

INSPECTOR BRYANT: This is a recorded interview between Inspector Bryant of the Victorian Commission for Gambling and Liquor Regulation and Michael Chen, conducted in New York on 10 May 2018. Also present is Inspector Jarrod Wolfe. The time is now five past 11. Inspector Wolfe, could you - could everyone please state their name and position and the purposes for attending the interview?

MR MUPRHY: Richard Murphy, Partner Minter Ellison attending via video conference.

MR PRESTON: John Preston, Chief Legal Officer Australian Resorts for Crown.

MR CHEN: Michael Chen, former executive at Crown.

MR WEAVER: Andrew Weaver, Cleary Gottlieb, counsel for Mr Chen.

INSPECTOR BRYANT:

Q1. Do you mind if I refer to you as Michael during the course of the interview?

A Absolutely. No other four letter words.

Michael - - -

INSPECTOR WOLFE: Sorry, Jarrod Wolfe from Victorian Commission for Gambling and Liquor Regulation.

INSPECTOR BRYANT: Thank you.

Q2. What is your full name?

A Michael Wong Chen.

MR PRESTON: Sorry, just before we get going do you want to get Richard to do your spiel - - -

MR MUPRHY: Yes, I wondered at what point it was appropriate to say that. I just need to actually serve a confirming notice on Michael in the way that we have with all of the other interviewees, a notice

under s.26.

INSPECTOR BRYANT: I haven't. I thought I'd provided one in the original correspondence in relation to the interview.

MR PRESTON: Remember we re-drafted them for the purpose of the relevant - I think we had them re-drafted if I recall correctly, Richard, to capture a couple of extra elements.

INSPECTOR BRYANT: Okay, well I'm sorry because I haven't with me.

MR PRESTON: Well maybe we can just record if you're - - -

MR MUPRHY: Can we proceed on the assumption that you will be writing to Michael care of us if you like to - in the corresponding terms to which you've written to each of the other interviewees.

INSPECTOR BRYANT: Yes, and I'm happy for you to put it on the record verbally as well for the purpose of the interview, yeah of course.

MR MUPRHY: Okay, thank you. So you will do that to confirm that the terms of the interview, that's also pursuant to the terms of the letter that we wrote to you back on 1st March.

INSPECTOR BRYANT: Yes.

MR MUPRHY: 2018.

INSPECTOR BRYANT: Yes.

MR MUPRHY: Okay, thanks Tim.

INSPECTOR BRYANT:

Q3. What is your current address?

A

Q4. What's your date of birth?

A

Q5. The purpose for today's interview is to seek information in relation to the circumstances surrounding the arrest of Crown employees in China as part of the ongoing investigation under s.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 part of this investigation any subsequent action that may be taken by the Commission. However, we note that you're also the holder of a Casino Special Employee licence, therefore anything you say in this interview or any information you provide may inform the Commission when considering what subsequent action may be taken in the future regarding your Casino Special Employee's licence, including inquiring into whether there are grounds for disciplinary action against you under s.52 of the Casino Control Act 1991. Do you have any questions about the purposes of the interview?

A No.

Q6. What is your current occupation?

A I currently chair the board of a family business. I own a development company in Japan doing real estate development and I don't - I'm not engaged in any activity full-time currently.

Q7. Do you mind outlining what qualifications you hold?

A I have a Bachelor's degree from Harvard University and I have a Master's in Business Administration from Harvard as well.

Q8. What languages other than English can you speak and read?

A I can speak Mandarin, I can speak Taiwanese and I can speak English and read some level of Chinese and - - -

Q9. How would you describe levels of reading?

A Chinese reading? Elementary school. Low elementary school.

You're ahead of me.

MR PRESTON: And myself.

INSPECTOR BRYANT:

Q10. What was your occupation prior to joining Crown?

A I was president of Asia for Caesar's Entertainment.

Q11. What was that specific role?

A It was a development role, corporate development role. I was responsible for identifying new investment and casino development opportunities in Asia, establishing the company's presence there, developing relationships with governments, lobbying governments and setting our overall investment and development strategy for Asia and opening up our corporate offices there.

Q12. Were you engaged - how long did you have that role for?

A About five years. I was with Caesar's for seven years and I had that role for about five years.

Q13. In general terms what sort of involvement did you have in the gambling side of the industry for Caesar's?

A Well none in the operational side of it but

certainly in the understanding of it in order to assess investment opportunities, yeah, I had to understand every part of the business in order to develop models. You know, development models for potential investors, potential new casinos.

Q14. Would those development models drilled into such things as the international - the international junket market or VIP market for casinos?

A It would at a fairly high level so we'd have to estimate how a potential new casino would perform, the mix of business, where sources of customers will come from and justify the investment.

Q15. Okay. So apart from Caesar's what other experience do you have in the sort of - the casino industry?

A None before Caesar's.

Q16. None before Caesar's. And just to clarify, so it was seven years at Caesar's?

A Yes.

Q17. How did you get into that side of the business or that side of business?

A I was - prior to Caesars I was a venture back start-up CEO of Silicon Valley. My company developed enterprise analytic software to help improve customer service in large companies like Telcos, banks and insurance companies, and at the time the mission of the company was based on a management science called Service Management, and the chairman and CEO of Caesars happened to be a service manager professor at Harvard. And so through my prior experience before my start up I

was at McKinsey as a consultant, and through that network I found out about this opportunity, we had a discussion and he brought me over. We had a common passion for customer service.

Q18. Before you started with Crown had you worked in mainland China previously?

A Yes, I worked for McKinsey & Company for one year in Shanghai.

Q19. What year was that?

A 1998.

Q20. What was that that role with McKinsey?

A I was Engagement Manager.

Q21. Pardon my ignorance, what did McKinsey do?

A McKinsey's a management consultancy. It's one of the world's top consultancies and we advise on business strategies, operational improvement.

Q22. Apart from McKinsey, any other operational experience working in China?

A Our family business operates in China as well. So I sit on the board of the family business and I'm a significant shareholder and so we've had 35 years of experience in China.

Q23. What's the family business?

A We do - we manage the supply chain for industrial parts that are manufactured overseas in Taiwan and China and sold to the defence industry, firearms and aerospace. So machine parts, moulded parts, diecast parts.

Q24. A general question. What was your experience with Chinese law previously?

A In my capacity at Caesars we had to - we did a lot of lobbying in Macau and also in China relative to potential gaming opportunities. So we had to understand what the boundaries were, what the state of regulations were on gambling and at Caesars we explored online gambling, we explored poker because Caesars owned the World Series of Poker, and we looked at potentially developing a poker business within China and seeing if it was classified as a gambling activity or a game of skill, I'm sure you've seen all those types of debates. So through that process I got to have conversations with folks knowledgeable on China.

Q25. How did you come to be employed at Crown?

A Through an executive recruiter who found me.

Q26. Can you just outline in general terms your role at Crown?

A Sure. I was president of International Marketing. My scope included managing the sales and marketing team. I was - it included being a contributor to the strategy of the business unit. I was brought in to professionalise the business, to bring in an outside point of view, new process, new skills, new training and a fresh look at the business. But I was responsible for the - I was responsible for the profitability of the business. That's how I was measured.

MR WEAVER: Sorry, Richard, do you mind just muting your line, we're getting a little feedback from the mic. Do you mind just hitting mute on your side?

MR MUPRHY: Right, test my technological competence Andrew.  
MR WEAVER: But don't disconnect. At a minimum, if you don't know what you're doing don't worry about it.  
MR MUPRHY: Yeah, I don't actually have a remote here, Andrew.  
MR WEAVER: That's fine. All right, fair enough.  
MR MUPRHY: I'll try and be very quiet.  
MR WEAVER: No, it's not you. Don't worry, it's fine, go ahead.

INSPECTOR BRYANT:

Q27. And I'd imagine, just to go back, I'd imagine your sales background was important to that role in your recruitment?

A Yes. Yes, very much so. I was part of the salesforce in this practice at McKinsey's. I've done a lot of sales work. As a start-up CEO you are number one sales person in a start-up of that company. And I was brought in for my leadership experience as well in leading companies through change.

Q28. So was that the only role you performed at Crown, in your time at Crown?

A That's correct.

Q29. What were your reporting lines?

A I reported to Jason O'Connor.

Q30. Was that for the whole time you were at - - -

A It was.

Q31. Who reported to you?

A I had a team which varied between six or seven senior vice presidents, largely arranged geographically although I had one senior vice



president responsible for our London business that reported to me and then all of their subordinates.

Q32. Did you ever report directly to other executives at Crown on particular matters?

A We had a pretty collaborative environment. So Barry was very involved and, you know, we had very open lines of communication. We would socialise ideas and key issues regularly.

Q33. So it wasn't strictly hierarchical, the structure with your reporting to Jason?

A Not really. Jason was very supportive. You know, I would never go around him.

Q34. I understand.

A But with his consent or his participation I engaged with Barry on a regular basis.

Q35. If Jason was on leave or unavailable, who would you report to?

A I'd go to Baz, Barry.

Q36. You've been described by Jason as being connected within the industry and also politically. How were you connected politically?

A Well in my role at Caesars I got to know quite a bit of the folks in the government in Macau, because we were regularly talking to the regulators in Macau to the - effectively who was attorney-general in Macau - they didn't call it attorney-general, I can't remember what they called it but just understanding their intent to issue new licenses, what the laws were and what the recommendations were for a company like Caesars who

was interested in entering the market.

Q37. What about mainland China?

A Mainland China was more - either more indirect relationships, either through customers. We had a family relationship with one of the daughters of somebody who was quite senior in the Chinese government before they retired.

Q38. What were your day to day duties?

A Can I put it into a couple of different buckets?

Q39. Yeah, of course, of course. I understand you would have had different parts - - -

A Yeah, so I'd say a third of my time was spent on strategy, on designing, forward looking the next six months, 12 months, 18 months. Designing the plan, creating new promotional events, new product, new strategies around how to create - get more productivity out of the team. You know, setting direction and agenda for team meetings and what we wanted the team to be focused on. I say a third of the time was spent in management and review activities, either upwards or downwards. It could be a bi-weekly sales pipeline meeting, it could be a customer strategy working with my team on, you know, helping them and coaching them on how to grow their businesses. The other third of my time would have been out in the field visiting customers and supporting the team in building relationships and stimulating interest in coming to Crown.

Q40. How many trips a year would you have done to mainland China at that time?

- A I'd say I went on average at least once a month.
- Q41. Okay. And with one of your staff - you'd go with one of your team members from that region generally?
- A Yeah, usually. I would go visit a particular region and they'd set the whole itinerary for me and we'd go visit customers.
- Q42. And if you had to describe the, you know, the primary purpose or objective of your role?
- MR WEAVER: Role within the company or role on those trips?
- INSPECTOR BRYANT:
- Q43. No, role within the company?
- A The primary objective was to meet the company's profit objectives in the business. For me to meet the company's profit objectives.
- Q44. And that's based on attracting customers to Crown to gamble?
- A Yes.
- Q45. Where were you based at the time; you were based in Hong Kong?
- A Based in Hong Kong, yeah.
- Q46. When you said before about in relation to having political connections, I'd imagine it'd be a bit different in Macau as opposed to mainland China?
- A Yeah. I had more in Macau.
- Q47. Yeah. Why would you say that is?
- A Because there was no reason to - the only reason we looked into China when I was at Caesars was because of the poker issues. Macau, you know, was a market that Caesars was interested in entering, so we had

to have direct conversations with the government there.

Q48. So in an overall sense how would you describe how connected politically you would have been in China, mainland China?

A On a scale of one to 10, well one.

Q49. I take it overall China was the main market?

A I don't recall the exact numbers but I'd say the way we measured our business, I think China probably represented about 60 per cent. There was indirect China business because there were a lot of transplants who spent half their time in China, I'd say they lived in Hong Kong as well, and they would have been recorded under a Hong Kong business.

Q50. Yeah.

A So it would be, say, Chinese influenced business maybe as high as 80 per cent, 75 per cent.

Q51. What was the next biggest market?

A Would have been Hong Kong, Macau but again that was very Chinese - that would be in that 75 per cent.

Q52. Yeah.

A If you went beyond that, I'm trying to recall from memory now so don't hold me to this but - - -

Q53. No, no.

A - - - it would have been probably Malaysia.

Q54. Okay.

A Malaysia, Indonesia were the two - Indonesia at one point was bigger than Malaysia.

Q55. Was Crown Melbourne as opposed to say Perth and Aspinalls, the main casino you marketed for

or - - -

A No, we were agnostic. The goal was to have them choose Crown versus our competitors in Sydney or any other destination, Singapore - - -

Q56. As long as it was Crown?

A Yeah, as long as it was Crown.

Q57. What would have the - and I know it's general and I won't hold you to specific numbers. What would have the breakdown been overall that Crown, Melbourne was the main attraction?

A Yeah, so Crown, Melbourne would have been you know over two thirds of it, three quarters, and then the remainder split pretty much equally between London and Perth.

Q58. I'll just get into some documents now that just go over - this is a copy of a letter sent to yourself dated 16 January 2012, and details your employment with Crown. It's 20 pages and includes an annexure that details your short term and long term incentive plans, and I'd just like to go over them in a minute.

