
TRANSCRIPT OF PROCEEDINGS

COMMISSIONER: HON. RAY FINKELSTEIN AO QC

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

MELBOURNE, VICTORIA

10.00 AM, MONDAY, 24 MAY 2021

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09:22 1 COMMISSIONER: Sit down, please. Good morning, everyone.

10:02 2

10:02 3

10:02 4 **SUBMISSIONS BY MS O'SULLIVAN**

10:02 5

10:02 6

10:02 7 MS O'SULLIVAN: Thank you, Commissioner. The next phase

10:02 8 of hearing continues the Commission's focus on money

10:02 9 laundering at Crown's Melbourne and Perth casinos. Over the

10:02 10 coming days, the Commissioner will hear from four anti-money

10:02 11 laundering specialists. These specialists have, in the past and

10:02 12 currently, advised Crown as to its money, anti-money

10:02 13 laundering processes and procedures or assessed the extent of

10:02 14 money laundering through Crown's bank accounts in the past.

10:02 15 Through their evidence, the Commission will examine aspects of

10:02 16 Crown's track record on money laundering. The Commission

10:02 17 will also examine Crown's present state of preparedness to detect

10:02 18 and deter money laundering and the reforms which Crown

10:02 19 proposes to undertake to address its past failings in this area. We

10:03 20 will examine past action and inaction but also propose future

10:03 21 action. The Commission will consider how those matters impact

10:03 22 on Crown's suitability to continuing to hold the casino licence.

10:03 23

10:03 24 At its simplest, money laundering involves criminals disguising

10:03 25 the origin of illicit funds by turning dirty money into clean funds.

10:03 26 AUSTRAC defines money laundering as "dealing with assets in

10:03 27 ways which mask ownership of those assets and make them

10:03 28 appear to have come from legitimate sources. This allows

10:03 29 criminals to accumulate and use the proceeds of crime for

10:03 30 personal gain and to fund further criminal activity. The

10:04 31 Australian Criminal Intelligence Commission reports that money

10:04 32 laundering continues to be a fundamental enabler of criminal

10:04 33 activity. The ACIC reports that money laundering is a diverse

10:04 34 activity carried out at all levels of sophistication, and that it plays

10:04 35 an important role in serious and organised crime.

10:04 36

10:04 37 Money laundering is not a victimless crime. The Financial

10:04 38 Action Task Force reports that trillions of dollars of money are

10:04 39 laundered each year. That money fuels serious crime, including

10:04 40 drug dealing, sexual exploitation and human trafficking. So

10:04 41 Crown's anti-money laundering capacity is not merely

10:04 42 a compliance issue for Crown, it goes to the public's confidence

10:05 43 that Crown can conduct its casino operations free from criminal

10:05 44 exploitation.

10:05 45

10:05 46 The relevant context is this: casinos are known to attract money

10:05 47 launderers. Money launderers exploit the high cash turnover and

10:05 1 the large transaction volume in casinos to launder illicit funds and
 10:05 2 the proceeds of crime. In Australia, instances of money
 10:05 3 laundering in the gaming sector generally involve cash proceeds
 10:05 4 from drug trafficking and fraud, both domestic and international.

10:05 5
 10:05 6 One of the aims of the Casino Control Act is to ensure casinos
 10:05 7 remain free from criminal exploitation. So a casino operator who
 10:05 8 permits its operations to be exploited by money launderers cannot
 10:06 9 be suitable to hold a casino licence. We know that Crown has
 10:06 10 had money laundering problems in the past. The Honourable
 10:06 11 Patricia Bergin SC found that Crown facilitated money
 10:06 12 laundering through its Southbank and Riverbank accounts
 10:06 13 between 2014 and 2019. As it transpired, the reports that
 10:06 14 revealed reports of money laundering on Crown's Southbank and
 10:06 15 Riverbank bank accounts were provided by Crown to the Bergin
 10:06 16 Inquiry at the eleventh hour.

10:06 17
 10:06 18 The Honourable Patricia Bergin SC made the following comment
 10:06 19 in her report published on 1 February 2021 about the Grant
 10:06 20 Thornton and Initialism reports on Crown's Southbank and
 10:06 21 Riverbank accounts. She said this:

10:07 22
 10:07 23 *The authority should also be aware that the reports that*
 10:07 24 *were provided to the Inquiry two days before the close of*
 10:07 25 *public hearings were merely annexed to yet another*
 10:07 26 *statement by Mr Barton and were not the subject of*
 10:07 27 *separate evidence by the authors of those reports. There*
 10:07 28 *has been no forensic testing in any forum in this inquiry of*
 10:07 29 *the process by which the ambit of the instructions that*
 10:07 30 *were given was decided, the detail of the process that was*
 10:07 31 *adopted, the nature of the access to documents and/or*
 10:07 32 *individuals for the purposes of the analysis and/or the*
 10:07 33 *conclusions that were reached in those reports.*

10:07 34
 10:07 35 MS O'SULLIVAN: In the days to come, this Commission will
 10:07 36 explore precisely those matters which the Bergin Inquiry was not
 10:08 37 able to. But that is not the only thing we will examine. Money
 10:08 38 laundering through Crown's bank accounts is only one piece of
 10:08 39 the money laundering puzzle at Crown; there are multiple
 10:08 40 avenues or channels for money laundering exploitation at
 10:08 41 a casino. This Commission will explore those channels. Crown
 10:08 42 's obligations under the Commonwealth's anti-money laundering
 10:08 43 legislations are not only to report money laundering but also
 10:08 44 identify and mitigate the risk of it occurring. We will examine
 10:08 45 Crown's defences against money laundering and assess Crown's
 10:08 46 state of preparedness to detect and deter money laundering.
 10:08 47

10:08 1 Crown claims it is in a state of transformation on the anti-money
10:08 2 laundering front. Crown has provided the Royal Commission
10:08 3 with an outline of a change program when it comes to anti-money
10:09 4 laundering and counterterrorism financing. That change program
10:09 5 starts with expanding the number of staff working in financial
10:09 6 crime roles and anti-money laundering roles at Crown. It sets out
10:09 7 an impressive list of new financial crime roles that Crown has
10:09 8 created and proposes to fill. Whether or not this recruitment
10:09 9 drive will stand to Crown's credit depends in part on
10:09 10 an understanding of the sufficiency of its previous financial crime
10:09 11 staffing levels. If Crown has in the past chronically underfunded
10:09 12 and underresourced its financial crime team, the current
10:09 13 recruitment drive must be viewed in that context.

10:09 14
10:09 15 On that point, Commissioner, you heard evidence last week from
10:09 16 Mr Stokes that when he joined Crown in November 2019,
10:09 17 Crown's anti-money laundering team was significantly
10:10 18 underresourced with only two staff in Perth and two staff in
10:10 19 Melbourne, plus himself.

10:10 20
10:10 21 Some of the reforms listed in Crown's change program have
10:10 22 already been implemented. Critically, some of those reforms
10:10 23 have already been assessed by an anti-money laundering expert
10:10 24 external to Crown and found wanting. In particular, changes to
10:10 25 Crown's policies concerning the ability of third parties and money
10:10 26 remitters to deposit funds into Crown's bank accounts have been
10:10 27 assessed by an external expert. We will look closely at that
10:10 28 assessment. And we will do that because if those changes are
10:10 29 illustrative of the change program which Crown is planning, there
10:10 30 are serious concerns about Crown's ability to implement
10:10 31 consistent, effective and sustainable reforms to address its past
10:11 32 money laundering failures.

10:11 33
10:11 34 So over the coming days, we will be looking to the past
10:11 35 but also at the present, and looking to the future to
10:11 36 explore how extensive Crown's reform program is,
10:11 37 including whether it is sufficient to bring Crown's
10:11 38 anti-money laundering processes up to a standard expected
10:11 39 of an entity suitable to hold a casino licence. The
10:11 40 public's confidence in Crown's ability to address money
10:11 41 laundering has been severely tested. This Commission
10:11 42 will consider how Crown's track record and present state
10:11 43 of preparedness to counter money laundering impact on its
10:11 44 suitability to continue to hold the casino licence.

