you would like to say in relation to this matter?

Interview concluded at _____.

The time is now _____

- C.
- C.