A Sure.

So firstly, do you agree that that's the document I'm showing you, and take your time to familiarise yourself and show your legal reps too if you want.

MR PRESTON: It's the 16 January 2012 employment contract.

MR WEAVER: Yeah, thank you.

MR CHEN: Yes, I concur.

INSPECTOR BRYANT:

Q59. Can you just go through, I think your signature

appears on pp.12, 16 and p.4 of the annexure.  
Could you please just confirm that that's your  
signature on those pages?

A 12, yes it is. 16, yes it is and one more, yes,  
correct.

Q60. Okay, and that's the role you were performing  
during your time at Crown?

A Correct.

Q61. Could you please explain to us in simple terms for  
us too especially your short term and long term  
incentive plans?

A Sure. We were given targets by the board, approved  
targets by the board which as with any company is a  
negotiated process. And I had a short term  
incentive plan that paid out based on how I  
performed relative to the targets. The - I think,  
let me take a look at it.

Q62. Yeah, please, take your time. I'm not - - -

A It's been a while since, I don't recall exactly. I  
think the total potential - - -

MR WEAVER: It's at the back, I think.

MR CHEN:

A There it is, okay. So the annual potential max I  
could receive was 250 per cent of my salary and  
that was only when 150 per cent of budget was  
achieved. Now that short term plan, that was the  
framework every year, there might be some  
adjustments but that was basically the framework.  
Long term, I had a 200 per cent potential across  
four years and it was weighed towards the outer

years, and you know it was made up of components of profitability from each one of the properties.

Q63. Were both those set by the board, the Crown board?

A Yes. Well, yes, it was recommended by management and approved by the board.

Q64. Approved by the board, sorry. What input did you have into the actual performance?

A We would - I would propose what the targets are to be and then they'd crank it up by a large number and then we have a little negotiation and then - - -

MR WEAVER: (Indistinct words).

MR CHEN:

A Yeah. And then we would get told what the number would be.

INSPECTOR BRYANT:

Q65. Okay, so it was based on turnover, gaming turnover? Explain to us in simple terms first.

A So yeah, it started with turnover and then of course we'd load in all the costs and the expected profitability, the mix of business, what sort of promotional plans and hiring plans that we had and I was held to a profit number. Now for my team most of them were held to a two week turnover number, but I was held to a profit number.

Q66. I'd imagine the profit numbers would be tougher than the turnover numbers?

A It was appropriate, I think it was appropriate because I had influence - either had control or influence over several components that went into

the profit number and they also lined my interest with Barry and Jason who were measured on the same number.

Q67. Yes. What were the controls you had over the profit?

A You know, the staff budget. I was the one who designed all the marketing calendar, the promotions that we had, the deal terms that we had with our customers. You know, pricing.

Q68. So when you say deal terms or pricing, that's in relation to what the customer's incentives are, is that - - -

A That's right, that's right.

Q69. Could you explain that to us in layman's terms?

A Sure. So if a customer were visiting us they would be interested in their rebate, what they play, the commissions, so that would often be negotiated, whether they get free rooms, whether they get the jet and you know our problem is we say, you know, what that commission rate would be is a pricing decision and we would have, you know, we would have a rate card for the year that was socialised, you know, I would recommend what it is but Jason would weigh in and Barry would weigh in as well and we'd get to a consensus.

Q70. Were any of the short term or long term incentive bonuses specific - attributable to the Chinese market?

A No. I mean if - I had quite a wide discretion in trying to drive that number from any market. If I



thought Malaysia was going to be a particularly strong market in a given year I could put more resources in Malaysia. It all came down to one number.

Q71. Did you reach your annual short term incentive plans over the course of your time at Crown?

A Largely, yes.

Q72. How did you go about achieving that or improving on that?

A It was a multipronged effort. I inherited a business that had been run a certain way and a very traditional way for a very long time, and with my sales background and expertise in other companies, I decided to bring in some best practices which started with putting in the right culture, a culture of collaboration, analytics, putting the right measurement systems. Before I arrived people just didn't know how they did, how they were performing, what the targets were so we instituted daily score cards, daily report cards we called them. Daily score cards, the sales staff would wake up in the morning, there'd be an email in their box and they'd have a report card on how they were doing relative to their targets. They'd have an estimate of what their bonus would be if the day ended - if the year ended that day, and it was about, you know, we were a big believer, I was a big believer in you can't change what you can't measure. So if growth was important to the company, we were going to measure growth and make

sure everybody knew what the targets were. We put in a lot of training from outside resources. We developed our own training program called the Crown Sales University. We had a curriculum we assessed - we did assessments on the staff and - but we supported them, gave them coaching and we brought in a lot of new talent from the outside, true sales talent from the outside.

Q73. It'd be fair to say it was predominantly sales based initiatives that you brought in as well as the measuring side of it, if I could focus on that?

A Some marketing as well, product development. We implemented a portfolio of new events that were highly successful and innovative for the business in the industry.

Q74. What sort of events were they?

A As an example, we came up with a new event called Golden Ball, this is just an example. Our business - - -

Q75. I think I saw that in some of the planning documents. I think was thinking they were a bit James Bond-ish but that's all right. What was Golden Ball?

A So if you look at our business, the VIP business, it is - to make your number your high end customers are most important. They make up a disproportionate amount of your profitability.

Q76. Yeah.

A The issue was we had a marketing event calendar that sort of peanut butter spread, it sort of - - -

Q77. Treat everyone equally?

A Let's market to everybody and appeal to nobody. So I wanted to design - we wanted to design an event that was just targeted to that high end, and that was our Golden Ball. It was only for million dollar and up customers and we had - it was a 90 minute event, entertainment. Those who were lucky enough to be invited we capped it at 25 people, and we guaranteed a million dollar lucky draw at the end, so one in the 25 would win a million dollars. I think today it's still one of the most successful events ever at Crown. We ran it a number of times and we far exceeded our performer expectations on those. So we did a number of those types of events that - - -

Q78. And for players to get an invite to that they'd have to then have a certain amount of gambling turnover at Crown, would that be right?

A They were basically all known customers.

Q79. Yeah.

A And we - it was not even first come first serve. They could put their name in and we would select who could come. Because we would only yield those 25 spots to who we thought were the very best customers.

Q80. But it was based on customers as far as gambling turnover?

A Yes.

Q81. I'd imagine, yeah, they wouldn't be the sort you'd cold call?

A No. No. We had to have confidence that we were going to make back our prize.

Q82. Yeah.

A And then some.

Q83. What was the main game they played when they came?

A Baccarat.

Q84. Baccarat.

A Yeah.

Q85. Fascinating game. It's the best odds at the casino isn't it, Baccarat? Apart from - - -

A One of the best, yeah.

Q86. One of the best?

A Yeah.

MR PRESTON: One of the simplest, one of the ones where the level of so-called luck and runs know no end to investigation by the players.

INSPECTOR BRYANT:

Q87. Yeah, okay. And the same - - -

A It's totally irrational - - -

Q88. And it's a - yeah. I suppose most gambling is in some ways but yeah, there's no skilled decision.

A There's no skilled decision.

MR PRESTON: It's where you put your bet.

INSPECTOR BRYANT:

Q89. It's an interesting game and the bank just wins on the - - -

A On the commission, yeah.

MR PRESTON: (Indistinct), yeah, player. Don't try and understand it.

INSPECTOR BRYANT:

Q90. No. You've jumped ahead on me. So, yeah, I think you touched on it before, so it was 250 per cent the short term event based on theoretical net contribution performances of the three properties in total and of each property?

A Yes, that's how it started and then it morphed a little bit as time went on but that was basically the framework.

Q91. Okay. How did it morph - - -

A It never got close to 250.

Q92. Well that's my next question if you don't mind me asking. What did you get close to?

A I don't recall exactly. I think our best year we were probably short of - it was probably 180 per cent or something like that.

Q93. But would it be fair to say that in your role you were incentivised, highly incentivised to achieve financial targets?

A Sure, I mean as all the executives were. I think every senior executive at Crown was measured on the same profit numbers.

Q94. Would it be fair to say it was the last couple of years of your position at Crown that you would have got closer to 180 per cent?

A Yes.

Q95. Had you ever worked in a financial incentivised position like this previously? Was it similar to this at Caesars in your role?

A Well Caesars we were bonus, yes, it was also - all the executives there had a profit target and then

at - when I had my own company, the (indistinct)  
company, that was also - - -

Q96. That's your own company?

A Yeah, profit driven.

I'll just show you a position description titled, "President  
International Marketing" with the Crown logo. Do  
you agree that that's the document I'm showing you,  
Michael?

MR WEAVER: You're asking if that's what it says because you  
didn't ask if he'd seen it before.

INSPECTOR BRYANT: No, just if that's what it says.

MR WEAVER: Fair enough.

MR CHEN: Yes.

MR PRESTON: Another one, Richard.

MR CHEN: Yes, it is.

INSPECTOR BRYANT: And that's the position description  
applicable to your role as president of  
international marketing?

MR WEAVER: Again, are you asking reading it today or if he's  
familiar with it - sorry, I just want to be - - -

INSPECTOR BRYANT: Okay.

MR WEAVER: You're assuming he's seen it. I'm not sure it's  
necessarily true.

INSPECTOR BRYANT: Okay. We'll start again then. I hear what  
you're saying, I hear what you're saying, I'm  
listening.

Q97. Have you seen that before - can you recall seeing  
that before, Michael?

A I did not see this before this set of documents was  
sent around.

- Q98. Okay.
- A I don't recall seeing it. I may have but I don't recall seeing it.
- Q99. Okay. Can I just ask you to take some time to familiarise yourself with it, have a look through it?
- A Sure. Okay.
- Q100. I know you've only had a few minutes to read that. Do you think that's an accurate reflection of what your position description, what your actual role was?
- A I think broadly, yes. There may be specific things. Like I'm not sure what OH&S and EO refers to but I think broadly that's the scope, yes. It means occupational hazards or something.
- MR WEAVER: If you don't know, you don't know.
- INSPECTOR BRYANT:
- Q101. If you don't know, you don't know. If you can't remember, you can't remember, yeah. In anywhere in that document can you see where it refers to anything in relation to risk management or risk assessment?
- A There's a section on people management partnering with human resources on play related issues, there's obviously some risk issues with staff. There is - there's a bullet on resolution challenging and complex issues that are legal or PR risks.
- Q102. Yeah, I suppose that's one question I'd like to ask. So under decision making and advice it

details resolution of challenging and complex issues that are legal or PR risks.

A Yes.

Q103. And these are decision this role makes under guidance. Would you like to offer a comment in relation to that in the context of your role at the time?

MR WEAVER: I'm sorry, a comment?

INSPECTOR BRYANT: Well, it's a - okay, I'll rephrase the question.

MR WEAVER: Sorry.

INSPECTOR BRYANT:

Q104. Well this is Michael's position description.

A Yeah.

Q105. So I'd probably consider that the resolution of challenging and complex issues that are legal or PR risk will fit into the category of what occurred in China. So I'd just like to ask Michael his comment in relation to that. In his position description what he was actually doing at the time.

A I'd never seen this so I was certainly not under the impression that I would be making decisions on legal or PR risks, but I would be an actor in influencing and informing and being part of a collaborative decision on some of these things. So - and that's the way we operated.

Q106. And when you say collaborating, who would you be collaborating with?

A Our own internal legal department, Jason of course and Barry, and Rohan as well, earlier on in the



stint.

Q107. Do you think it's a fair statement to say that that would refer to such things as risk assessment of changes in the landscape in China?

A Yes.

Q108. It talks in there in relation to receiving guidance. Who would you consider you would be receiving guidance from?

A Our own legal department, outside advisors and in the collaboration with Barry and Jason, you know, debated out and reasoned consensus on what to do.

Q109. Okay. Another part of the role it talks about in there, it talks about including advice to business on operational and risk management issues.

A Where is that?

Q110. It's in the - little bit further down.

A There we go, okay.

Q111. Once again, do you think that would fall into the category of dealing with issues in China?

A Sure.

Q112. In relation to interpreting Chinese gambling laws would fit into that category?

A Yes.

Q113. I mean it talks about providing advice to business. What would you consider that would be referring to?

A You mean the last advice to business?

Q114. Yeah.

A I would refer to Crown as a whole, right, certainly Barry and Jason as my superiors.

Q115. Is there anything - thanks for that, Michael. I

appreciate if you haven't seen the documents  
before - - -

A Yeah, no worries.

MR PRESTON: We've been going about an hour, do you want  
to - - -

INSPECTOR BRYANT: I wouldn't mind a break.

MR PRESTON: Couple of minutes?

INSPECTOR BRYANT: Yes, thank you. Do you agree the time is  
now, just for the break - - -

MR WEAVER: Sorry, did you want to - I'm doing - save the  
time.

INSPECTOR BRYANT: The time is now 5.56?

INTERVIEW SUSPENDED

INTERVIEW RESUMED

INSPECTOR BRYANT: Interview is recommenced.

Q116. The time is now 6.07. is that correct, Michael?