10:11 45
10:11 46 Commissioner, let's start with some background. Crown
10:11 47 opened the Southbank and Riverbank bank accounts in 2007

10:12 1 and 2013 respectively. Customers of Crown could deposit
10:12 2 money into those accounts. Southbank and Riverbank
10:12 3 originally held bank accounts with HSBC, but in 2013 HSBC
10:12 4 decided to discontinue its relationship with Southbank
10:12 5 and Riverbank, following a strategic review of the gaming
10:12 6 sector. Southbank then opened an account with the CBA
10:12 7 and Riverbank opened an account with ANZ. Deposits into
10:12 8 those accounts could be in the form of cash, electronic
10:12 9 funds transfer or international transfer. In the usual
10:12 10 case, money would be deposited into the Southbank and
10:12 11 Riverbank accounts with an instruction to allocate that
10:12 12 money to a specific patron's deposit account. In the
10:12 13 usual case, the notation of the customer's name and Crown
10:13 14 patron number was provided by the depositor to identify
10:13 15 to whose credit the deposit was made.

10:13 16
10:13 17 Separately, Crown has its own system of what is called
10:13 18 patron deposit accounts. Patron deposit accounts are
10:13 19 operated by Crown. They are like bank accounts but don't
10:13 20 attract interest. So a customer or patron could deposit,
10:13 21 say, \$5,000 into Crown's Southbank bank account with
10:13 22 a notation to credit that customer's patron deposit
10:13 23 account by \$5,000. The customer could then turn up at
10:13 24 Crown and withdraw chips up to that amount, or any other
10:13 25 amount in their patron deposit account. Having withdrawn
10:13 26 the money as chips, the patron is then free with or
10:13 27 without gaming, to cash in their chips and take the
10:13 28 winnings out of the casino say in the form of a cheque.

10:13 29
10:13 30 As there is no way of knowing if the cheque represents
10:14 31 money legitimately won on the gaming floor or deposited
10:14 32 by someone else, the money which may have started as the
10:14 33 proceeds of crime is now washed and appears as legitimate
10:14 34 casino winnings. This is but one example of how money
10:14 35 laundering in a casino may occur.

10:14 36
10:14 37 It will be useful at this point to detour slightly and
10:14 38 explain the concept of structuring, as that concept will
10:14 39 be mentioned multiple times in the coming days. In
10:14 40 summary, structuring is a money laundering technique
10:14 41 which involves intentionally making multiple deposits
10:14 42 under the \$10,000 statutory reporting threshold so as to
10:14 43 avoid the trigger of what is called a threshold
10:14 44 transaction report. That report is concerning
10:14 45 a transaction of 10,000 or more. I will explain it
10:14 46 further in a moment.
10:14 47

10:14 1 Under the Commonwealth Anti-Money Laundering and
10:15 2 *Counter-Terrorism Financing Act 2006*, a reporting entity
10:15 3 must report transactions of \$10,000 or more to AUSTRAC.
10:15 4 Banks, money remitters and casinos are all reporting
10:15 5 entities under the Anti-Money Laundering and
10:15 6 *Counter-Terrorism Financing Act*. One of the matters
10:15 7 which a reporting entity is obliged to report to AUSTRAC
10:15 8 is called a threshold transaction. The corresponding
10:15 9 report is called the threshold transaction report, often
10:15 10 shortened to TTR. The TTR has to include a number of
10:15 11 matters, including the customer's full name, date of
10:15 12 birth and address. So the effect of the TTR reporting
10:15 13 obligation is that if someone wants to make a deposit of
10:15 14 \$10,000 or more, they cannot do so anonymously. Where
10:16 15 someone wants to make a deposit of \$10,000 or more, they
10:16 16 have to identify themselves. Now, someone who is seeking
10:16 17 to launder the proceeds of crime may not want to identify
10:16 18 themselves. If that person had, say, \$30,000, they could
10:16 19 split that into four deposits of each less than \$10,000
10:16 20 to avoid the TTR process and having to identify
10:16 21 themselves. That's an example of structuring. And,
10:16 22 where a reporting entity detects and suspects
10:16 23 structuring, it will likely not submit a TTR to AUSTRAC;
10:16 24 rather, it will submit a suspicious transaction[sic]
10:16 25 report, called an SMR for short. Structuring is
10:16 26 an offence under Commonwealth legislation. The
10:16 27 Anti-Money Laundering and Counter-Terrorism Financing Act
10:16 28 *2006 provides that it is an offence for a person to*
10:16 29 *conduct a transaction in order to evade threshold*
10:16 30 *transaction reporting requirements. The penalties for*
10:17 31 *structuring are imprisonment for five years or 300*
10:17 32 *penalty points or both.*

10:17 33
10:17 34 Having taken that detour, we can now continue the story.
10:17 35 Crown's Southbank and Riverbank bank accounts were open
10:17 36 from 2007 and 2013 respectively until they were closed in
10:17 37 December 2019. The Bergin Report recounts the various
10:17 38 red flags that were raised from 2014 onwards about
10:17 39 indications of money laundering through those accounts,
10:17 40 to which Crown was alerted but largely ignored.

10:17 41
10:17 42 What the Bergin Inquiry did not learn because of the
10:17 43 timing issues mentioned earlier is that in August 2019,
10:17 44 Crown's then external anti-money laundering advisor,
10:17 45 Initialism, recommended that Crown investigate the
10:18 46 Riverbank and Southbank bank accounts. To facilitate
10:18 47 that investigation, in August 2019, Initialism introduced

10:18 1 Crown to Grant Thornton, which was the firm that would
10:18 2 eventually perform the data analysis on the Southbank and
10:18 3 Riverbank accounts.
10:18 4
10:18 5 Notwithstanding Initialism's recommendation, Crown did
10:18 6 not act in August 2019 and had not acted by August 2020
10:18 7 to engage Grant Thornton and Initialism to conduct
10:18 8 a review into the Southbank and Riverbank accounts.
10:18 9 Initialism repeated its recommendation to Crown over
10:18 10 a year later in December 2020 and again in October 2020.
10:18 11 13 months after recommended by Initialism and two
10:18 12 follow-up recommendations, and in the context of ongoing
10:19 13 investigations by the Bergin Inquiry, Crown acted to
10:19 14 engage Grant Thornton and Initialism to conduct a review
10:19 15 of the transactions on the Southbank and Riverbank
10:19 16 accounts to look for evidence of money laundering.
10:19 17
10:19 18 However, the reviews were not fulsome. The terms of
10:19 19 reference were confined. For example, Initialism
10:19 20 identified nine possible structuring scenarios that
10:19 21 Grant Thornton could look for. Crown decided that Grant
10:19 22 Thornton's review would be limited to three structuring
10:19 23 scenarios. By further example, Southbank's and
10:19 24 Riverbank's bank accounts in foreign currencies were not
10:19 25 included in the Grant Thornton Initialism reviews.
10:19 26
10:19 27 Furthermore, by this stage Crown had conducted its own
10:19 28 internal investigation into structuring on certain of its
10:20 29 bank accounts. That internal investigation identified
10:20 30 equivalent volumes of cash transactions under the \$10,000
10:20 31 TTR limit on two other Crown bank accounts: the Crown
10:20 32 Melbourne and Crown Perth --- Burswood --- bank accounts.
10:20 33 Notwithstanding that Crown itself had identified
10:20 34 equivalent volumes of cash transactions under the \$10,000
10:20 35 TTR limit on to the other Crown bank accounts, the terms
10:20 36 of reference for the Grant Thornton and Initialism
10:20 37 reviews excluded those bank accounts.
10:20 38
10:20 39 One available conclusion is that Crown prioritised the
10:20 40 Southbank and Riverbank investigation because that was
10:20 41 the focus of the Bergin Inquiry. Another available
10:20 42 conclusion is that Crown wanted to minimise the bad news
10:20 43 it had decided to present to Bergin. An important part
10:21 44 of this inquiry will be to explore why the Crown
10:21 45 Melbourne and Crown Perth bank accounts were excluded at
10:21 46 that time and why the Terms of Reference to Grant
10:21 47 Thornton and Initialism were so constrained.

