

File note

Matter	Crown China Union Pay
File No.	011916235
Date	20 May 2021 20 May 2021
Author	Leo Bailey
Subject	Meeting with Michelle Fielding Wednesday, 19 May 2021 at 3:30 – 4:30 pm

Attendees: Michelle Fielding (**MF**), Chris Archibald (**CA**), Anna Dixon (**AD**), Jess Elliott (**JE**)

General

- 1 MF is a qualified practising lawyer. She started at Crown in 1997 while studying at university, as a Crown club attendant at the rewards desk. After about 12 months she moved to a role in administration, and was promoted to Administration Coordinator about 2 months after that. At the request of the CEO she changed role to Assistant Compliance Manager. Crown agreed to let MF go to Mallessons' without pay for 12 months. Three years on Crown asked her to come back as Compliance Manager, which was the most senior compliance role ever at Crown at that time. A few years later she was promoted to General Manager, Compliance, then Executive General Manager, Compliance.

Relationship between Compliance and Legal, Commercial, the Executive and the Regulator

- 2 As Compliance Manager, MF's role was limited to advising on and implementing the requirements of the *Casino Control Act 1991 (Vic)* (**Act**). MF gave as examples of the Compliance department's work advising in relation to gaming machines, employee licensing, regulatory reporting, quarterly financial reports, and liaising with the regulator. A substantial part of the workload involved responding to subpoenas to Crown, of which Crown receives a few thousand each year.
- 3 In general, anything outside of the Act was the province of the legal department, and Debra Tegoni (**DT**) among others could be quite territorial in enforcing the boundary-lines. But responsibility for AML was unclear and MF recalls that it seemed to straddle the boundary between the Compliance and Legal domains. At one point in time, DT asked MF if she could take care of AML, but MF said she had no capacity. DT directed [REDACTED]
- 4 MF stated that the relationship between Compliance and the Regulator was appropriate. At one point in time Josh Preston suggested that the relationship should be closer, like in NSW where Crown and ILGR employees would socialise together, but MF did not encourage that sort of thing in her department. The VCGLR did not discourage dialogue, but equally MF and Crown generally try to take a position, rather than go to the regulator for advice.
- 5 Since the CUP era between 2012 – 2016, there has been massive cultural change at Crown. At the time, there was significant pressure on Compliance to conform to what

the commercial side of the business wanted. When the commercial side of the business wanted to get an idea across the line, they would ask a very specific narrow question, and not disclose the whole picture. They might also engage in forum shopping, which made DT furious. There was a much greater appetite for risk, and if Compliance indicated that something was not permissible or advisable, commercial might push back along the lines of "point to where it says we can't do it". Unless the legislation or relevant agreement specifically said that Crown could not do a particular thing, then the assumption was that Crown could.

- 6 Certain individuals in the commercial side of the business could be very pushy. Richard Longhurst, then the Chief Operating Officer, was the "pushy character". Roland Thieler could also "assert pressure". Michael Chen was "unbearably pushy". Jason on the other hand was a "very nice man", did not have a significant appetite for risk and was not pushy. Will McKay was meek, mild and passive [REDACTED]
- 7 There were times when persons within the commercial side of the business would go to the executive to override advice given or the position taken by Compliance. When asked whether MF could recall a distinct origin of broader commercial pressure in the business that was influential, MF noted that periodically people would say "James [Packer] wants the figures", or "James isn't happy".

China Union Pay

- 8 Initially, MF said her only recollection of China Union Pay (**CUP**) was of DT telling her to stay away from it. She recalls Roland Thieler saying that he wanted to speak to her about CUP, but does not remember whether they ever did. MF could not at first remember the written advices she was shown. She said she sent a lot of advices over the years. MF remembers the recent incident where a Crown employee discussed CUP at a staff meeting, and receiving a follow-up email from Rob Meade stating that DT had sent an advice in relation to CUP. But that is all MF remembers in relation to CUP.
- 9 MF was then shown the relevant sections of the *Casino Control Act 1991* (Vic), listened to CA's description of the CUP process, and read through the advices.

CA showed MF extracts of the Casino Control Act 1991

- 10 The sections of the Act read and discussed at the meeting were:
- (a) Section 68(2) which prohibits the casino operator from providing money or chips as part of a transaction involving a credit card or debit card, or extending any other form of credit. Sub-section 8 provides that despite sub-section (2) the operator may provide chips on credit to a person who is not ordinarily resident in Australia for use while participating in a junket or premium player arrangement.
 - (b) Section 81AA which provides that the casino must not provide facilities within 50m of the entrance to the casino that allow a person to withdraw cash of more than \$200 using a debit or credit card.
 - (c) Section 81AAA provides that the casino operator must not provide an ATM in the casino or an area that is less than 50m from the entrance to the casino.



CA showed MF a document behind tab 2

- 11 The document is an advice from MF in relation to CUP, which referred to the 50m rule in sections 81AA and 81AAA of the Act. Looking at the advice afresh, MF agreed that the CUP process seemed to be directed at compliance with section 68(8), not the 50m rule in ss 80AA and 80AAA.
- 12 MF made the following points in relation to her interpretation of section 68:
- (a) Section 68(2) says the casino operator can't offer credit. It doesn't prohibit the casino from facilitating the provision of credit from a banking system, for example via an EFTPOS machine located at the casino or hotel.
 - (b) Anyone could withdraw cash at the hotel (on a credit or debit card), regardless of whether they were international patrons, without breaching section 68.
 - (c) Cash advances within the casino could only be to international patrons.
 - (d) MF was not aware that the CUP process operated on debit cards at all, "but sub-section 8 says that you can do it".
- 13 MF noted that in the current environment, Crown would not take that approach to the legislation.
- 14 MF drew a distinction between: 1) buying chips on credit at the cage; and 2) making a cash withdrawal, which could not happen on the gaming floor.

CA showed MF a document behind tab 9

- 15 The document is an email from Duty Manager Matt Sanders dated 6 September, enquiring as to the correct procedure for the CUP process. MF said she vaguely remembered the email, but not the reference in the email to the Cage.
- 16 When asked why the process was moved to the hotel, MF said she remembered something to do with measurements meaning they should use the hotel terminals for withdrawals. She suggested that it was not feasible to complete the transaction at the hotel desk because the security arrangements were not adequate to allow handing over of large sums of cash there.
- 17 MF did not remember anything relating to NAB or CBA terms and conditions for EFTPOS terminals.
- 18 MF noted that compliance with laws of foreign jurisdictions was not specifically part of her program, but in general Compliance would try to comply with the spirit of the law and not breach the laws of foreign countries.