A Correct.

Q117. Thank you. I just want to talk in general terms  
about your involvement in planning.

A Sure.

Q118. So what was your involvement in VIP International  
planning?

A I would be asked for some input. I would provide a  
view of the market, my research review of the  
market and the implications or on what our  
expectations were on sales, and provide input into  
the marketing calendar, the events that we would  
hold, our hiring plan and put that forth into the  
planning process for review and debate and  
discussion.

Q119. Who would you provide that to?

A To Jason and Barry.

Q120. I'm just going to show you a document that's headed "F16, F20 Strategy Business Plan Executive Review VIP International". If you just want to take your time, Michael, and familiarise yourself with it?

That might be 96, Richard.

MR MUPRHY: Thank you.

INSPECTOR BRYANT: I think.

A This is not a document I recall seeing while I was at Crown.

Q121. So you wouldn't actually put that document together then, I take it, or those types of documents together?

A I would provide input. So I recognise some of the slides. I may have done a couple of slides. I did not - I don't recall ever seeing the overall document.

Q122. Would you usually see the finished product though in the course of your duties?

A This looks like a five year plan. I don't recall seeing. The annual plan as presented to the board subcommittee, that I would typically see.

Q123. What plan's that?

A It's like a subset, it's just a one year plan. The one year - - -

Okay.

MR WEAVER: Don't go looking for it, it's fine. They'll show it to you if they want to.

INSPECTOR BRYANT:

- Q124. What slides in there can you recall preparing?
- A I don't recall any specific - they look familiar and the words are, you know, just as an example we would debate what some of the critical issues were and I don't recall any specific slide that I created here. But in general I would have contributed to some of the content.
- Q125. There's some specific content in there I'd like to draw your attention to and it talks about the market overview. In particular it talks about - there's a comment in there, "taking a stand against foreign casinos" and also "arrests and executions". I think it's tagged, so I'll just make sure I get the right page for you. This is headed "Market overview", and "the prevailing feature of the current international marketplace is uncertainty".
- A Yes.
- Q126. Could you have a read of those dot points?
- A Yes, okay.
- Q127. Can you recall contributing those dot points?
- A Yes.
- Q128. Would you like to expand on what they meant at the time?
- A So one of the things that we would do in the annual planning process is highlight some of the trends that were going on or things that were - activity that was going on that may impact the health of the business for a given year. Every year there would be three or four bullet points like this. There was nothing particularly unusual, you know the

specific bullets would be different but there's nothing specifically unusual about this year in terms of the types of things that would happen. You know, even from as long as I can remember in the gaming business, there would always be something coming out of China every year, three or four things every year that happened. So it's not unusual to have some commentary on actions that the Chinese government has taken.

Q129. I appreciate what you're saying but just that comment in relation to executions seems almost alarmist.

A Well, I mean China has a long history of having arrests and executions, so - I think that year we happened to have one customer that was - a former customer that had been executed one year.

Q130. Okay.

A Reportedly.

Q131. So what do you understand by taking a stand against foreign casinos? In what manner, or why?

A I think this was referring to one of the - one of the government officials who said something in a speech. Often coming out of China, having been in China a long time, the Chinese government has a history of making symbolic statements that are meant to show the people that the government is serious about a certain direction. In practicality, usually these things were symbolic rather than real. One example would be visas, you know, they go through these cycles of tightening

visa policy into Macau.

Q132. Can you recall at the time - when would have that document have been prepared, do you think, if it's a five year plan. And what was it, it was a fifth financial, 16-20, so would it have been - - -

A Spring of 2015.

Q133. 15.

A Yeah.

Q134. And we'll go into more detail. I'll go through the - I'll go through the chronology of what we see as what was happening in China at the time.

A Yeah.

Q135. At that time can you recall discussions taking place regarding Crown's approach to mitigate the sort of risks that are indicated in that document?

A Well during that - any time we saw something happen in the market, it could be a customer spreading a rumour about an impending government policy change, it could be something coming out on CCTV, the Chinese government media channel. It could be a government official saying something, we would seek help to understand what that meant. So typically we'd go to, you know, our local counsel in China, we had some advisory firms involved and we'd try and understand it. You know, this industry especially in China and in Asia and Macau is - because you're dealing with high end customers and high end customers like to feel important, they like to brag about all their relationships, it was rife with the rumours all the time and a lot of

them were either unsubstantiated or you couldn't substantiate, so you'd have to try to ask around and get advisors involved and, you know, see if anything was real. But, you know, rumours happened all the time.

Q136. Okay. Page 22 of that document, some of the pages aren't numbered but trust me, I found it again this morning. If you keep going through you'll see p.22. I'll let you get there.

A Yeah. It says brand awareness?

Q137. Yeah.

A Okay.

Q138. I think you'll find there's a comment in there, "legal constraints prevent us from marketing gaming in most of Asia".

A M'mm.

Q139. Can you recall contributing that?

A I don't recall.

Q140. That statement.

A I don't recall that specific statement.

Q141. What's your take on that statement?

A My take on that statement is, you know, even when I was at Caesars we knew in many markets that some of the regulations were quite grey and so it was important to be respectful of the local markets and you know handle things in a low key way, inform ourselves as much as we could of what the legal constraints were and we certainly endeavoured to do that. You know, that is one of the things that was - you know, when I wasn't doing VIP at Caesars I

saw a lot of folks in the company not know how to react to rumours they were hearing in the market because they hadn't - to my knowledge they hadn't invested in trying to understand what the real legal constraints were and so that's one of the things that we had - tried to do pretty diligently at Crown was to find out what the boundaries were.

Q142. I'd imagine that's difficult in an environment in China?

A It's very difficult because there's - China has had a history of interpreting laws in a way to fit a political agenda or their own agenda. You know, things are very opaque, even when there is guidance from the Supreme Court, you know, how they choose to enforce it for - can change overnight.

Q143. So it'd be fair to say that's one of the intrinsic risks of operating in China?

A For sure, and we aren't the only industry.

Q144. Yeah.

A I think lots of industries face the same issue.

Q145. So at this stage of the planning process, the risks regarding China would have been discussed, is that correct?

A I presume they were. I would have discussed them with Jason and Barry, how that was then further discussed in the planning process I don't know.

Q146. Were you involved in these sort of documents in the presentation to the Crown executives or board?

A The annual plan there was typically a subcommittee of the board and executives involved in reviewing



- and I would participate in those.
- Q147. Would have matters like the risks in China been discussed at those meetings?
- A Yes.
- Q148. Can you recall any specifics from around 2015?
- A Just the - we would have discussed these types of bullet points here.
- Q149. Can you recall who would have been there from the board, around 2015/16?
- A I don't recall exactly who was there but typically John Alexander was there in the annual planning meetings, but I don't recall whether he was there in 2015 specifically.
- Q150. So what was your understanding about what those planning documents were fed into up the chain as far as Crown's planning?
- A I presume - I don't know, if you're asking me to speculate I'd say it was consolidated with the plans of the other business units and debated to support the proposed targets that were being put forward, so that the board had information to assess the reasonability of those targets, to inform them to approve or disapprove the plan.
- Q151. Were you involved in any of the more formal risk assessment planning processes at Crown?
- A No.
- Q152. Never asked to directly contribute?
- A No.
- Q153. At your VIP International level did you have a risk register?

- A What is that?
- Q154. A risk assessment process or document that you'd put together in relation to you particular - - -
- A No. Not that I was responsible for, no.
- Q155. We've just one other document. Is there any other comment you'd like to offer in relation to that, Michael?
- A No.
- Q156. This is the - it's headed "F17 Strategic Business Plan Executive Review". Do you agree that that's the heading and the document I'm showing you?
- A Yes.
- Q157. Would you like to take some time to just flick through that and familiarise yourself with it?
- A Okay.
- Q158. Can you recall the document, Michael?
- A I do.
- Q159. What can you tell us about it?
- A You know, this is the output - this is the work product that would come out of the planning process and would have been presented to that subcommittee I referred to before.
- Q160. So just go over it. There was a subcommittee of Melbourne or Crown Resorts?
- A Crown Resorts, again typically John Alexander would be there, Michael Johnson would be there and then some of the top - all the key executives would be invited and they'd step in if they were interested or not be part of it if they weren't interested.
- Q161. Can you recall where that one took place?

- A It would have been Melbourne.
- Q162. When would have that been prepared do you think?
- A The planning process happened every spring. It would probably start in February and end in April.
- Q163. Of 2000-and?
- A F17, so 2016.
- Q164. 2016?
- A Yeah.
- Q165. Did you prepare that document?
- A I contributed to it, yes.
- Q166. What percentage did you contribute to it?
- A Hard to say in percentage terms because there was such a - it was such a collaborate effort. But between Jason and myself - - -
- Q167. Would it just have been Jason and yourself?
- A Largely, yes.
- Q168. Largely. What's the capital protection campaign that's referred to in there?
- A Yeah, I saw that. So I think - I don't recall exactly what that was referring to but I think - I think what it's referring to is the gaming centre, (indistinct words) gaming centre was seen as leakage in the Chinese economy and so those interests - the rumours that the Chinese - one of the things the Chinese government wanted to do was sort of dampen that or close that leakage, or at least lessen the leakage.
- Q169. Was that leakage not just related to corruption, just in general terms?
- A I speculate yes but I think corruption was the

principal target.

Q170. What can you tell us about the comment in there, "Crown is continuing to pursue business aggressively and aggressively selling our brand"?

A Where's that?

Q171. It's probably one of the post it notes there. I'll find it for you if you want.

A Sorry.

Q172. No, that's right. Don't apologise.

A So these sort of documents were always part of the dance between the board who wants aggressive targets and the management that wants to moderate those targets, but show optimism and enthusiasm, otherwise you know the board might say well clearly you're not enthusiastic enough and not optimistic enough and don't want to take on the challenge. It's always that delicate balance and that's why this comment was - I'm speculating, I'm trying to think back, I don't recall crafting these exact words but this would have been about demonstrating to the board that yeah, we're committed and we're going to continue building the market. We're not shrinking from the challenge, demonstrating that, you know, we've got macho leadership and we're going to continue to try and build business and we'll find a way. Now the same thing on the risks. You know, the risks were put in just like in offering memorandum we put in to say why you should knock down those targets, why the targets should be moderated and so we'd always present some risks to

say hey look, it's not going to be easy.

Q173. So just for my - so the process would be, this would be presented to the subcommittee of the board and then they'd ratify it, there'd be a bit of changes to what you'd presented or how would - - -

A There might be some feedback. You know, there would be feedback particularly on the numbers, less on the context of the words and things like that. it was mostly the numbers. So were the sales target appropriate or were the profit targets appropriate?

Q174. That would be what was negotiated or changed more so?

A Yeah, the rest of this is just window dressing. It's really about the numbers.

Q175. Okay. So when it talks about pursuing business aggressively, what does that mean in real terms?

A All it means is we're still committed to the market. We're not going to - we as leaders are not going to let the bleak conditions of the market, you know, meaning we're not going to take it easy on our staff and, you know, cower in the conditions or not try.

Q176. Thanks. This is an overall Crown Resorts Ltd risk management policy. It's 1, 2, 3, 4 pages. Do you agree that that's what I'm showing you?

A Yes.

Q177. Can you ever recall seeing that document?

A I've never - I never saw this document during my time.

Q178. What was your understanding of Crown's risk management policy in your role?

A I didn't know there was a policy per se, a written policy. Obviously as a regulator and I understood that compliance was an important part of the way we did business, that we were - that we had a business at the pleasure of the jurisdictions that we're in and we had to manage risks from gaming risk, you know, security, country risk and all those things were part of any corporate business, not just gaming. So I would have expected there to be some sort of risk policy although I hadn't seen it.

Q179. Point 2 of that talks about risk management operating at operating level and that each of Crown's wholly owned operating Crown business units, Crown businesses will have their own risk management committees. I think I asked you this before so I won't go into it about a risk register. You didn't have a risk register in China. What input did you have into the assessment of risks regarding the business you were specifically responsible for in China?

A Well there were - I sort of divide that into two pieces. One of the things that I put in was regular training of the staff and we would compliance where there's any AML issues or how we operate in the country. Those are always important training topics.

Q180. Anti money laundering?

A AML, yeah.

- Q181. Just clarifying, that's all right. For everyone else too. Thanks.
- A So we would always put that on the agenda, every off-site, every - which we would hold a couple of times a year. From a personal perspective, every time we heard of a rumour as I said before, I cared about that not just for the company but for the welfare of the team and myself. You know, having done business in China for a long time, China's a tricky place and I certainly didn't want to put myself in any danger or anybody else. So we would try and vet every time we heard something that might be credible it was immediately a phone call to a lawyer, outside counsel to our advisors and say okay, how would we interpret this. And calls to our informal network as well, because we'd have to triangulate in a lot of these emerging markets. Triangulate to get an assessment.
- Q182. Who would you provide that risk assessment upwards to? Would that be to - - -
- A Jason.
- Q183. Jason O'Connor.
- A And Barry.
- Q184. How would that be provided?
- A Sometimes verbally, sometimes by email.
- Q185. How would you provide it to your staff?
- A Sometimes by conference call or a team meeting or sometimes by email.
- Q186. Was this an ongoing process?
- A For sure, yeah. We heard stuff all the time.