10:21 1
10:21 2 The evidence you will hear in the coming days reveals
10:21 3 a pattern of behaviour. The pattern is of Crown
10:21 4 instructing external parties with limited terms of
10:21 5 reference or limited retainer. Commissioner, you will
10:21 6 recall one of the findings of the Bergin Report was that
10:21 7 in 2014 Ken Barton of Crown instructed Promontory
10:21 8 Australasia to undertake a review of the anti-money
10:21 9 laundering and counterterrorism financing program at
10:21 10 Crown Melbourne and Crown Perth. The Bergin Inquiry
10:21 11 found that notwithstanding that Mr Barton had
10:21 12 commissioned the report to give ANZ comfort in
10:22 13 circumstances where transactions indicative of money
10:22 14 laundering had been identified, Promontory was not
10:22 15 alerted to the existence of Crown's Southbank and
10:22 16 Riverbank accounts, nor was it advised of the issues
10:22 17 which ANZ had identified in those accounts. Accordingly,
10:22 18 the Promontory report did not address any of those
10:22 19 issues.

10:22 20
10:22 21 Similarly, the terms of reference for the Grant Thornton
10:22 22 and Initialism reviews into the Southbank and Riverbank
10:22 23 accounts were confined to two bank accounts only. This
10:22 24 demonstrates a pattern of not looking too hard at or for
10:22 25 matters which might reflect poorly on Crown or which on
10:22 26 things that might compel Crown to change its operating
10:22 27 practices.

10:22 28
10:22 29 In this phase of hearings, we will hear from a number of
10:22 30 external parties who Crown has commissioned to perform
10:22 31 analyses of various parts of the Crown anti-money
10:23 32 laundering program. In each case, the terms of reference
10:23 33 for the external review are carefully crafted. Matters
10:23 34 of significance are omitted from the terms of reference.
10:23 35 One possible conclusion is Crown's responses are driven
10:23 36 more for a desire to solve the problems arising from
10:23 37 money laundering rather than to solve the problem of
10:23 38 money laundering.

10:23 39
10:23 40 The Grant Thornton review of the Riverbank bank account
10:23 41 identified 52 patrons in potential structured
10:23 42 transactions on the Riverbank account. This equated to
10:23 43 19 per cent of total cash deposits on the Riverbank
10:23 44 account over the roughly six-year period examined. In
10:23 45 dollar terms, that equated to approximately \$3.2 million.
10:23 46 The Grant Thornton review of the Southbank account
10:24 47 identified a total of 30 patrons in potential structured

10:24 1 transactions over the roughly six-year period examined.
10:24 2 This equated to 1.31 per cent of total cash deposits on
10:24 3 the Southbank account. In dollar terms, that equated to
10:24 4 approximately \$2.1 million.
10:24 5
10:24 6 In one example reviewed by Grant Thornton, there were
10:24 7 18 separate structured deposits made on a single day, all
10:24 8 fractionally under the \$10,000 threshold to the credit of
10:24 9 a single patron account. When Initialism looked further
10:24 10 into that particular patron's account, Initialism's
10:24 11 review revealed that the patron was not ordinarily
10:24 12 resident in Australia and did not sign for the release of
10:24 13 funds when those funds were released by Crown at the
10:24 14 casino end. The Initialism Southbank and Riverbank
10:24 15 review concluded that operation of the Southbank and
10:25 16 Riverbank accounts resulted in a potential vulnerability
10:25 17 that the accounts could be exploited for the purposes of
10:25 18 laundering the proceeds of crime.
10:25 19
10:25 20 The Initialism review concluded that there were
10:25 21 transactions indicative of structuring, smurfing and
10:25 22 cuckoo smurfing on the Riverbank and Southbank accounts.
10:25 23 Initialism then concluded that it was reasonable to
10:25 24 assume that any apparent structuring through the
10:25 25 Riverbank and Southbank accounts would be indicative of
10:25 26 money laundering.
10:25 27
10:25 28 In the Bergin Inquiry, Crown conceded that its conduct
10:25 29 certainly enabled money laundering to occur. The Bergin
10:25 30 Inquiry concluded that there could be no doubt that the
10:25 31 processes adopted by Crown, as outlined in the Bergin
10:25 32 Report, enabled or facilitated money laundering through
10:25 33 its Southbank and Riverbank accounts. So what happened
10:26 34 next?
10:26 35
10:26 36 Following the completion of the Grant Thornton and
10:26 37 Initialism reviews in November 2020, Crown told the
10:26 38 Victorian Commission For Gaming and Liquor Regulation
10:26 39 that it would conduct equivalent analyses to that
10:26 40 performed on the Southbank and Riverbank accounts, but on
10:26 41 the Crown Melbourne and Crown Perth accounts. Those
10:26 42 equivalent analyses were started but, to our knowledge,
10:26 43 not completed. We do not yet have an explanation for why
10:26 44 those equivalent analyses were not completed at that
10:26 45 time, but no doubt Crown will tell us shortly. One
10:26 46 possibility is that Crown chose deliberately not to know
10:26 47 or find out.

10:26 1
10:26 2 It transpired that in addition to the Riverbank and
10:26 3 Southbank account, there are up to 45 other Crown
10:27 4 accounts that patrons could use in a manner similar to
10:27 5 Southbank and Riverbank. Those accounts are now being
10:27 6 examined for evidence of money laundering by Deloitte.
10:27 7 The final results of that Deloitte examination will not
10:27 8 be known until after the deadline for this Commission to
10:27 9 report.
10:27 10
10:27 11 Deloitte's preliminary analysis suggests that of those
10:27 12 45 bank accounts, there are 14 Crown bank accounts with
10:27 13 evidence of money laundering. Those preliminary results
10:27 14 suggest there are instances of potential structuring on
10:27 15 Crown's bank accounts as recent as February this year.
10:27 16
10:27 17 We know this, Commissioner, because in February Crown
10:27 18 engaged Deloitte to conduct what Crown will call
10:27 19 a comprehensive review of its bank accounts for evidence
10:27 20 of money laundering. The final result of that Deloitte
10:28 21 review will tell us whether the indications of money
10:28 22 laundering on the Southbank and Riverbank accounts are
10:28 23 just the tip of the iceberg. This part of the story is
10:28 24 still being revealed as we speak. Had Crown started that
10:28 25 review any earlier than February this year, the results
10:28 26 would be known to this Commission. Those final results
10:28 27 may not be known to this Commission because Crown did not
10:28 28 act on its own initiative to conduct a comprehensive
10:28 29 review on money laundering accounts in response to the
10:28 30 red flags dating back to 2014 that were exposed by the
10:28 31 Bergin Inquiry in 2020.
10:28 32
10:28 33 Crown did not so act in July 2019 when The Age, Sydney
10:28 34 Morning Herald and 60 Minutes reported allegations of
10:28 35 money laundering on the Southbank and Riverbank accounts.
10:29 36 Crown did not so act in August 2019 when its money
10:29 37 laundering advisor, Initialism, recommended a review.
10:29 38 And Crown did not instruct Grant Thornton and Initialism
10:29 39 to conduct a comprehensive review when it instructed them
10:29 40 in October last year to review the Southbank and
10:29 41 Riverbank accounts.
10:29 42
10:29 43 In respect of the bank account review commenced in
10:29 44 February this year, it's important to note this is not
10:29 45 Crown being proactive. Rather, that review is being done
10:29 46 reactively, as a pathway to suitability for Crown Sydney.
10:29 47 An inevitable conclusion is that Crown only responded

10:29 1 when faced with the magnitude of losing or having
10:29 2 delayed its investment in the Barangaroo casino in
10:29 3 Sydney.
10:29 4

10:29 5 We do not presently know whether Crown or the NSW ILGA
10:30 6 plan to make the results of the Deloitte bank account
10:30 7 review public. We will hear more about the Deloitte
10:30 8 review into Crown's bank accounts in the coming days.
10:30 9

10:30 10 Now, looking at some recent improvements. The Southbank
10:30 11 and Riverbank accounts were closed in December 2019. At
10:30 12 that point Crown informed its patrons to deposit money
10:30 13 into the Crown Melbourne and Crown Perth accounts
10:30 14 instead. Over the course of 2020, some incremental
10:30 15 reforms addressing money laundering risk on Crown's bank
10:30 16 accounts were implemented --- two in particular: a policy
10:30 17 prohibiting cash deposits, third-party deposits and money
10:30 18 remitter deposits into Crown's bank accounts, and
10:30 19 a complementary policy called a return of funds policy.
10:30 20