Q187. What would be the main places you'd hear stuff about what was happening in China?

A You might see a report in the news. You might hear something from a customer. You might hear something from a competitor. As I said earlier, there were rumours all the time. I had a peer of mine from another company call me and say we heard you were arrested in China. There was rumours all the time and a lot of them were - or 99 per cent of them were just not true. So you get accustomed to being sceptical and making sure you test it but you still knew you had to take everything seriously. So we tried to vet everything that we felt was material.

Q188. Would you consider that was one of your prime roles is the VIP International?

A Yeah, I would certainly consider my own welfare for my family and the welfare of my team to be an important part of the role.

Q189. When - and we'll get into it in more detail in a minute but the South Korean casino staff in 2015 were arrested, you were aware of what occurred there?

A M'mm.

Q190. Okay. That wasn't the subject reported or we were told from Crown it wasn't reported to or the subject of a report by the risk management committee. This was because it was concluded at management level that nothing material had changed as a result of those detentions. Would you like to



offer a comment in relation to that?

A Well I wasn't involved in the decision on what to report or not from the management up to the risk management committee, but we sought outside advice on this matter both formally from our - as you know our outside counsel WilmerHale as well as Mintz.

Q191. Yeah.

A We immediately sought outside counsel on that. We also worked out network. I have friends and executives at the Korean casino so, you know, I made calls and tried to find out what was happening and get their assessment. Universally the message back was this was an isolated issue, the Koreans were far overboard in the types of things that they were doing and - - -

Q192. In what way?

A The size of the groups that they were organising, the way they were handling money. The types of promotional materials they were carrying with them including specific gambling promotional materials which you know we also understood to be a no-no in China, and so they had undergone a series of activities that we would never have undertaken at Crown or none of our mainstream competitors would undertake in the western licensed companies from the US or Australia.

Q193. When you say the size of the groups, what - - -

A The South Koreans tend to go after a more mid-market customer base, so - - -

Q194. So they need more?

A They need more people. So they would organise large junkets of people, which are also, you know, Mintz and some of the other folks, you know, we always understood you had to - you couldn't organise more than 10 and they were organising more than 10 people.

Q195. So were you in - what input did you have in relation to that not escalating to a higher level at Crown in relation to the risk?

A I had no input.

Q196. No input? So can you recall specifically discussing that with Jason O'Connor?

A The Korean?

Q197. Yeah.

A I mean I recall I did discuss it, yes. I discussed the Korean issue, not the escalation issue.

Q198. Yes. Your take on it at the time was that it didn't warrant escalation as a risk factor?

A No, I had no input. I didn't know there was an escalation process. It was - I escalated (indistinct) escalate it too, that was it.

Q199. I understand. I'll show you a document now, Crown Melbourne Ltd Risk Management Plan, F16 November 2015. It's a nice short one, it's only two pages. Do you agree that's what I'm showing, Michael?

A Yes.

Q200. It details there at risk 19, foreign political policy.

A Yes.

Q201. Can you recall having any input into that?

- A No.
- Q202. It talks about - it's treated as a; "significant risk with controls being detailed as annual strategic planning and business planning processes, including monitoring and review of the premium gaming strategy".
- A Okay.
- Q203. Now where would that premium gaming strategy fall back to? Would that fall back to those VIP International planning documents I showed you earlier?
- A I would think so. I presume that's what they're referring to.
- MR WEAVER: Do you know?
- MR CHEN: But I don't know.
- INSPECTOR BRYANT:
- Q204. Can you recall it ever being discussed with you that this is the risk we've come up with and this is actually treated in your premium gaming strategy?
- A No.
- Q205. Another planning document, internal audit plan for financial 16, financial adding Crown Melbourne Ltd. Four pages. Do you agree that's the document I'm showing you, Michael?
- A Yes, F16-F18 internal audit plan, Crown Melbourne.
- Q206. Can you recall seeing that document?
- A No, I did not see this document.
- Q207. Can you recall having any input in relation to that document?

- A No.
- Q208. It talks there about - if you go through the details of treatment of foreign political policy within the Crown Melbourne Ltd internal audit plan by other strategies. So, "No internal audit work proposal, compliance and/or risk exposures managed using other strategies".
- A Yeah, not sure what they're referring to.
- Q209. Okay. What knowledge did you have of the Chinese VIP gambling market before you commenced the role at Crown?
- A I understood the size of it, I understood general structure. I had to - I had to have an understanding when we were assessing new casino developments, potential projects at Macau in the region, I looked at it for the Caesars bid in Singapore for a casino licence.
- Q210. So you'd say you were pretty experienced in relation to the Chinese market for VIP gamblers. Would that be a fair statement?
- A I think it - well, are you talking about before Crown or after?
- Q211. Before Crown?
- A Before Crown I'd say I had a high level of understanding. Big picture as a developer would sort of thing. Bread box, sizing the opportunity and basic economics.
- Q212. When you commenced at Crown, can you recall what briefings you received in relation to operating in China?

A In relation to operating in China?

Q213. Yeah.

A I don't recall getting any briefings other than from our own sales staff about how, you know, how we operated.

Q214. How they've been operating in the past?

A Yeah.

Q215. What about directions for how they wanted you to operate in the future?

A It was mostly focused on aspirations to grow the business, less on details around operations.

Q216. Who was that direction given by?

A Would have been a combination of - at the time when I first started would have been Jason, Greg Hawkins, Rohan.

Q217. That's Rohan Craigie?

A Rohan Craigie.

Q218. When you first commenced in China it was around 2012 in that role, did you seek advice about the laws in China at the time in relation to gambling?

A Yes.

Q219. Who did you seek that from?

A WilmerHale, outside counsel.

Can you recall what that was?

MR PRESTON: In terms of we haven't marked any privilege on any of those advices, I think we've covered that ground a bit so we're not in a position to really change our position at this stage.

INSPECTOR BRYANT: Okay. I suppose I ask in the context of I wasn't aware that advice was received back in 2012.

I know that advice was received later on in 2015.

MR PRESTON: Well except that Jason did refer to as a fact that one of the initial tasks was discussed, between Michael and himself, was to go and revisit the position the position which obviously led to the 2012 inquiries.

INSPECTOR BRYANT: Okay.

Q220. So can I just confirm that advice was sought in 2012, legal advice was sought about the Chinese laws?

A Yes. Yeah, I can't remember exactly when it was but it would have been early in my tenure.

Okay. Is it too early to have another five minute break?

MR PRESTON: No, I'm in your hands.

INSPECTOR BRYANT: Thank you.

MR WEAVER: (Indistinct words).

INSPECTOR BRYANT:

Q221. The time is now 12 to seven, do you agree?

A Correct.

Thank you.

INTERVIEW SUSPENDED

INTERVIEW RESUMED

INSPECTOR BRYANT:

Q222. Just reconvening. Do you agree, Michael, the time is now 6.58?

A Yes, it is.

Q223. Thank you. In general terms what activities were the international staff conducting in China?

A They were trying to network to - well, number 1 they were meeting existing customers trying to

promote Australia as a destination, Crown specific as a place to go holiday and play and gamble. They were networking to get referrals and they were there to remind the customers who owed Crown money that they needed to repay.

Q224. But in general terms could I be blunt and say that they were there to try and get people to go to the Crown places to gamble?

A Yes.

Q225. I appreciate that, you know, it was to attract them through various means.

A Yes.

Q226. Through use of the jet or holiday destinations or Spring Racing Carnival but at the end of the day they were there to try and get people to go to Crown to gamble?

A Yes.

Q227. Was there ever a plan or strategy to get away from dealing with junkets and dealing more directly with customers in China?

A No, the answer's no. In fact there was a strategy just the opposite. I'd introduced a strategy called - we called the platform junket strategy which was to leverage junkets more and you know over the five years I was with Crown, junkets became an increasing part of our business. You know, year after year they were a larger portion of the business. The reason junkets were important in China and the reason it was just the opposite of what was reported in the press is the biggest

constraint to our customers, us fully recognising the potential value of a customer was our inability to assess credit and so we might have a great Chinese customer who might be a \$5 million customer but we turn them into either a non-customer or a \$200,000 customer because we say you had to bring cash or we only give them a really small credit line. For us to continue growing the business we felt - I particularly and Jason supported this, felt that we needed to unlock that problem and the junkets were the road to unlock that and we selected I think it was four or five of the strongest - the best junkets who were credit worthy and partnered with them and said, you know, if we identify customers that we can't assess, you know, would you mind taking a look and we'd love to refer the business to you.

Q228. Okay. Was there less risk involved in that as far as obviously the credit side of it?

A Yes. Yes, for sure.

Q229. But also - was there also less risk as far as being overt in marketing potential new customers through using a junket instead?

A I don't think there's any more or less risk in that, because these were still customers that we were sourcing and referring to the junkets to fulfil.

Q230. Was there less profit in going through the junket places?

A Generally, yes. The junket business was lower



margin.

Q231. How much lower, was it significantly lower?

A It could be at least .1 per cent of turnover. At least, yeah.

Q232. I know you mentioned before in relation to the Koreans carrying lots of marketing material.

A Yes.

Q233. But your own staff, they'd have to carry some sort of knowledge of the rebate, say, with them when they were meeting with customers. Is that a fair statement?

A They would - they wouldn't have it, not on them, but they would know it. But they were advised not to carry any materials. So they typically wouldn't have had it.

Q234. Why would they have been told not to carry materials?

A Just the sensitivity of the whole sector in China.

Q235. I want to talk about now what I term an escalation of risk in China or a change in the landscape. It began in late 2014, early 2015, based on open source material and government announcements. What can you tell us about that time in China in your own words?

A Well there were - to me it was a continuation of a pattern that had gone on for many, many years. Even when I was at Caesars there would be announcements of visa restrictions and journalists would speculate on what the meaning of that was. Equity analysts would speculate on the meaning of

that saying China wants to . . . so they can dampen the gaming business. So there were two parts of it as well. On the one hand it was a continuation of an existing pattern of the Chinese government making symbolic actions to the market. There was nothing that largely changed in terms of the frequency of these types of things in 2015, or late 14. On the other hand we also, as I mentioned before, always took any news announcements seriously and we would try to get advice on it. So, you know, any time one of these happens with the Korean thing, the announcement, you know, we would try and get our heads - wrap our heads around and see, you know, I want to know whether I should go into China. I have four children that rely on my welfare and, you know, I certainly wouldn't - I didn't want to take any risk.

Q236. I understand what you're saying. I'll just show you this one article that came out in February 2015, "China's president just declared war on global gambling", and I've highlighted some pages there. I'll just give you a chance to have a look at that.

A Who is the producer of this article?

Q237. That's come out of Reuters. It might have been ex Macau Times, sorry, and then Reuters have - - -

A Just repurposed it.

Q(cont'd) - - - repeated it.

A Yeah. Redistributed it.

Q238. There's one statement in there that says; "A fair

number of neighbouring countries have casinos and they have set up offices in China to attract them and drum up interest from Chinese citizens to go abroad and gamble. This will be an area that we will crack down on." Can you recall announcements like that at the time?

A I recall you know sort of general messages like that for again as long as I've been in the industry, so.

Q239. Can you recall around that time having discussions with Jason O'Connor or Barry Felstead or other Crown executives about that sort of statement or comment?

A I don't recall specifically. When did this article come out?

Q240. That's February 2015.

A So I mean around that time there was some government official came out, maybe that's what you're referring to.

Q241. Yeah, I think it is, yeah.

A Yeah, okay. So then yeah, we would have discussed it and sought outside advice I believe. The normal course of action would be to seek outside advice.

Q242. Okay. There's another article I'll show you. It's 3 February, it's in relation to - it's from the Sydney Morning Herald. Anyway it's - yeah, 3 February. "China's corruption crackdown still weighs on James Packer's casino joint venture", and there's a quote in there from Rohan Craigie. Do you agree that that's the heading of the document

I'm showing you?

A Yes.

Q243. Okay.

A Yeah.

Q244. Can you recall with the Macau sort of dried around that time from the - from what I've read and understood, the flow of Chinese customers. Was that seen as an opportunity for Crown?

A I suppose only insofar as the company wanted to justify targets to the team. You know, I think everybody saw the market contracting. As to why, the root cause of the marketing retracting there were, you know, different points of view. Certainly the journalists, they had a lot of speculation on what that was. The market has since come back.

Q245. Yes.

A So you know China hasn't permanently shrank the market, the market's nearly back to what it was before. So I don't recall. I recall the view of saying that there's - that Crown still has opportunity but it was to justify I think optimism in continuing to make sure that the team was still focused on trying to get as much as the opportunity as we could.

Q246. There's another article here that was in - 20 February and it's from The Australian and it's "VIP influx a windfall for Crown Resorts". Do you agree that that's the document I'm showing you?

A Yes.

Q247. Can you just have a look at that as well, Michael?

A Yeah.