10:30 21 We're told that these policies were operational as of
10:31 22 1 December 2020. As a part of its pathway to suitability
10:31 23 to hold the Barangaroo casino licence, Crown asked
10:31 24 an expert, again Deloitte, to examine those new reforms.
10:31 25 Those reforms have been assessed and found wanting, in
10:31 26 particular the assessment found that there are flaws in
10:31 27 the design of the policies, and that they are not
10:31 28 operationally effective in a sustainable manner.
10:31 29 Deloitte also identified a number of problems with
10:31 30 Crown's anti-money laundering training, documentation and
10:31 31 work tools. So it is open to conclude that Crown's first
10:31 32 steps on its reform pathway are simply a knee-jerk
10:31 33 reaction to the revelations of the Bergin Inquiry. So
10:31 34 even the supposed new and improved Crown has continuing
10:31 35 anti-money laundering problems.
10:32 36

10:32 37 A further question the Commission will explore is why
10:32 38 Crown has only moved recently to implement such reforms.
10:32 39 The money laundering techniques of structuring and cuckoo
10:32 40 smurfing identified by Grant Thornton and Initialism as
10:32 41 having occurred on the Southbank and Riverbank accounts
10:32 42 are not new money laundering techniques. Many of the
10:32 43 reforms proposed to be undertaken by Crown now could and
10:32 44 arguably should have been done much earlier. Many of
10:32 45 them are no-brainers. A common theme running through two
10:32 46 of the experts' evidence on money laundering is that
10:32 47 Crown's state of preparedness when it comes to anti-money

10:32 1 laundering is immature. Indeed, Crown's new head of
10:32 2 financial crime has told the Commission that the Crown
10:32 3 group is at an early stage of maturity in respect of the
10:32 4 management of financial crime risk. This evidence is
10:33 5 extraordinary when we consider that Crown has been
10:33 6 operating the Melbourne casino since 1994. 26 years is
10:33 7 a long time to achieve early maturity.

10:33 8

10:33 9 So far, I've spoken a lot about money laundering through
10:33 10 Crown's bank accounts. As mentioned earlier, this is
10:33 11 only one part of the money laundering landscape facing
10:33 12 Crown. Towards the end of this week we will hear more
10:33 13 about those other channels used to launder money. We
10:33 14 will hear about how Crown addresses at present the money
10:33 15 laundering risks presented by those other channels. We
10:33 16 will hear from an overseas expert as to Crown's present
10:33 17 state of preparedness to detect, deter and mitigate money
10:33 18 laundering. This evidence will show that Crown's current
10:33 19 control framework and reform program is immature and
10:34 20 underdeveloped. It will also look at the risks of
10:34 21 implementing change without a transformation strategy or
10:34 22 change management process.

10:34 23

10:34 24 The Commission will explore with this expert what steps
10:34 25 Crown needs to take to permit anti-money laundering
10:34 26 process up to a stand required of a suitable casino
10:34 27 licensee. During this part of the hearing, there will be
10:34 28 detailed discussion about particular money laundering
10:34 29 channels and present vulnerabilities which Crown has.
10:34 30 Because there is a real risk that matters examined in
10:34 31 this part of the hearing could be exploited by those
10:34 32 seeking to launder funds at the casino, this part of the
10:34 33 hearing will be held in private. The parties with
10:34 34 standing leave to appear, including Crown, will be
10:34 35 present. The media are permitted to be present. All
10:34 36 parties who will be present during that evidence will be
10:34 37 bound by a non-publication order in respect of the
10:34 38 detailed evidence of Thursday's expert.

10:34 39

10:34 40 So where is Crown up to? Crown is still uncovering the
10:35 41 full extent of its money laundering problem. Based on
10:35 42 the material which this Commission has received, it
10:35 43 appears that Crown does not yet know the full extent of
10:35 44 that problem, save that it is likely greater than
10:35 45 previously thought. The evidence that this Commission
10:35 46 will hear in the coming days is that Crown is only at the
10:35 47 very beginning of a long journey of anti-money laundering

10:35 1 reform. Crown's position on this is "Trust us, we'll get
 10:35 2 it right". Whether or not Crown can be so trusted must
 10:35 3 be evaluated, at least in part, in the context of its
 10:35 4 track record on money laundering. Further, a relevant
 10:35 5 question will be whether Crown can be found suitable
 10:35 6 while such reforms are pending. In her public submission
 10:35 7 to the Commission, Dr Elise Bant, professor of private
 10:35 8 law and commercial regulation at the University of WA law
 10:36 9 school, analysed the Crown's systems and practices as
 10:36 10 revealed by the Bergin Inquiry which led to Crown
 10:36 11 facilitating money laundering through the Southbank and
 10:36 12 Riverbank accounts. Professor Bant advances a model
 10:36 13 whereby a corporation attracts culpability if its systems
 10:36 14 and processes cause harm, yet those systems and processes
 10:36 15 are adopted and set in train over a long period without
 10:36 16 review or adjustment. Professor Bant says the following
 10:36 17 if or when it comes to considering what changes, if any,
 10:36 18 would be required to render Crown suitable. She says
 10:36 19 this:

10:36 20

10:36 21 *Board renewal is not enough. Nor is it enough for senior*
 10:36 22 *management to articulate new policies or processes apt to*
 10:36 23 *produce lawful conduct unless those systems are enacted*
 10:36 24 *on the ground.*

10:36 25

10:37 26 Professor Bant goes on to say:

10:37 27

10:37 28 *..... on the approach adopted in this submission [her*
 10:37 29 *submission] systemic change must be made and sustained*
 10:37 30 *in order for a culpable corporation to reform its*
 10:37 31 *character as revealed through assist systems, policies and*
 10:37 32 *processes.*

10:37 33

10:37 34 Something should also be said about recent media reports that
 10:37 35 Crown plans to ban cash in its Australian casinos. On 13 May
 10:37 36 the NSW Independent Liquor & Gaming Authority announced in
 10:37 37 a press release that Crown had agreed with the ILGA to make all
 10:37 38 gaming in its casinos cashless. Crown's own press release of the
 10:37 39 same day use noticeably softer language. In its press release
 10:37 40 Crown stated that:

10:37 41

10:37 42 *Crown is in discussions with ILGA to evaluate the*
 10:37 43 *necessary steps towards the introduction of cashless*
 10:38 44 *gaming alternatives at Crown Sydney.*

10:38 45

10:38 46 Noticeably, Crown's press release did not mention Crown
 10:38 47 Melbourne. Confirmation of true position is necessary; indeed, if

10:38 1 Crown is considering a cash ban at Crown Melbourne, it
10:38 2 demonstrates how fluid Crown's present anti-money laundering
10:38 3 thinking is. In March this year Crown informed this Commission
10:38 4 of revisions to its internal policies. Those revisions included that
10:38 5 in November last year, Crown prohibited cash deposits at the
10:38 6 cage but over 250,000, and in February this year, that the
10:38 7 threshold was reduced to \$200,000. If that threshold is now to be
10:38 8 reduced to nil, that will be a significant change to Crown's
10:38 9 operations. Crown should explain its position on the reported
10:39 10 cash ban and what it intends to do so that its proposal can be
10:39 11 examined in these hearings.

10:39 12
10:39 13 Whatever may be the position, it should not be thought that a cash
10:39 14 ban solves Crown's money laundering problems. The evidence
10:39 15 that the will hear on Thursday will reveal the multitude of
10:39 16 different ways that money laundering can occur in a casino with
10:39 17 and without cash. Indeed, the seminal 2009 report of the
10:39 18 Financial Action Task Force titled "Vulnerabilities of Casinos
10:39 19 and Gaming Sector" sets out known money laundering techniques
10:39 20 --- called typologies --- many of which do not involve physical
10:39 21 cash.

10:39 22
10:39 23 The pros and cons of a cash ban will be explored this week with
10:39 24 the various money laundering experts. Each of the four
10:39 25 anti-money laundering specialists that the Crown will hear from
10:40 26 this week have been compelled to attend. Further evidence on
10:40 27 money laundering will come later in this hearing, in particular at
10:40 28 a later point we will hear from Crown's new head of financial
10:40 29 crime, Steve Blackburn, and the Commission's own experts
10:40 30 presently examining aspects of Crown's anti-money laundering
10:40 31 processes.

10:40 32
10:40 33 Commissioner, the first witness is Katherine Shamai from Grant
10:40 34 Thornton. Before I call her, there is one further appearance that
10:40 35 will be announced this morning.

10:40 36
10:40 37 MR BRERETON: May it please the Commission. I announce
10:40 38 the appearance of my learned Ms Fitzgerald who appears with Mr
10:40 39 Rozen and I for the VCGLR.

10:40 40
10:40 41 COMMISSIONER: Thank you.

10:40 42
10:40 43 MS O'SULLIVAN: Thank you. I call Katherine Shamai.

10:41 44
10:41 45

10:41 46 **MS KATHERINE SHAMAI, SWORN**

10:41 47

10:41 1
10:41 2 **EXAMINATION-IN CHIEF BY MS O'SULLIVAN**
10:41 3
10:41 4
10:41 5 MS O'SULLIVAN: Ms Shamai, can you say your full name for
10:41 6 the Commission, please.
10:41 7
10:41 8 A. Katherine Shamai.
10:41 9
10:41 10 Q. And your business address?
10:41 11
10:41 12 A. Level 22, Tower 5, 727 Collins Street.
10:41 13
10:41 14 Q. You are a partner at Grant Thornton Australia Ltd; is that
10:41 15 right?
10:41 16
10:41 17 A. Yes, that's right.
10:41 18
10:41 19 Q. You appear today pursuant to a Notice to Attend?
10:41 20
10:41 21 A. Yes, that's right.
10:41 22
10:41 23 Q. You have prepared a written statement for the Commission;
10:41 24 is that right?
10:41 25
10:42 26 A. Yes.
10:42 27
10:42 28 Q. That statement is undated; is that right?
10:42 29
10:42 30 A. Correct.
10:42 31
10:42 32 Q. In front of you you have a folder, Ms Shamai. If you turn
10:42 33 to tab 1 of that folder, which is a document which I will also have
10:42 34 brought up. GTA.0000.0005.0001. Can you confirm that is
10:42 35 a copy of the statement you've prepared?
10:42 36
10:42 37 A. Yes, that is a statement I prepared.
10:42 38
10:42 39 Q. It is a three-page statement with one annexure marked
10:42 40 KS1?
10:42 41
10:42 42 A. Yes.
10:42 43
10:42 44 Q. Is that statement true and correct to the best of your
10:42 45 knowledge?
10:42 46
10:42 47 A. Yes, it is.

10:42 1
10:42 2 Q. I tender the statement, Commissioner.
10:42 3
10:42 4 COMMISSIONER: Undated statement of Katherine Shamai will
10:42 5 be Exhibit 34.
10:42 6
10:42 7
10:42 8 **EXHIBIT #RC0034 - UNDATED STATEMENT OF MS**
10:42 9 **KATHERINE SHAMAI**
10:42 10
10:42 11
10:42 12 COMMISSIONER: Thank you.
10:42 13
10:42 14 MS O'SULLIVAN: Ms Shamai, you are a partner, I understand,
10:42 15 in Grant Thornton's risk consulting practice; is that right?
10:42 16
10:42 17 A. Yes, that's right.
10:42 18
10:42 19 Q. You are also a certified anti-money laundering specialist; is
10:42 20 that right?
10:42 21
10:43 22 A. Yes, that's correct.
10:43 23
10:43 24 Q. Can you tell the Commissioner briefly about that
10:43 25 qualification.
10:43 26
10:43 27 A. That is a qualification that you study for at a self-pace, in a
10:43 28 self-paced module, and there is an online exam which you have to
10:43 29 pass in order to gain the qualification. There is also ongoing
10:43 30 professional development requirements as well.
10:43 31
10:43 32 Q. So it is a qualification that you obtain from a body called
10:43 33 ACAMS, is that right?
10:43 34
10:43 35 A. Yes, that's right.
10:43 36
10:43 37 Q. Can you explain what ACAMS is?
10:43 38
10:43 39 A. ACAMS is a specialist body for anti-money laundering
10:43 40 specialists. They offer courses, training and they have various
10:43 41 chapters around the world. It is a global organisation.
10:43 42
10:43 43 Q. You are a certified member of the Institute of Internal
10:43 44 Auditors, is that right?
10:43 45
10:43 46 A. Yes, that's right.
10:43 47

- 10:43 1 Q. You are also a certified member of the Association of
10:44 2 Certified Fraud Examiners; is that right?
10:44 3
- 10:44 4 A. Yes, that's right.
10:44 5
- 10:44 6 Q. Can you tell the Commissioner briefly about that
10:44 7 qualification?
10:44 8
- 10:44 9 A. That qualification mainly relates to fraud examination, it is
10:44 10 a US-based organisation, so also a peak body. They offer training
10:44 11 and knowledge sharing. And you also have to do professional
10:44 12 development to maintain your qualification.
10:44 13
- 10:44 14 Q. One of the key areas of your expertise is the forensic review
10:44 15 of transaction data to identify (inaudible) which may be indicators
10:44 16 of financial crime; is that right?
10:44 17
- 10:44 18 A. That is correct.
10:44 19
- 10:44 20 Q. And that would include money laundering?
10:44 21
- 10:44 22 A. Yes, that's correct.
10:44 23
- 10:44 24 Q. In your statement, Ms Shamai, you state that in October last
10:44 25 year Grant Thornton was appointed by MinterEllison and Crown
10:44 26 Resorts to assist with forensic data analysis: is that right?
10:44 27
- 10:44 28 A. Yes, that's right.
10:44 29
- 10:45 30 Q. The analysis was of bank statements for two of Crown's
10:45 31 bank accounts, correct?
10:45 32
- 10:45 33 A. That's correct.
10:45 34
- 10:45 35 Q. Grant Thornton was formally engaged on 14 October 2020,
10:45 36 is that right?
10:45 37
- 10:45 38 A. Yes, That's correct.
10:45 39
- 10:45 40 Q. Around that time you prepared an engagement letter dated
10:45 41 14 October 2020 outlining the scope of that engagement, is that
10:45 42 right?
10:45 43
- 10:45 44 A. Yes, that's right.
10:45 45
- 10:45 46 Q. Operator, can we go to GTA.0001.0001.7029.
10:45 47 Commissioner that is tab 2 in your folder.

10:45 1
10:45 2 COMMISSIONER: Thank you.
10:45 3
10:45 4 MS O'SULLIVAN: If you can have a look at that document, is
10:45 5 that the engagement letter you prepared, Ms Shamai?
10:45 6
10:45 7 A. Yes, that is.
10:45 8
10:45 9
10:45 10 MS O'SULLIVAN: Thank you. I tender the letter.
10:45 11
10:45 12 COMMISSIONER: Letter dated 14 October 2020 from Grant
10:45 13 Thornton to MinterEllison, Exhibit 35.
14
15
16 **EXHIBIT #RC00035 - LETTER FROM GRANT**
17 **THORNTON TO MINTERELLISON DATED 14**
18 **OCTOBER 2020**
19
20
10:45 21 MS O'SULLIVAN: Thank you, Commissioner. I will remark,
10:45 22 there will be a lot more tendering of document during
10:46 23 Ms Shamai's evidence because her written statement didn't annex
10:46 24 any documents.
10:46 25
10:46 26 MS O'SULLIVAN: Ms Shamai, that letter has your signature on
10:46 27 it but no signature on the part of the client. You can see that, yes?
10:46 28
10:46 29 A. Yes. That's correct.
10:46 30
10:46 31 Q. Operator, can you please bring up GTA.0001.0001.7208.
10:46 32
10:46 33 That is tab 3, Commissioner, in your bundle.
10:46 34
10:46 35 If you look at that document, Ms Shamai, can you confirm that is
10:46 36 the document that you've provided to the Commission which
10:46 37 shows essentially the client's signature on your engagement?
10:46 38
10:46 39 A. Yes, that's correct.
10:46 40
10:46 41 MS O'SULLIVAN: I tender that document.
10:46 42
10:46 43 COMMISSIONER: I will describe that as Grant Thornton
10:46 44 retainer additional terms and conditions.
10:46 45
10:46 46 MS O'SULLIVAN: Yes, thank you.
10:47 47