Q248. So it talks - you know, it's a newspaper article but Rohan Craigie is reported as saying that the Australian/New Zealand markets are benefiting from the Chinese corruption crackdown. It is reward for effort. Can you recall discussing that with Rohan or Jason at the time?

A You know, we discussed what the implications of the claimed Macau market meant for us for sure, and the hypothesis was that we might have some opportunity but, you know, I think the main purpose of those discussions were to make sure that the team didn't just give up in the face of what looked like a worldwide decline.

Q249. So was it considered like a decline in China but not a corruption crackdown or - because these are more specific these references to corruption and crackdowns?

A Yeah, so everybody knows President Xi has been in a long term corruption crackdown and that was the most common linked cause of the market shrinking.

Q250. Around that time your budget increased for China and Hong Kong, is that correct?

A Yes.

Q251. It increased significantly from like 2014 through to 2016/17. Is that correct?

A M'mm.

Q252. Sorry, I have to say is that yes or no for the tape?

- A Sorry, yes.
- Q253. My apologies too. What particular areas did your budget increase, what did you put more money into around this time?
- A Well the top line budget increased, so our sales targets increased and I think our operating budget increased a little bit but didn't really change that much. I'm recalling, I don't remember exactly but I don't think we put a whole lot of - a tonne of new fixed operating costs and now we had - we did introduce performance related compensation. So as we grew, as the business grew our costs of acquiring that business went up.
- Q254. So when you say performance related compensation, was that to your staff?
- A So staff and to junkets.
- Q255. So how much more say incentivised were the staff then from about 2015 onwards?
- A I don't recall. I mean we put in a plan that was transparent - measurable, transparent and communicated but rewarded if we beat target that had accelerated rewards when we beat target.
- Q256. Just to go back, those targets were set by the board?
- A The baseline targets were set by the board.
- Q257. By the board?
- A Yes.
- Q258. And did you have scope in your budget and planning then to incentivise the staff under that?
- A With approval from Barry and Jason. So I did not

have unilateral or decision rights to do that.

Q259. Can I just ask like how much difference was their pay structure then around that time? Are we talking significant changes with the incentive - - -

A You mean versus when I first took over?

Q260. Yeah.

A We made some adjustments to base salaries to bring them in line with what we felt was competitive.

Q261. Yeah.

A We did some enhancements to benefits to improve employee retention and satisfaction. You know, healthcare, vacation time, things like that. And on the bonus plan, you know, if you didn't perform it was more draconian. You know, you might end up with a zero bonus and if you did well, you know, you could - your opportunity was higher. You had an uncapped opportunity.

Q262. Okay. At the time who would have been the main competitors on the ground in China?

A All the main licensees. I mean obviously Star Entertainment, the New Zealand guys.

MR PRESTON: Sky City.

MR CHEN: Sky City. All the competitors in Macau and Singapore were considered competitors because, you know, it was a gaming trip and they could choose to go into any of them.

INSPECTOR BRYANT:

Q263. As far as sales staff in China, how big would have Crown's team be compared to your competitors?

A Depends on the competitor. I don't know exactly how large the teams were in the competitors. I think for the bigger companies like Las Vegas Sands we may have been comparable.

Q264. Would you have been one of the bigger - like a bigger one?

A Hard to say, I don't know. We did not grow our team. You know, it's been widely recorded that we grew our team but we did not. We were focused really on getting a better productivity and higher quality talent. It was quality over quantity.

Q265. Just going through, we've got a breakdown off Crown in relation to your budget from 2012-17 and the payroll certainly it increases from say 2014-2017, from say \$1.5 million to \$3.2 over that period. When you're talking about - so the increase there would have been in the - - -

A In the incentive composite.

Q266. In the incentive for the staff to attract people to come to Australia or London to gamble.

A Yeah, and hitting the targets and beating the targets and behaving - adopting the new procedures, the policies, the culture.

Q267. Yeah, so it's not more (indistinct) staff, I get it now, okay, thanks. So after - from around 2015 onwards, were you aware of other casinos considering pulling their sales staff out of China?

A No. We had heard one company, I think it was Las Vegas Sands who transitioned employees to be consultants, but other than that.



Q268. So when you say transitioned to consultants, what in real terms - so not be called sales staff or be - - -

A I'm not sure. I just heard that they'd gone from employees to consultants. You know, even when I was at Caesars people would come in and out, you know, based on all these rumours. As I said there were rumours coming out all the time and I know at Caesars we didn't - we did not - I wasn't involved in getting outside advice and my colleagues who ran the business, I'm not sure that they did, it was just they felt nervous, they came out of the country, a couple went back in but it was all based on rumours and innuendo which happened, you know. I came into the gaming industry in 05 and it's been happening every year since then.

Q269. Can you recall discussing specific issues around that time with other casinos, about the risks in China?

A That happened - that happened all the time, so 2012, there's nothing specific to 2015. As I said, because rumours happen all the time, every time you heard a rumour you'd pick up your - pick up the phone, call customers, call your - - -

Q270. I suppose I'll be upfront, I'm focusing on 2015 onwards after the announcement - the government announcement. So that's the context I suppose I'm asking around that period.

A Yeah, and I would have - I would have called other folks, as I would have in the other year.

- Q271. Can you recall that they were saying about the market in China and any - - -
- A Nothing specific.
- Q272. I'm just going to ask some questions about WilmerHale, and please I know you'll jump in if I get into that LPP side but I just want to ask about how it came about asking for that, so please jump in. Based on documents provided by Crown around February 2015, Crown engaged the services of WilmerHale and the Mintz Group. Can you recall when you first engaged the Mintz Group?
- A I don't recall when it was.
- Q273. I've got some documents I'll go through now that relate to 2015. Had you dealt with Mintz before 2015?
- A I think - I'd certainly dealt with WilmerHale before. Mintz, I had dealt with the principal there Randy before, but I don't recall whether he was with Mintz or somewhere else.
- Q274. So who initiated engaging with Mintz?
- A I did.
- Q275. Why did you go with Mintz?
- A I had - I've engaged Randy Phillips before. Randy was a highly credible, long tenured operative inside China. He was the former CIA station chief there so again - - -
- Q276. Impressive resume, yeah.
- A Yeah. So he was as credible as you can get.
- Q277. Why at that stage did you consider using a risk expert?

A When I first joined Crown it was one of the first - as I said earlier, one of the first things I was concerned about was I wanted to understand really the law, what the exposure was to the welfare of the team, myself and so we really wanted to get an understanding of what was going on. And as we heard rumours coming out of - allegedly out of government, we wanted to get some intelligence on it.

Q278. But this period in time must have been a bit more significant for you to actually engage with Mintz?

A I can't remember exactly when I started with Mintz, whether - I would have - so there's sort of the formal engagements and informal, you know. Even when I was at Caesars I would pick up the phone and call Randy and say hey, you know, we hear this is going on and what are you - what can you tell me?

Q279. Okay. With the engagement with Mintz, did you discuss that with other Crown executives at the time?

A I would have sought support to spend the money, so yes, I would have discussed it with Jason for sure.

Q280. Can you recall the discussions with Jason at the time?

A Not specifically but I know I wouldn't have engaged a consultant without speaking to him and on the law firm, we would have spoken to the law department as well to get approval to engage outside counsel.

Q281. Did you initiate engaging with WilmerHale at this time?

- A Yes.
- Q282. So you required approval to engage WilmerHale?
- A Yes.
- Q283. Who did you get that from?
- A That would have been - I think it was from Jan Williamson.
- Q284. Okay. But in relation to Mintz, you didn't need approval to engage with Mintz?
- A Not from the law department but from Jason.
- Q285. From Jason in relation to Mintz, sorry?
- A Yeah.
- Q286. Okay.
- A I don't know whether formally I required approval but I wouldn't have made that decision without consulting him.
- Q287. Okay. We'll get into some specifics now. So there's one year that's headed "Update on China policy", it's 25 February 2015, and it's from you to colleagues. Do you agree that that's the document I'm showing you, Michael?
- A Yes.
- Q288. When you're referring to colleagues, who are you referring to there?
- A It would be the sales team.
- Q289. Can you recall if you sent that document also to either Jason O'Connor or one of the Crown executives?
- A This email?
- Q290. Yeah.
- A I don't recall but probably. I generally copied

Jason on everything.

Q291. I'll just give you a chance to read that, I know it's three years ago.

A Yeah.

Q292. Okay, can you recall that particular email and the context?

A Yes.

Q293. Do you just want to explain it to us? Your take on it?

A Sure. I think this is after some of the media reports came out and our actions at that time were to get outside advice and you know historically not just at Crown but in the industry, staff members in China, and this happened at Caesars as well, when an article would come out they'd make their own assessment, not professional assessment just they'd call their customers and people would make a decision; okay, I'm going to leave the country for a little while, and then they'd go back. And so what we wanted to do at Crown was to get real professional advice and help inform our staff on what the law was, what the interpretation of the signals were and make sure that we were getting the best advice possible and that was being communicated to the team.

Q294. So what concerns were your staff raising at that time?

A It's the same concerns that always happened. You know, is the government going to - is there a change in the environment? You know, is there risk

of the government cracking down on folks working in the business. You know, everyone's - most are concerned about their own personal risk.

Q295. In relation to performing duties at the time, your staff and yourself, including the road show and not bringing undue attention to yourselves.

A Yes.

Q296. How would you go about that?

A So I mean those guidelines are guidelines that exist all the time but, you know, because of some of the signals in the market at the time we felt that it was important to - you know, we emphasised what are general protocols were. Okay, so undue attention means, you know, good behaviour, so don't get in a bar fight type of thing, don't call attention to yourselves by having large meetings or very flamboyant parties. Don't carry any gaming materials around.

Q297. I'll just show you, this is a copy of a document headed, "Reception procedures" in case of a government investigation in China.

A Yes.

Q298. It's two pages. Do you agree that that's the document I'm showing you?

A Yes, it is.

Q299. Can you recall that?

A Yes.

Q300. What's the context of that?

A So I don't recall the exact date of this but this would have been part of my early efforts to try and

bring some rigor to understanding on what the laws were and how we should respond as a company, as a staff in the event that the government, you know, official or lease or somebody had an inquiry into what our activities were. So we had advice on putting this together and we wanted to communicate to the staff; 1) signal to the staff that the company had done its homework and we were doing our homework to try and understand what the rules were. And then that the company was there to support staff in the event that something occurred.

Q301. When you say you had advice in relation to putting that together, did you put that together?

A No, this is outside counsel.

Q302. Was that - it wasn't legal advice was it, or was that Mintz? Can you recall who provided it?

A This would have been legal.

Q303. Okay. That's not WilmerHale Legal?

A It is.

MR PRESTON: It would have been WilmerHale, it would have been the product of the work that Michael was doing to get a document to be provided to and released to the staff.

INSPECTOR BRYANT:

Q304. Do you think there's an escalation of risk in what you're doing in China or your staff are doing in China if you need to go to the extent of preparing a document or getting a document provided such as that?

A It wasn't due to an escalation risk, it was more I

felt that the company I came from, they hadn't done anything to prepare the staff and so now that I was responsible for it, I didn't want to be in a place where we weren't looking out for the welfare of our staff.

Q305. This next document, Michael, it's headed "VIP International", and it's three pages, and it's "Key messages". Do you agree that's the document I'm showing you?

A Yes.

Q306. What can you tell us about that document?

A I believe this was a document that I created for - internal for myself and I don't recall whether I shared it with Jason or not but I probably would have, in preparation for a conference call with the team.

Q307. From what I understand you had a conference call around that time with your staff?

A Yes, so this would have been my talking points, yeah.

Q308. I think there's a reference in there in relation to MGM winding back or pulling out, there was a rumour. I'll just let you find it or I can draw it to your attention.

A Yeah, "For example there are a rampant rumours that MGM marketing staff have been detained". So this is - you asked me before whether I would call colleagues and in the industry this is exactly, you know. I'd either call my peer or one level down and say hey, is this rumour true.



Q309. Can you recall the MGM rumours at the time or who you spoke to?

A I mean the notes says Peter Chen so I'm sure that's - - -

Q310. Sorry, I wasn't - yeah.

A Yeah, so - - -

MR WEAVER: Do you remember the conversation?

MR CHEN: Vaguely, yes.

INSPECTOR BRYANT:

Q311. What can you remember?

A It was a short one, I just asked did your guys get detained? And he said no. 99.9 per cent of the time the rumours were false, including my own detention.

Q312. Can I just grab that document back for a second?

A Yeah.

Q313. Thanks. Do you think there's something incongruous about - the bottom line assessment here is, you know, "proceed with marketing efforts but keep them low key, group smalls, no publicity", in relation to an aggressive approach in the marketplace to drum up business?

A No, because aggressive means we're working hard. You can work hard in a low key way, right. It means you're preparing. In my world in sales, the bad sales people don't prepare, right, they don't research the customer, understand the customer needs, do an account plan, so to me aggressiveness is preparation, is planning, having - using your day wisely. You know, you've got a 40 hour work

week, how you're using those 40 hours or 50 hours or 60 hours, are you wasting time? So it's not incongruous with low key, you can do all that in a very low key way.