10:47 1 ASSOCIATE: RC36.
10:47 2
10:47 3
10:47 4 **EXHIBIT #RC0036 - GRANT THORNTON RETAINER**
10:47 5 **ADDITIONAL TERMS AND CONDITIONS**
10:47 6
10:47 7
10:47 8 MS O'SULLIVAN: Operator, if you can take that document
10:47 9 down and take us back to GTA.0001.0001.7029. Back to tab 2 in
10:47 10 your bundle, Commissioner.
10:47 11
10:47 12 Ms Shamai, I understand that you were the engagement partner
10:47 13 for this project; is that right?
10:47 14 A. Yes, that's correct.
10:47 15
10:47 16 Q. Can you explain to the Commissioner what you mean by
10:47 17 "engagement partner"?
10:47 18
10:47 19 A. Engagement partner is the partner that oversees the work,
10:47 20 including the team, the quality of the work performed, as well as
10:47 21 direct the scope and approach and methodology of the work to be
10:47 22 performed.
10:47 23
10:47 24 Q. Thank you. Operator, can we go to the page ending 7032.
10:47 25
10:48 26 It says in the engagement letter Ms Shamai that you have the final
10:48 27 sign-off for all deliverables of the project. Does that mean that in
10:48 28 terms of any of the written reports that were provided, you had
10:48 29 the final sign-off for the written report?
10:48 30
10:48 31 A. Yes, that is correct.
10:48 32
10:48 33 Q. Thank you.
10:48 34
10:48 35 Now, your engagement letter refers to the high profile nature of
10:48 36 the work that was being undertaken. Can you tell us why the
10:48 37 work was considered high profile?
10:48 38
10:48 39 A. It was considered high profile because at the time, the
10:48 40 Bergin Inquiry was occurring. So from a professional services
10:48 41 perspective, there is a risk of the report being made publicly
10:48 42 available.
10:48 43
10:48 44 Q. Was it also high profile because there had been allegations
10:48 45 in the media that Crown had facilitated money laundering through
10:48 46 two of its bank accounts?
10:48 47

- 10:48 1 A. I actually don't think that was an element in the
10:48 2 decision-making process. Ours was a fact-finding mission, so it
10:49 3 was very much focused on the potential public nature of the
10:49 4 reporting.
- 10:49 5
10:49 6 Q. Because of the high profile nature of the work, you
10:49 7 personally were highly involved throughout all aspects of the
10:49 8 engagement; is that right?
- 10:49 9
10:49 10 A. Yes, that's correct.
- 10:49 11
10:49 12 Q. You were also the main point of contact for Crown; is that
10:49 13 right?
- 10:49 14
10:49 15 A. I was one of the main contacts, yes.
- 10:49 16
10:49 17 Q. If Crown wanted to change or expand the scope of Grant
10:49 18 Thornton's instructions, were you the person to contact?
- 10:49 19
10:49 20 A. We were accepting our instructions from MinterEllison, so
10:49 21 it would have had to come from MinterEllison.
- 10:49 22
10:49 23 Q. So if MinterEllison, on behalf of Crown, wanted to change
10:49 24 or expand the scope of Grant Thornton's instructions, were you
10:49 25 the person that MinterEllison would contact?
- 10:49 26
10:49 27 A. Yes, that is correct.
- 10:49 28
10:49 29 Q. And internally at Grant Thornton this project was known as
10:49 30 Project Cello; is that right?
- 10:49 31
10:49 32 A. Yes, that is correct.
- 10:49 33
10:49 34 Q. I want to ask you questions about the task. I understand
10:49 35 that Grant Thornton's task was to review bank transactions of
10:50 36 bank accounts in the name of two Crown subsidiaries, that's right,
10:50 37 isn't it?
- 10:50 38
10:50 39 A. Yes, that's correct.
- 10:50 40
10:50 41 Q. Those two Crown subsidiaries were Riverbank Investments
10:50 42 Pty Ltd and Southbank Investments Pty Ltd; is that right?
- 10:50 43
10:50 44 A. Yes, that's right.
- 10:50 45
10:50 46 Q. To your knowledge, the Riverbank Investments Pty Ltd
10:50 47 bank account was operated by Crown's Perth casino; is that right?

10:50 1
10:50 2 A. Yes, that's right.
10:50 3
10:50 4 Q. And Southbank Investments Pty Ltd's bank account was
10:50 5 operated by Crown's Melbourne casino; is that what you
10:50 6 understood?
10:50 7
10:50 8 A. Yes, that's what I understood.
10:50 9
10:50 10 Q. Now, at the time of preparing your engagement letter you
10:50 11 divided the work up into five phases; is that right?
10:50 12
10:50 13 A. Yes, that's correct.
10:50 14
10:50 15 Q. Operator, can you take us to the page ending 7030.
10:50 16 Ms Shamai, you will see there that the first phase was planning.
10:51 17 That's right?
10:51 18
10:51 19 A. Yes, that's correct.
10:51 20
10:51 21 Q. That involves agreeing on the scope of documentation to be
10:51 22 reviewed; is that right?
10:51 23
10:51 24 A. Yes. That's correct.
10:51 25
10:51 26 Q. Two of the documents that you looked at were, or two sets
10:51 27 of the documents you looked at were, firstly, bank statements
10:51 28 from July 2013 to December 2019 for bank accounts belonging to
10:51 29 Riverbank and Southbank. That is one of the sets of documents
10:51 30 you looked at?
10:51 31
10:51 32 A. Yes, that's correct.
10:51 33
10:51 34 Q. The second was work previously completed by Crown
10:51 35 Resorts?
10:51 36
10:51 37 A. Yes, that's correct.
10:51 38
10:51 39 MS O'SULLIVAN: Commissioner, we will come back to that
10:51 40 latter.
10:51 41
10:51 42 Phase 2, Ms Shamai, I understand that was the data analytics
10:51 43 phase; is that right?
10:51 44
10:51 45 A. Yes, that is correct.
10:51 46
10:51 47 Q. The aim of the analysis was to identify potential

- 10:51 1 structuring?
- 10:51 2
- 10:51 3 A. Yes, that is correct.
- 10:51 4
- 10:51 5 Q. If I can just draw your attention to the second dot point
- 10:52 6 under "Phase 2", you can see there it says:
- 10:52 7
- 10:52 8 *Define and agree parameters for identifying potential*
- 10:52 9 *'structuring' with Initialism based on value of*
- 10:52 10 *transactions, timing of transactions, and nature of*
- 10:52 11 *transactions*
- 10:52 12
- 10:52 13 So that defining and agreeing with Initialism, that was done by
- 10:52 14 Grant Thornton; is that right?
- 10:52 15
- 10:52 16 A. Yes, that's right.
- 10:52 17
- 10:52 18 Q. In terms of Initialism, on the first page, you've described
- 10:52 19 Initialism as Crown's anti-money laundering and counterterrorism
- 10:52 20 financing advisor; is that right?
- 10:52 21
- 10:52 22 A. Yes, that's correct.
- 10:52 23
- 10:52 24 Q. You understood at that time that Initialism --- was your
- 10:52 25 understanding at that time that Initialism was Crown's key advisor
- 10:52 26 on anti-money laundering?
- 10:52 27
- 10:52 28 A. Yes, that's what I understood.
- 10:52 29
- 10:52 30 Q. What led you to understanding that Initialism was their key
- 10:52 31 advisor on anti-money laundering?
- 10:52 32
- 10:52 33 A. It was based on discussions with Mr Jeans of Initialism.
- 10:52 34
- 10:53 35 Q. To your knowledge, was Initialism Crown's only
- 10:53 36 anti-money laundering advisor at this time?
- 10:53 37
- 10:53 38 A. I can't comment on that because I'm not aware of the
- 10:53 39 circumstances.
- 10:53 40
- 10:53 41 Q. Thank you.
- 10:53 42
- 10:53 43 So, phase 3 of this work, Ms Shamai, that involved issuing a draft
- 10:53 44 report for MinterEllison's consideration and feedback; is that
- 10:53 45 right?
- 10:53 46
- 10:53 47 A. Yes, that is correct.

10:53 1
10:53 2 Q. And issuing a final report?
10:53 3
10:53 4 A. Yes, that is correct.
10:53 5
10:53 6 Q. If we can move down, operator, to phase 4, that involved
10:53 7 more data analysis; that's right?
10:53 8
10:53 9 A. Yes, that's correct.
10:53 10
10:53 11 Q. The aim of phase 4 was to identify other anti-money
10:53 12 laundering counterterrorism typologies, is that right?
10:53 13
10:53 14 A. Yes, that's correct.
10:53 15
10:53 16 Q. Can you explain to us what a "typology" is?
10:53 17
10:53 18 A. "Typology" is a method or a scenario, and using the data,
10:54 19 we can try and identify what mode or method of money
10:54 20 laundering may have occurred.
10:54 21
10:54 22 Q. So phase 4 was looking for other AML/CTF typologies.
10:54 23 When you use the term "other" there, you mean other than
10:54 24 structuring?
10:54 25
10:54 26 A. Correct, yes.
10:54 27
10:54 28 Q. Again, it was proposed to define and agree the typologies
10:54 29 with Initialism; is that right?
10:54 30
10:54 31 A. Yes, that's correct.
10:54 32
10:54 33 Q. Phase 5, operator, if you can move over to the next page,
10:54 34 that was the reporting phase for phase 4; is that right?
10:54 35
10:54 36 A. Yes, that's correct.
10:54 37
10:54 38 Q. I am going to ask you a series of questions, but I want to
10:54 39 focus on phases 1 to 3 only.
10:54 40
10:54 41 I want to start by understanding your method or how you went
10:54 42 about this task. Grant Thornton, am I right to think, reviewed the
10:54 43 bank accounts for Riverbank Investments Pty Ltd and Southbank
10:54 44 Investments Pty Ltd?
10:54 45
10:54 46 A. Yes, that is correct.
10:54 47

- 10:55 1 Q. And you looked essentially at the transactions on the
10:55 2 Riverbank and Southbank bank accounts?
10:55 3
- 10:55 4 A. Yes, that's correct.
10:55 5
- 10:55 6 Q. And that involved ingesting data into a data analytics
10:55 7 platform; is that right?
10:55 8
- 10:55 9 A. Yes, that's correct.
10:55 10
- 10:55 11 Q. And you then analysed that data?
10:55 12
- 10:55 13 A. Yes, that's right.
10:55 14
- 10:55 15 Q. That involves building a tool, I understand, to review the
10:55 16 data and pick up what it is you are looking for?
10:55 17
- 10:55 18 A. Yes, that's correct.
10:55 19
- 10:55 20 Q. And am I right to understand that Grant Thornton analysed
10:55 21 all the data, it wasn't just a sampling exercise?
10:55 22
- 10:55 23 A. That's correct. We reviewed all data that was provided.
10:55 24
- 10:55 25 Q. So in terms of the format of the data, did you start with
10:55 26 statements in PDF?
10:55 27
- 10:55 28 A. Yes, we did.
10:55 29
- 10:55 30 Q. And were those statements converted into Excel?
10:55 31
- 10:55 32 A. They were converted into a format that could be
10:55 33 manipulated and we tried a number of tools to achieve the best
10:55 34 outcome.
10:55 35
- 10:55 36 Q. Who did the conversion? Was that Grant Thornton doing
10:55 37 the conversion or Crown doing the conversion?
10:56 38
- 10:56 39 A. That was Grant Thornton doing the conversion.
10:56 40
- 10:56 41 Q. How did Grant Thornton satisfy yourselves that no data
10:56 42 was lost in the conversion process?
10:56 43
- 10:56 44 A. We converted the bank accounts and did a cleansing
10:56 45 process over the converted data, and through that process we also
10:56 46 matched back to the bank accounts to ensure we didn't miss
10:56 47 anything.

10:56 1
10:56 2 Q. So you've talked about a cleansing process. Again, was
10:56 3 that Grant Thornton who did the cleansing?
10:56 4
10:56 5 A. Yes, it was.
10:56 6
10:56 7 Q. What type of data was removed in the cleansing process?
10:56 8
10:56 9 A. Nothing was removed from the cleansing process, but
10:56 10 because the bank statement description can span over multiple
10:56 11 lines, we had to move the data so that it read in one single line for
10:56 12 analysis.
10:56 13
10:56 14 Q. So you were satisfied that no data was lost in the cleansing
10:56 15 process?
10:56 16
10:56 17 A. Yes.
10:56 18
10:56 19 Q. So I understand that Grant Thornton reviewed about 6.5
10:56 20 years' worth of bank transactions on each account; is that right?
10:57 21
10:57 22 A. I do not recall the exact number. Apologies.
10:57 23
10:57 24 Q. Do you remember the start date, so when the bank
10:57 25 transaction data started?
10:57 26
10:57 27 A. Around 2013.
10:57 28
10:57 29 Q. That is my understanding too. So the start date was July
10:57 30 2013; does that sound right to you?
10:57 31
10:57 32 A. Yes.
10:57 33
10:57 34 Q. And the end date was December 2019, is that ringing any
10:57 35 bells?
10:57 36
10:57 37 A. Yes, it does.
10:57 38
10:57 39 Q. Am I right to think that December 2019 was chosen as the
10:57 40 end date because that is when the Southbank and Riverbank
10:57 41 accounts were closed?
10:57 42
10:57 43 A. Yes, that's correct.
10:57 44
10:57 45 Q. Do you know why 2013 was chosen as the start date for the
10:57 46 review?
10:57 47

10:57 1 A. I understood that was when the bank accounts opened.
10:57 2 However I'm not sure we obtained the reason why that is the start
10:57 3 date.
10:57 4
10:57 5 Q. In phases 1 to 3, Grant Thornton searched for cash deposits
10:58 6 only; is that right?
10:58 7
10:58 8 A. Yes, that's correct.
10:58 9
10:58 10 Q. So electronic deposits, say even electronic deposits under
10:58 11 the \$10,000 threshold, they were excluded from the phase 1 to 3
10:58 12 Grant Thornton review; is that right?
10:58 13
10:58 14 A. Yes, that's correct.
10:58 15
10:58 16 Q. Before you could review or analysis the data, you needed to
10:58 17 decide what it was you were looking for; that's right?
10:58 18
10:58 19 A. Yes, that's correct.
10:58 20
10:58 21 Q. The engagement letter specifies Grant Thornton was to look
10:58 22 for potential structuring; you understand that?
10:58 23
10:58 24 A. Yes.
10:58 25
10:58 26 Q. Am I right to understand that the term "structuring" has
10:58 27 a particular meaning when it comes to money laundering?
10:58 28
10:58 29 A. Yes, that is correct.
10:58 30
10:58 31 Q. You understand that structuring, if done intentionally to
10:58 32 avoid a TTR, is an offence under section 142 of the
10:58 33 Commonwealth Anti Money Laundering and Counter Terrorism
10:59 34 *Financing Act*?
10:59 35
10:59 36 A. Yes.
10:59 37
10:59 38 Q. The results of Grant Thornton's review for phases 1 to 3 are
10:59 39 set out in separate reports for each of Riverbank and Southbank;
10:59 40 is that right?
10:59 41
10:59 42 A. Yes, that is correct.
10:59 43
10:59 44 Q. Operator, can we go to document GTA.0001.0001.6777.
10:59 45
10:59 46 Commissioner, that is tab 4 in your bundle.
10:59 47

10:59 1 Can you confirm that is the final report for the Grant
10:59 2 Thornton Riverbank review; is that right?
10:59 3
10:59 4 A. Yes, that is correct.
10:59 5
10:59 6 Q. The report is not dated on its face, I am just going to ask
10:59 7 you a couple of questions to see whether we can date it.
10:59 8
10:59 9 Can you remember when Grant Thornton submitted the final
11:00 10 Riverbank report to MinterEllison?
11:00 11
11:00 12 A. Around 16 or 17 November 2020.
11:00 13
11:00 14 Q. Thank you.
11:00 15
11:00 16 I tender the Riverbank Investments Pty Ltd report,
11:00 17 Commissioner.
11:00 18
11:00 19 COMMISSIONER: I will describe it as per the heading of the
11:00 20 document, Grant Thornton Forensic Data Analysis For Crown
11:00 21 Resorts Riverbank Account - Final Report. I don't worry about
11:00 22 the date.
11:00 23
11:00 24 ASSOCIATE: RC37.
11:00 25
26
27 **EXHIBIT #RC0037 - GRANT THORNTON FORENSIC DATA**
28 **ANALYSIS FOR CROWN RESORTS RIVERBANK ACCOUNT -**
29 **FINAL REPORT**
30
11:00 31 MS O'SULLIVAN: Operator, if you can bring up
11:00 32 GTA.0001.0001.3853.
11:00 33
11:00 34 Tab 3 in your bundle, Commissioner.
11:00 35
11:01 36 Can you confirm for me that that is the Grant Thornton forensic
11:01 37 data analysis on the Southbank Investments Pty Ltd final report;
11:01 38 is that right?
11:01 39
11:01 40 A. Yes, that is correct.
11:01 41
11:01 42 COMMISSIONER: I will mark that as RC0038 with the same
11:01 43 designation, Grant Thornton Forensic Data Analysis For
11:01 44 Southbank Account - Final Report.
11:01 45
46
47 **EXHIBIT #RC0038 - GRANT THORNTON FORENSIC DATA**

1 **ANALYSIS FOR SOUTHBANK ACCOUNT - FINAL REPORT**

2

3

11:01 4 MS O'SULLIVAN: Ms Shamai, this is also undated on its face.
11:01 5 Can you recall the date on which this report was submitted to
11:01 6 MinterEllison or Crown?