Q314. I'll just show you this document, Michael. It's headed "Re Proposal" and it's from yourself to Randy on 7 March 2015.

A Yeah.

Q315. There's a bit of an email chain. I think this is the initial engagement with Mintz.

A Okay.

Just have a look at that.

MR PRESTON: Can I just be painful and clarify one thing. You reference aggressive in the marketplace.

INSPECTOR BRYANT: Yeah.

MR PRESTON: I don't think there's been any commentary about aggressive in the marketplace as such. It's about - it's not linked to the marketplace in terms of the quotation is big banners and out loud in the marketplace, there's been no commentary or documentation on that at all. I just want to make sure that that wasn't the position that was being put.

INSPECTOR BRYANT: I can go back to the document I was referring to. It's one of the VIP International, I'm sure you've got it there.

MR PRESTON: Yes, "Crown is continuing to pursue business aggressively", adding the words, "in the marketplace" puts a very different spiel on it.

INSPECTOR BRYANT: Okay, I understand what you're saying.

MR PRESTON: So that's the first time I've heard you use it -  
in that language a few times but not "in the  
marketplace".

INSPECTOR BRYANT: Okay.

MR PRESTON: Which references I think a bit differently in the  
connotation.

INSPECTOR BRYANT: Can you just read that one out to us again  
please?

MR PRESTON: It says, "Crown is continuing to pursue business  
aggressively".

INSPECTOR BRYANT: Okay.

MR PRESTON: So the whole concept of low key and the like has  
been clear throughout and the concept of aggressive  
in the marketplace is a difference perspective, I  
think.

INSPECTOR BRYANT: Okay.

Q316. What would you say in relation to that?

A To what Josh has said?

Q317. What Josh was just saying?

A I would agree. I think as business people you're -  
you know, show me a competent leader who isn't  
trying to pursue business aggressively but that's  
different than you know how you execute that.  
You've got to adapt to the particular marketplace,  
so certainly in China it was all about being low  
key. And again that has never changed. You know,  
when I was at Caesars our VIP marketing team was  
always low key. We always sought to be low key.  
Same at Crown.

Q318. Do you think this changed from - well from 2015

with the engagement of Mintz and the legal advice of WilmerHale you became more low key?

A Well, you know, it's like any human behaviour and when you - sometimes you need to remind people to be - to adhere to the rules and so, you know, any time. You know, we would do that on a regular basis anyways. Our twice a year team conferences we'd take those opportunities to always remind.

Q319. I think it talks about in those emails there about considering not proceeding with the road show.

A Yes.

Q320. Why was that?

A Again, any time you saw a rumour in the market you just wanted to test it, and you know it's the standard that I put forth which Jason and Barry agreed, because I had to find a mental framework for us to make an assessment, and my mental framework was I did not believe that we ought to put our team at risk if we weren't willing to put ourselves at risk. So if we thought it was risky for ourselves to go in, there's no way we ought to put anybody else at risk, and so the onus was on us to get comfortable with our outside advice. You know, it's sort of like a military engagement, you know, no two leaders sending his troops into battle and not going into battle himself.

Q321. I understand. I'll just show you a document, it's headed "Update", it's an email from Randy to yourself, 13 March and it's referencing the project wager, and it's an informal update and highlights

inquiries to date and it's four pages. Can you just agree that that's what I'm showing you?

A Yes.

Q322. Okay. Did you forward that to Jason or any other Crown executives?

A I don't recall but this is the type of document I would have.

Q323. Can you recall discussing it with Jason?

A Yes.

Q324. The engagement of the project wager?

A Yeah, for sure.

Q325. Can you recall in general terms what the discussion was about, like - - -

A We would have agreed on the scope of the work, the budget and we would have discussed the key insights as they came back. I don't recall exactly the conversation we had but that would have been the matter of course of business.

Q326. The next documents in relation to the use of phone, so it's March 16, 2015, it's "Re update", and just, "Hi Randy, we had a bunch of questions from our team regarding cell phone usage".

A Yes.

Q327. It's three pages. Do you agree that's the document I'm showing you?

A Yes.

Q328. So what can you tell us about that and the use of cell phones?

A So one of the former - one of the former staff members, one of the former senior staff members, a

senior VP who is no longer with Crown, he was always of the view that the team ought to have Hong Kong cell phones not Chinese cell phones. So as these things were - as were getting advice questions would come up from the team propagated by that former staff saying hey, should we do this? So as with everything else I thought I'd get some outside advice.

Q329. Why did he want to use Hong Kong cell phones?

A It was actually a fallacy. The thought was, you know, in the event that the Chinese authorities wanted to monitor information about our customers through our staff that they couldn't do it through a Hong Kong cell.

Q330. I think it refers in there to also discussing anything meaningful? I'll just make sure I'm getting it right. Okay, so sorry, I'll just let you read it, it's at the bottom there. "Hi Randy". Sorry, can I just grab it for a sec?

A Yeah.

Q331. Thanks, Michael. So when you're talking about there, so, "Is there any advantage to purchasing Hong Kong prepaid SIM cards for our China team? If so does forwarding calls work or should one just try and discuss anything meaningful using a Hong Kong phone? Does it matter?" When you're talking about meaningful, what are you referring to?

A I would have been referring to any sort of gambling related content.

Q332. Why is that?

- A That's for sensitives around the sector and protecting our customers as well, providing confidentiality for our customers.
- Q333. I'll just show you, this is a document that's on the Mintz Group banner. It's 24 March 15, it's from Randy. That's headed, "Re ongoing corruption investigations in Macau". Do you agree that's the document I'm showing you?
- A Yes.
- Q334. Can you recall who you provided a copy of the Mintz document to?
- A I don't recall precisely but as a normal course of business I would have shared this at least with Jason.
- Q335. What about with your staff, can you recall giving it to your staff?
- A I would not have given this to the staff.
- Q336. Why not?
- A But - we saw the prior message document, the key messages were summarised and shared with the staff.
- Q337. I understand. There's another - the next email, Michael, it's from yourself to Jason O'Connor, 26 March and it's the, "Final memo Project Wager".
- A Yeah.
- Q338. It talks about beefing up - and then underneath it it's from Randy Phillips to yourself, "beefing up areas as requested".
- A Yeah.
- Q339. Do you just want to agree that that's the document I'm showing you?

- A Yes.
- Q340. Can you recall that email chain about beefing up certain aspects?
- A M'mm.
- Q341. Sorry, is that - - -
- A Yes.
- Q342. Yes. And what was that for?
- A What I recall is when Randy - when he completed the report or the draft report, he would have reviewed that with me on the phone and he - I would be pushing him and asking him what the implications were. In this case, do you recall what was different about this?
- Q343. Yeah, if you give it back to us I can - I think he included - I haven't attached, it came with an attachment of newspaper articles and I haven't attached all them.
- A Okay.
- Q344. So it included operational recommendation about - I'll let you have a look at the last few pages. So just - I'd rather have you take your time, make sure you're comfortable with it.
- A Yeah.
- Than jump in.
- MR PRESTON: It's nearly breakfast time for you, Richard.
- MR MUPRHY: Almost. It's almost supper time for you guys.
- MR CHEN:
- A Yeah, okay. So he would have shared this with me verbally on the phone in his review and so the email exchange was my request to say well, can you



please document the advice that you're giving me in the final memo. Because this was a document that was going to be shared around and people were going to want to understand what the recommendations were, like I had to document what he was telling me.

INSPECTOR BRYANT:

Q345. So the Mintz Group, if I understand it, they're an independent person providing risk assessment but you've spoken to them about beefing up their own report?

A No, just - well that phrase was meant to say, you know, beefing up meaning add the things that you told me on the phone to the report, because that was the central - that was the central advice we were looking for and he gave it to me verbally on the phone and I said, you know, could you beef it up and - beef up the report by including your oral recommendations into the final written report. I can't remember what the proposal said but that would have been the purpose of the proposal. The request was to ask him for advice on how we ought to operate.

Q346. Do you know what experience they had in that space as far as gambling activities in China and - - -

A I don't know. I don't know, like - no idea.

Q347. So their understanding of - like I suppose I'm concerned that they're meant to be providing independent risk assessment and yet it's been beefed up upon Crown's request.

A Again the meaning of beef up was give us the recommendations, not anything other than that. Because if you read the draft which I was just looking at, there was no commentary on what the implications were and that was their central role as an outside party, was to tell us - so it was missing a key part of the work product. So you know if you've got the work product, it was incomplete.

Okay.

MR PRESTON: You didn't tell me what those recommendations should be though, did you?

MR CHEN: No.

MR PRESTON: It was - - -

MR CHEN: No.

MR PRESTON: No.

MR CHEN: I don't think somebody of his calibre would either - you know, would take a risk of his own reputation by being led that way.

INSPECTOR BRYANT:

Q348. Yeah, and I'm not implying that, I'm just trying to get to why it was beefed up and how.

A Yeah.

Q349. Okay. So you provided a copy of that to Jason O'Connor, is that correct, based on the email?

A Yeah.

Q350. Can you recall discussing it with Jason?

A I don't recall specifics of discussing with him but I'm sure I would have. It was a, what, 20, \$30,000 project so I'm sure Jason would have wanted to know

how the work project was.

Q351. Just back to the South Koreans. So they were arrested in - it looks like around 19 June 2015. So you can recall when that happened, is that - - -

A Rough time period, yeah.

Q352. Around that. I'll just show you an email from - some email dialogue with yourself and Randy Phillips around that time. So it's Randy Phillips to you on 20 June 2015. Can you recall that?

A Yes.

Q353. Okay. Can you recall discussing that with Jason O'Connor?

A Again, I don't recall specific conversations but I'm sure I would have.

Q354. What's your take on that at the time? Can you remember what happened?

A Well the rest was a big deal because there had always been rumours in the industry of arrests but nothing ever substantiated, and this seemed to be real and so we wanted to understand what the motivation was. We had been, as you've seen, consistently given advice that our work and the practices that we undertook were okay or permitted and so I was very interested in understanding from Randy his view on why these - and there was intelligence contacts, what these guys were doing. If they were doing the same stuff as us that was clearly a big warning. You know, we'd say o-oh something's changed, or they're doing something different than us. That's what we were trying to

find out.

Q355. Just based on the email chain on 28 June, that's basically what Randy came back with, is that what you can recall as well?

A Yeah.

Q356. I'll let you have a look at the emails.

A I'll look at this but that is what he came with because, you know, the - yeah, because he says, "Given the above I'm convinced this was an isolated case". So the implication of the other which was they were doing exactly the same stuff as us would have meant we'd have to exit the market.

Q357. So that assessment, that risk assessment at this point in time was based on Mintz advice?

A In all of these cases we never relied on any single piece of advice. China is too complicated a place so you're trying to piece together the picture by - through formal and informal channels.

Q358. Is that the conclusion you came to at this time, based on the Mintz advice and your knowledge of - - -

A And the other folks I talked to, yes.

Q359. When you say other folks, who are you referring to?

A You would talk to customers who had relationships. I don't recall specifically which customers. You talk to colleagues in the industry, I can't remember on this occasion whether we talked to WilmerHale, I presume we would have.

Q360. You can recall discussing this with Jason, is that correct?

- A The Korean - - -
- Q361. Yeah.
- A Yeah, I would have discussed it.
- Q362. I'll show you a document - we haven't got a date on this one, it's headed, "Hi Randy", and it's from yourself. Do you agree that's the document I'm showing you, a one page document?
- A Yes. Yeah.
- Q363. It refers to another staff member. Who's another staff member it's referring to, can you recall?
- A I don't know, the only other staff member that we ever had an issue with police on would have been Jerry. I don't know if that's what this is referring to because I'm not sure what the timing of this was but that's the only thing I can think of.
- Q364. Based on subsequent emails, I'd say that was around 10 July 2015. So this is about less than a month after the Koreans?
- A Yeah, I can't remember when the Jerry incident happened.
- Q365. Is that Jerry X-u-a-n, I won't try and - - -
- A Yeah, Jerry Xuan, Xuan.
- Q366. Xuan, okay.
- A That was pretty good.
- Q367. Thank you. So what was the Jerry Xuan incident?
- A He was visited by a local authority and asked some questions similar to this, which was, you know, what do you do?
- Q368. So what did you do with that information?

A Which one, the - - -

Q369. In relation to Jerry?

A I would have reported it internally.

Q370. Can you recall reporting it internally?

A I don't recall specifically but that was the normal course of action, I would have.

Q371. And how would you have done that, how would you have reported it?

A Just pick up the phone and call Jason.

Q372. Can you recall sending an email in relation to it?

A I don't recall.

Q373. So with the questions or what - so can you recall what Jerry reported to you at the time?

A Just that he had a knock on the door. I don't recall exactly what he reported but I recall generally that he was asked a question about his work, which I think he answered and the person left, and I think - I don't recall exactly but I don't think there was anything more after that. So it was sort of a non-event after that. One of the things I should say is we did get advice that - from Randy that - because he does client work with lots of different companies in different industries and it is - and we also in preparing reception procedures, we were also informed of this, which is that it is not unusual in China for people to get knocks on their door to ask questions about an ongoing investigation about something. It may be completely unrelated to your business, and because of the nature of the customers that we dealt with,

they were all important people in China. There was businesses - you know, like we knew a lot of them with businesses under investigation or maybe of interest, people of interest. So we were specifically told that it would be - it wouldn't be unusual for any of our people to be tapped on the shoulder.

- Q374. Can I just go back. Can you recall the specific conversation with Jerry about what he was asked?
- A I only recall that he was asked about what he did for work?
- Q375. What he did for work?
- A Yeah.
- Q376. Can you recall what he said his response was?
- A I don't recall. I don't recall.
- Q377. What would you expect your staff to respond to Chinese authorities?
- A That we help customers travel to Australia on holiday at Crown, help them process with their visas. All of which is true.
- Q378. What about if they ask your staff do they arrange for customers to travel to Australia to gamble?
- A I mean I don't know what they would say but I don't think anyone would offer up that they're promoting gambling.
- Q379. They wouldn't offer it up?
- A No.
- Q380. Wouldn't you expect your staff to be truthful with the authorities in that environment?
- A I think I would expect my staff always to be

truthful with authorities but I also recognise that as a practical matter, I saw this at Caesars, I saw this at Crown, you know, I see this in our competitors. People are generally very sensitive in China because China is a place where you just - you don't know what authorities will or will not do and it's not like a western society and government where the law's clear and you know what your rights are always. So I think people are pretty cautious.

MR PRESTON: But you don't know that that question was put to - - -

MR CHEN: I don't know that, yeah.

MR PRESTON: That's speculation.

MR CHEN: That's maybe pure speculation.

INSPECTOR BRYANT:

Q381. I appreciate what you're saying. I suppose the point I'm getting at is what directions would you give your staff if they were questioned by authorities?

A The only direction that we gave were what you saw in the reception guidelines, and we were consistent with those directions.

Q382. Can you recall if you escalated that conversation with Jerry to Jason O'Connor?

A I think I said earlier, I think I recall calling him. I would have called him.

Q383. Can you recall his response?

A No.

Q384. Just in relation to Mr Crown member Bin who was questioned, can you recall what was his role at



that time?

A He was either a sales - he's an assistant sales manager or a sales manager, responsible for the Wuhan market.

Q385. Wuhan market. In 20 words, what would that role entail?

A Looking after the customers coming from that market and trying to stimulate business from that market.

Q386. Trying to get customers to go to?

A To Crown.

Q387. To Crown to gamble? Is that - sorry - - -

A Correct.

Q388. Sorry.

A My apologies.

Q389. No, no, that's all right. It's an artificial environment. A letter was obtained to provide to the Chinese authorities.

A Yes.

Q390. I'll just find it. It's dated July 9, 2015, "To whom it may concern" on Crown letterhead.

A Yeah.

Q391. Do you agree that's what I'm showing you?

A I agree.

Q392. What can you tell us about the circumstances of that letter?

A Benny told us that the authorities wanted to confirm his employment and wanted him to provide evidence that he was - the company that he worked for, that he was telling the truth. So it was requested of Crown to provide that letter. I

passed this request onto HR and to Legal and Legal and HR prepared the letter.

Q393. So who was Bin's manager at the time?

A Would have been Carol.

Q394. Carol?

A Carol Wu.

Q395. Wu.

A She was the VP at Shanghai, or maybe director at the time.

Q396. So can you recall discussing this directly with Bin at the time?

A I recall that I spoke to him, yeah, but I don't recall the specific content.

Q397. What can you remember?

A Getting the request from him for a letter, that's about it.

Q398. There's an email here and it's dated 10 July and it's from Randy to yourself, and there's an earlier one from you to Randy and it's headed, "Update and additional work".

A Okay.

Q399. Part of that from Mintz' concern is that the letter may be used at a later date contributing to an evidentiary pile that PSB could decide to draw upon in the future.

A M'mm.

Q400. Can you recall relaying that to Jason or any of the other Crown executives?

A I don't recall.

Q401. Can you recall discussing the matter with Felstead,

Barry Felstead?

A I don't recall. This is - you know, the letter was not - I recall a bit of the conversation with Randy. If the PSB were to pursue anything, we were always under the assumption, we were told by Randy, that they would have had access to everything we had anyways. So whether it was cell phone records, text messages, emails et cetera. My former colleague at Caesars who was the number 3 guy at the FBI. When I was at Caesars also advised me that the Chinese government records everything in and out of the country, so if they ever need anything they have documentary evidence.

Q402. Would you consider that a comment like "possibly contributing to an evidentiary pile that they could draw upon in the future", is an escalation of risk in the environment you're working in?

A Not really because this is - this letter, which is a pretty innocuous letter would have been a flea on the side of an elephant, right. It's going to be like Benny went ahead daily, we chat, text messages with customers and, you know, this would have been a tiny piece of a large amount of data that they would have had on his activities.

Q403. Can I just say I think it's getting pretty specific when they're asking for a letter of who you work for and they're questioning you. They've obviously got an interest in what he's doing at that time. Is that a fair statement?

A It is but again in the context of what we had been

advised which is it's not unusual for the PSB to go ask related parties, get information on related parties to people of interest and why they were interest in, they could have been interested in one of our customers. Again, our customers are all big movers and shakers and we knew, you know, in a corruption crackdown the rich are the target and so we had no idea whether - you know, we couldn't know whether it was Crown related or not Crown related. In fact, you know, we already had advice and it's not unusual for folks related to any sort of (indistinct words) to come forward.

MR WEAVER: You want a break or you okay?

INSPECTOR BRYANT: I want a break, thank you. A break would be good, thank you. Do you agree the time is now five past eight, or 10 past eight. My watch is going backwards. Thank you.

INTERVIEW SUSPENDED

INTERVIEW RESUMED

INSPECTOR BRYANT:

Q404. The time is now 8.17, do you agree?

A Yes.

Q405. Benny was asked to provide an email summary of what had occurred and then that was translated. Can you recall that occurring?

A I recall asking him to report and document what happened because we wanted - I wanted a record of it and I wanted to understand what was communicated, and I recall asking for a translation.

Q406. The translation, I'll just - so this email's from - Fred Lu did the translation and it was provided to Jan Williamson.

A Yeah.

Q407. If you just want to have a look at that document.

A Yeah.

Q408. Okay, so that translation clearly indicates that he's been talked about, his employment at Crown and what his - and he told them that his role was to process visas.

A M'mm.

Q409. Would you like to make a comment in relation to that?

A It's true, that's one of the things he did. You know, he was - he wasn't complete in his description of his job but he certainly did do that.

Q410. Okay. Michael, you sent an email to Jan Williamson on 10 July saying, "This is Benny's documentation of the interview for our records. We can have someone in Melbourne, maybe Bin, translate it. We don't want to spread it too widely so as not to alarm anyone".

A M'mm.

Q411. Okay.

A Yeah.

Q412. What did you mean by that?

A Well I think as I explained before, in this particular industry it's an industry that has a lot of rumours and people are quite emotional. Sales

people will pack up all their stuff on a rumour and leave town, China for a while, come back in and so what we tried to do was try and get facts, not have people go through these huge gyrations of emotions and so - - -

Q413. Who do you think it would have alarmed?

A It's unpredictable. It could have alarmed anybody because a document like this would have been seen out of context. You know, nobody has - you know, most of the staff in the field would have had the broader context in which to interpret a single document. So we generally endeavour to keep the staff informed of any material issues but make sure that they had the context in which to understand stuff.

Q414. Did you advise the other staff that other sales staff were being questioned by police?

A Not formally but we had a very collaborative team that this information would have just gone around. The fact that he was questioned.

Q415. Who did you notify of your superiors of this occurring?

A Well I would have told Jason. Clearly Jan, I mean they're copied on these so.

Q416. In all the documentation we've got in relation to that scenario and the translation, there's nothing that indicates he was being questioned about a Chinese customer.

A M'mm.

Q417. So have you got anything specifically you can

recall that it was about a Chinese customer?

A No, we just didn't know. It could have been, it may not have been. There is nothing specific. The culture in this industry of VIP, not just at Crown but the people who have worked a long time in VIP, many of them are quite close with their customers and they consider customers friends, and so there is a culture in the industry, not just at Crown, of people wanting to not get their customers in trouble, right. If you're a big customer in China gambling maybe millions of dollars overseas, it begs the question of how are they getting money out, you know, it invites all sorts of stuff - - -

Q418. I understand what you're saying. I suppose the point I'm trying to make is that there's nothing in that document or the translation that's been made that says that they're speaking to - - -

A No, we had no idea what the purpose of the visit was.

Q419. Well according to the translation it was - - -

A They wanted to confirm his employment, who he worked for.

Q420. I'll just make sure I've got it right, sorry.

A Yeah.

Q421. "They asked me to get a certificate of employment and bring it in before - I asked them can I know who informed them about any issue about my work that I've organised. Officers replied they cannot tell me who informed them but the issue is that I have organised people to gamble in Australia, and I

delivered a certificate of employment to (indistinct). They said everything is all right." So just to clarify, to me this is pretty clear that it's about organising people to gamble in Australia.

A It could have been and this is - I remember the discussion at the time, it could have been that there was a particular set of customers that he organised to go overseas and it was of interest to them. And they knew he would have had information about maybe how much money he gambled and, you know, if it was a customer who was under a corruption investigation et cetera.

Q422. I understand what you're saying. I suppose I don't want to labour it, I suppose the point I was just making is there's nothing of any of the documentation that indicates that.

A Yeah, correct.

Q423. Do you think this indicates an escalation of risk in the environment though? Your own staff getting questioned, asked to provide letters?

A Again, at the time we would have talked to our advisors. You know, we were told again and again that something like this is not that unusual. Not just in our industry, in other industries, so.

Q424. Did the Chinese authorities ever speak to you in your time at Crown?

A No.

Q425. There was another incident with - there was a news - it was reported to you through one of your staff



members, it was a Chinese news report.

A M'mm.

Q426. There was a - on 12 October I recall, I'm not sure I've got the exact document here. Here it is. So 14th, "Have you seen the CCTV report below?", and that was from you to Randy Phillips.

A Yeah.

Q427. It's shaken some of your staff members. Can you recall seeing that that and you attached the link. That's the screenshot obviously.

A Yes.

Q428. Can you recall watching the -

A Yes.

Q429. What was your take on that?

A Yeah, it was another in a series of messages that have come from the Chinese government over, you know, when was this? This was 2015, over the 10 years I've been in the gaming industry. So I, you know, I would have taken it as I did here, tried to get outside advice on this. I think sometimes with outside vendors like this, like with Randy, I use a little bit more alarmist language to get him to act quickly. You know, I think - yeah, certainly people were concerned, you know, got every right. This is a news article that's talking about our industry specifically, and so we wanted to get advice on whether things had changed but it was more information that we should be aware of.

Q430. Our translation of that shows it to be quite specific to where they actually talk about, you

know, organising highly concerned about foreign casinos, legislating China that an organisation of more than 10 going overseas for gambling activities or on numerous occasions with an accumulated number of 10 constituted as a prosecutable offence.

What's your take on that? It seems to me - once again, I consider this almost an escalation of the risk environment over there when they're making these comments. What do you say to that?

A I don't - I don't recall that specific line you just read. I don't recall but I think generally as with every piece of information, news article thing that comes out, we - I chuck it out there to our advisors to react to. And I think, you know, folks like Randy we relied on him and he - I think he generally was pretty calm in all these things because he's seen it in other industries. He's seen a pattern of this over a long period of time. So he didn't - he tried to give, for my estimation as good advice as he could without you know being a knee jerk reaction one way or the other and putting it into the context of what he had seen  
(indistinct) - - -

Q431. In the discussions you had after the arrests and detentions with Randy, where did he say it went wrong?

A I don't recall having - I was asked - - -

MR PRESTON: You talking about South Korean?

INSPECTOR BRYANT: No, no, I'm just - - -

MR CHEN: Our incident.

INSPECTOR BRYANT:

Q432. I'm just asking Michael did he have - there's email correspondence after - with Randy after the arrests and detentions.

A Yeah.

Q433. So what - - -

A I haven't asked him that question. As an employee with Crown I was asked not to communicate with any, you know, customers and vendors and stuff like that as things were being negotiated out, so I didn't really have any direct contact with him.

Q434. After the arrests there was a - can you recall a person by the name of Xian Fei Wang?

A Wang Xian Fei(?), yes.

Q435. What can you tell us about him?

A There was a rumour - again I don't recall where the source of this rumour was - that he was a disgruntled customer and that he may have caused some trouble. That may have resulted in this this action being taken, and so I reached out to Randy to see if he could find out any information on him.

Q436. How long had you known of this customer?

A I'm not sure. I mean he's probably - a year.

Q437. Okay. And you'd dealt with him directly yourself?

A No, I'd never met him.

Q438. And who was reporting to you that he was disgruntled?

A I don't recall where that rumour came from.

Q439. But you thought it was serious enough to ask Randy to profile him?

- A Look at the time I can't remember what the date of that - of my inquiry to Randy was but it would have been probably shortly after this thing happened. So we were just grasping at any piece of information. So we had no idea and this was such a seismic event, any - we were just trying to make sense of it all. So it wasn't anything specific I knew about, watching for anything in particular that, you know, I was just trying to get intelligence to figure out why this happened and whether there's anything we could do about it.
- Q440. So can you recall who told you about him then as probably being - as being possibly behind this?
- A I don't recall at all. I mean maybe the sales person who managed his account but that's speculation. I don't recall.
- Q441. From what the records show that we got from Crown, Mintz really weren't engaged for the year prior to the arrests and detentions. There's no - - -
- A They were or they were not?
- Q442. They weren't. Well there's no emails or correspondence. I think they were on a retainer. Can you recall in the 12 months before the arrests having any discussions or receiving any updates from Mintz?
- A I thought most of this - the proposals were and the reports were before the arrests, right?
- Q443. Yeah, yeah, but from a year - just before, prior to the arrests, so sort of there doesn't seem to be any advice or much advice for about the year before

the arrests.

A Okay, so from two years to one year before.

Q444. Yeah.

A Yeah, I don't recall when we first started engaging them, but Randy I've known for a long time so informally I would often pick up the phone and call him and see if he had heard anything or there was a rumour et cetera.

MR WEAVER: I'm sorry, I just want to make sure it's clear so the question and answer are lined up exactly right.

INSPECTOR BRYANT: Yeah.

MR WEAVER: I think you were asking the 12 months before the arrest there were no incidences where you reached out to Mintz, at least in the emails there was no - - -

MR CHEN: Well 12 months before meant October 2015.

MR PRESTON: No, this is - this is before - oh yeah, sorry.

MR WEAVER: October 15, not October 16.

MR PRESTON: So between October 16 and October 15, go back a year. Is that the point that you were - - -

INSPECTOR BRYANT: Yeah, thank you, thank you for both clarifying.

MR PRESTON: Mintz engagement up until - - -

MR CHEN: Before that, yeah.

MR PRESTON: No, Mintz engagement up to and post the Korean arrests give or take.

INSPECTOR BRYANT: Yes, and then.

MR PRESTON: And then there was a period of no records indicate engagement with Mintz between sort of that post Korean scenario.

INSPECTOR BRYANT:

Q445. Well to round off the last one that we've got is really that news article, the one that was cut and pasted, the news report, so that's October 15. Sorry to jump in.

A Okay.

Q446. But then from there till the arrests - - -

A I see. I didn't realise that actually. So that would only occur if there wasn't any significant signal in the market that we wanted to investigate.

Q447. Prior to the arrests, when was the last time you'd been in mainland China?

A I think it was - it would have been in September, end of September, just before the October holiday I believe but I can't be sure. It's definitely within a month. 99 per cent sure it's within a month.

Q448. Just so I can clarify, after the arrests you didn't discuss with Mintz what might have gone wrong in relation to the staff getting arrested?

A No. I mean our priority is to try and understand who was detained and who wasn't detained and what the laws were, what the process was.

Q449. During the course of our inquiries and the people we've spoken to and the documents would indicate that you were the person responsible for the risk assessment on the ground of what was occurring in China. Is that a fair assessment, fair statement?

A That I was the person responsible for the risk assessment?

Q450. Yeah.

A Okay, I think I was - it's certainly fair to say I was a contributor to the risk assessment. Look, as a senior leader, you know, it's part of any senior leader's responsibility the welfare of their team in the business. So I think there's always risk assessment going on but the overall assessment of risk was a team effort. My view's based on the data that I received, certainly it formed part of the consensus view, outside opinions or outside advice formed part of the consensus view.

Q451. So when you say team effort, who are you referring to then?

A I shared this with Jason and Barry and in certain cases Jan Williamson as well.

Q452. Based on all the documents we have got though, like anything that was happening in China at the time, like the news article, the Koreans, you were the one emailing that up the chain?

A Yeah, because they would either - the tip had come from my team or - because some of the stuff was in Chinese and nobody read Chinese, or it come from a customer and this is my team so they reported up to me and I would then report on to Jason.

Q453. Can you recall ever having specific discussions with any of the Crown executives about you performing that role, the risk assessment role?

A No.

Q454. Do you think you had the appropriate background and skills to be responsible for a risk assessment role

in this sort of environment?

A Again, I don't - I wasn't formally told I had the risk assessment role but as a business executive you always need to - you're always making decisions balancing opportunity and risk and trying to understand those things. So yeah, I think any senior executive always has a role in looking at risk. But my role was to ensure that if I had an issue or I saw an issue that I shared that with the team, meaning executive management and ensure that I brought information to the table and there was a consensus view. So to answer your question more directly, Tim, I think any executive would have some experience in risk assessment and have some responsibility in risk assessment, whether or not it was formally defined in your role or not.

Q455. I understand. Obviously, like things went wrong in China with the people getting arrested. Where do you think it went wrong?

A It's very hard to say. I don't think anybody will ever know. I don't think anybody will ever know.

Q456. Part of my proposition would be that there was an escalation of risk, that the staff being questioned, warnings from the Chinese government and yet Crown continued to pursue business how they'd been pursuing it, and even expanded to a certain extent, with a mitigation strategy of low key and also based on legal advice. The mitigation strategy I find a bit incongruous in relation to you're low key but obviously the Chinese



authorities could determine if you were promoting gambling, if they really wanted to and yet the business kept growing and attracting. Do you think it was a risky strategy to rely on sort of western type legal advice in that Chinese environment?

A We had local - WilmerHale had local partners.

Q457. Yeah.

A This is at their Beijing office, right at the seat of the power with a local Chinese partner. So I mean the WilmerHale partner was a local Chinese person, so look at the end of the day we did not have - there are VIP businesses operating in China that were much larger than ours. You know, for example Sun City in Macau had a much larger business than we did, right. And so what's incongruous to me would be that it's the face value of what, you know, is reported as the reason for this action. I mean there was - one of our detainees and one of our staff members had been with the company a month and a half and spent nine months in gaol, so is that a fair outcome for that person? No. But there was some - so it - I don't think anyone will ever really know. I mean it's hard for us to ever really know what the real objective of the - what really caused the action. I think we took reasonable precautions. We did a professional job of seeking outside advice. We did - we operated in an environment where rumours and these sorts of signals happened all the time and - - -

Q458. But I'd say that it was more than rumours and pretty strong signals when your own staff are being questioned, on at least two occasions, and a letter provided. What do you say to that?

A Again, at the time yeah, we talked to the advisors and we just didn't know the purpose of that. It could be, you know, we knew there was an anti-corruption campaign on rich people, wealthy people in China and so we certainly got advice that it would not be unusual for folks in that person's network to be tapped on the shoulder and say, you know, we want some information.

MR WEAVER: And Tim, I'm sorry, you just expressed your theory which is helpful (indistinct words), can I just clarify your theory for a moment. Does your theory account for the no events for 12 months, the escalation and then the stop of escalation as you described it? I just want to understand the theory so we can give Michael a chance to address whatever might be a part of that thought process.

INSPECTOR BRYANT: Yeah, I have a theory in relation to that but I'd rather not put it on the record just now.

MR WEAVER: Okay.

INSPECTOR BRYANT: I don't think it impacts what I'm asking Michael at this stage but I'm happy to - I'm happy to - - -

MR WEAVER: Just to be clear though, for Michael's sake, in fairness to Michael, to the extent you have - if you shared part of your theory with him, I just - you know, I think it's a little - - -

INSPECTOR BRYANT: It's theory or proposition, it's just something I'd like to see what Michael says.

MR WEAVER: Can I just clarify one thing as well because I've seen a lot of stuff from the Mintz Group today and I saw something from WilmerHale that they redacted. Am I correct that if communications between Crown and WilmerHale, they were just withheld as privilege, there wasn't other communications involved?

MR PRESTON: No, that's it. That's it.

MR WEAVER: Okay.

INSPECTOR BRYANT: One reason possibly is that there was no overt activity, and I'll stress overt activity for that 12 months is that any investigation can go through an overt and a covert phrase. My understanding is the Chinese investigation was extremely thorough from documents we've obtained, involving up to I think 70 witness statements building a very strong case and a strong picture, a lot of activity so maybe questioning of staff was just part of building up a picture, some was more overt than others, some of the activities was more overt.

MR PRESTON: I assume that's speculation though.

INSPECTOR BRYANT: That's right, I did say. That's why I'm not, you know, putting it on the table as a fact but I'm just - you asked for - - -

MR WEAVER: I did, I just want to know the complete theory, that was - - -

INSPECTOR BRYANT: Yeah, it's not - it's just that's what can

happen, this was - not all investigations telegraph everything that happens. That's more usual than not.

MR PRESTON: For known western operators. I would suggest that there are certain jurisdictions where they operate entirely differently to what we would expect to be the norm. That's a bold statement and a broad statement but - - -

INSPECTOR BRYANT: Yeah. Jarrod, have you got any questions?

INSPECTOR WOLFE:

Q459. No. Not a huge - I don't want to hold anyone up. You did mention, I just want to clarify the point with the Las Vegas Sands. Now they changed their structure and you said that they converted their - so in-house sales team to, was it external consultants or did they just change their name?

A I'm not sure.

Q460. You're not sure.

A They - you know, some people use independent agents. It's like real estate. Some people use their own agents, some people use independent agents. I think they - I think they moved to an independent agent network.

Q461. Yeah, and so that might have been also part of that escalation phase, when we were talking about that. As a way that they probably tried to protect themselves, maybe in that escalating environment.

A Don't know.

Q462. But if we don't have the details on that, there was nothing in there. And with your work with Caesars

how did that - how did you go with Caesars, did they get approval for the Singapore work and the poker, or did they - - -

A No, we couldn't find a framework to do poker, so that was put to bed. Singapore, we withdrew from the bidding process at the 11th hour because Caesars was about to go through a private - and that would be a leverage buy out process and in Macau we ultimately ended up buying an asset, buying a piece of land in Macau.

Q463. Okay, yeah. Excellent, and the only other question I had, you did say at one stage just after the South Koreans, when that hit, if they were doing exactly what you were doing then you said you would exit the market. Did you actually have an exit strategy in that case?

A (No audible response.)

Q464. So what planning was involved - because that's part of the risk governance, so it's part of considering and we want to protect our staff and we want to protect ourselves, what happens if that word came back and it was South Koreans are operating in the identical fashion we are. What was the exit strategy, just quickly?

A Well that wasn't - we didn't have that discussion because that wasn't what came back. But I know what I would say in that situation, I'm not going in.

Q465. Yeah. You wouldn't visit.

A No way. And that's always the challenge with

China, right. Short of exiting the business entirely and mind you none of our competitors exited the business, right, this is an important part of being a viable gaming company.

Q466. Yeah.

A Short - and that was a pretty bold thing for anybody to do, say okay, we're going to exit a market that's 75 per cent of your role, market in the highest (indistinct) business. You know, short of doing that you can never - it's a fools errand to say okay, we got two signals this year versus one last year, therefore now we're going to pull our staff out for - when it'll be okay to go back in. It's impossible, right. So the only fork in the road was if somebody said okay, we should exit the market and nobody - nobody, not a single competitor exited the market. So it's just - you know - - -

Q467. It just wasn't even on the - it wasn't on there. I was just going off what you said. Was that one of the questions - - -

A Yeah, so long as we were operating in what we thought were the bounds of the law.

Q468. Yeah, but as you said about China being that unpredictable.

A It's unpredictable but it's really binary. Are we saying to our shareholders et cetera, that we're exiting the market.

No.

MR PRESTON: But it was also based on the fact that at a

number of points in time you continued to get advice. So it wasn't just what you thought, it was taking advice at each and every point in time to get a temperature check and at no stage was there any advisor, one or the other, making those comments at all?

MR CHEN: No, and okay, I - yes, I was well compensated at Crown but they certainly did not pay me enough to take personal risk, you know, put my family at risk or anything like that.

INSPECTOR BRYANT:

Q469. I've got a few more perfunctory, not perfunctory but questions to go through. Is there anything further you'd like to add Michael?

A No, not really.

Q470. You don't have to.

A No.

Q471. I've got to ask a question in relation to suitability.

A Yeah.

Q472. Because you still hold your Casino Special Employee licence. So the VCGLR has reason to consider your continued status as a Crown Special Employee licence holder arising from the convictions of your staff in China for contraventions of Chinese anti-gambling laws. Do you consider yourself suitable to hold a Casino Special Employee licence still?

A Yes.

Q473. How so?

A I - well one, I have complied with all my

obligations, I have acted in a professional and responsible way, so I don't think there is - you know, as horrific as this incident was, you know, of course I've played this a thousand times in my head, what could have been done et cetera, and every scenario I play out it's hard to play out a scenario that it was obvious that we should exit. You know, we did diligence as professional as we could. We sought multiple points of advice frequently. Nobody made singular decisions, we sought consensus amongst the team with multiple advisors.

Okay.

MR PRESTON: Just for the record, you were never charged, Michael, were you?

MR CHEN: No.

INSPECTOR BRYANT:

Q474. Do you agree the time is now 8.51?

A Yes.

This interview is now concluded.

INTERVIEW CONCLUDED