11:01 7

11:01 8 A. Around 26 November.

11:01 9

11:01 10 Q. Thank you. I am going to ask you some questions about the
11:01 11 conclusions of the reports. We'll start with the Riverbank report.

11:01 12

11:01 13 Operator, can you take us back to GTA.0001.0001.6777.

11:01 14

11:02 15 Commissioner, tab 4.

11:02 16

11:02 17 Operator, can you take us to the page which ends 6778. In
11:02 18 particular I want to look at the bullet points at the bottom of the
11:02 19 page.

11:02 20

11:02 21 There, Ms Shamai, am I right to understand that this review
11:02 22 concluded that there were a total of 52 individual patrons who
11:02 23 were identified in the potential structured transactions on the
11:02 24 Riverbank account?

11:02 25

11:02 26 A. Yes, that's correct.

11:02 27

11:02 28 Q. You did some calculations, and the calculations revealed
11:02 29 that that involved 19 per cent of the total cash deposits on the
11:02 30 Riverbank account; is that right?

11:02 31

11:02 32 A. Yes, that's correct.

11:02 33

11:02 34 Q. Then you quantified that amount and the 19 per cent
11:02 35 equated to approximately \$3.2 million; is that right?

11:02 36

11:02 37 A. Yes, that's right.

11:02 38

11:02 39 Q. You did some equivalent quantification for the Southbank
11:03 40 account, is that right?

11:03 41

11:03 42 A. Yes, that's correct.

11:03 43

11:03 44 Q. Operator, can we go back to the Southbank report,
11:03 45 GTA.0001.0001.3853. Tab 5, Commissioner.

11:03 46

11:03 47 Again, if you go to the page ending 3854, I want to look at the

11:03 1 bullet points at the bottom of the page. There, am I right,
11:03 2 Ms Shamai, you've identified that there were a total of 30
11:03 3 individual patrons who were identified in the potential structured
11:03 4 transactions on the Southbank account.
11:03 5
11:03 6 A. Yes, that's correct.
11:03 7
11:03 8 Q. Then you did some calculations, and you calculated that
11:03 9 equated to 1.31 per cent of the total cash deposits on the
11:03 10 Southbank account?
11:03 11
11:03 12 A. Yes, that's correct.
11:03 13
11:03 14 Q. Then you quantified that and the quantification revealed
11:03 15 that the 1.31 per cent equated to approximately \$2.1 million; is
11:04 16 that right?
11:04 17
11:04 18 A. Yes, that's correct.
11:04 19
11:04 20 Q. Now I want to ask you questions about the types of
11:04 21 information you received and recorded. I will go back to the
11:04 22 Riverbank account, operator, GTA.0001.0001.6777.
11:04 23 Commissioner, that is tab 4 in your bundle.
11:04 24
11:04 25 If we can look at the page ending 6780, Ms Shamai, you will see
11:04 26 redactions in the version on your screen. Those redactions have
11:04 27 been made pursuant to an order of the Commission not to reveal
11:05 28 personal identifying information. I will ask you some questions
11:05 29 so we can understand what is in the table. Am I right to
11:05 30 understand that this table looks at two or more cash deposits of
11:05 31 less than \$10,000 but totalling \$10,000 or more in a 24-hour
11:05 32 period --
11:05 33
11:05 34 A. That is correct.
11:05 35
11:05 36 Q. --- and the first column sets out the bank, and so I presume
11:05 37 that is the bank at which Riverbank held the account is that right?
11:05 38
11:05 39 A. Yes, that's right.
11:05 40
11:05 41 Q. Column 2, "Transaction Date", that is the date on which the
11:05 42 deposit was made, is that right?
11:05 43
11:05 44 A. Yes, correct.
11:05 45
11:05 46 Q. Column 3 is "Flag No". Can you explain to the
11:05 47 Commissioner what is meant by "Flag No"?

11:05 1
11:05 2 A. That is our numbering of the matches and the pairs or the
11:05 3 transactions that make up that group.
11:05 4
11:05 5 Q. Then the next column is "Patron ID". Is it your
11:05 6 understanding that the patron ID is a number allocated by Crown
11:05 7 to its customers?
11:05 8
11:05 9 A. Yes, that's correct.
11:05 10
11:05 11 Q. Is it your understanding that the person who makes the cash
11:06 12 deposit into Riverbank's account indicates the money is to be
11:06 13 allocated to a certain patron of the casino?
11:06 14
11:06 15 A. Can you please repeat the question?
11:06 16
11:06 17 Q. Yes. When a depositor deposits money into the Riverbank
11:06 18 account, the way that they indicate to Crown that they want it
11:06 19 deposited into a particular patron's account is that they include the
11:06 20 patron number; is that correct?
11:06 21
11:06 22 A. Yes, that's correct.
11:06 23
11:06 24 Q. Am I right to think that sometimes the depositor doesn't
11:06 25 specify the patron ID?
11:06 26
11:06 27 A. Yes, that is correct.
11:06 28
11:06 29 Q. When you were looking at the data, there were some
11:06 30 deposits which specified a patron ID and some deposits that
11:06 31 didn't specify a patron ID?
11:06 32
11:06 33 A. Yes, that's correct.
11:06 34
11:06 35 Q. In respect of that latter category, the deposits which didn't
11:06 36 specify a patron ID, am I right to think that you went about
11:06 37 finding out what the patron ID was by looking at further Crown
11:07 38 documents to see where the money was allocated by Crown, or
11:07 39 into whose patron account the money was allocated? Is that
11:07 40 right?
11:07 41
11:07 42 A. Yes, that's correct.
11:07 43
11:07 44 Q. Can you remember roughly what proportion of the
11:07 45 transactions analysed specified the patron ID and what didn't?
11:07 46
11:07 47 A. I can't say. I don't recall.

11:07 1
11:07 2 Q. The next column is the transaction type. And that, am I
11:07 3 right to think that shows us the location of the cash deposit?
11:07 4
11:07 5 A. Yes, that's correct.
11:07 6
11:07 7 Q. The second-last column is entitled 'included in Crown
11:07 8 internal investigation'. We will come back in some detail to that
11:07 9 internal investigation, but can you start by confirming that Crown
11:07 10 had done its own internal investigation on the Southbank and
11:07 11 Riverbank accounts prior to engaging Grant Thornton?
11:07 12
11:07 13 A. Certainly on the Riverbank account. I can't recall whether
11:07 14 they did the same for Southbank account.
11:07 15
11:07 16 Q. So your column here is indicating whether Crown's internal
11:07 17 investigation had included each of the transactions which Grant
11:08 18 Thornton itself identified; is that right?
11:08 19
11:08 20 A. Yes, that's right.
11:08 21
11:08 22 Q. In the final column, "Credits", that is self-explanatory. Can
11:08 23 you confirm for me that shows the amount deposited in each
11:08 24 instance?
11:08 25
11:08 26 A. Yes, that's correct.
11:08 27
11:08 28 Q. Now I would like to look at an example, Ms Shamai, and
11:08 29 you can help us understand.
11:08 30
11:08 31 Can we just move down, operator. I want to start by looking at
11:08 32 flag number 4.
11:08 33
11:08 34 Flag 4 relates to a patron ID ending in 382. You can see that,
11:08 35 Ms Shamai?
11:08 36
11:08 37 A. Yes.
11:08 38
11:08 39 Q. Is this correct, my understanding: all the cash deposits
11:08 40 appearing under flag 4 were made into the Riverbank account
11:08 41 with instructions to credit the patron whose number ends 382?
11:08 42
11:08 43 A. Yes, that is correct.
11:08 44
11:08 45 Q. I've added them up. Am I right to conclude that Grant
11:08 46 Thornton identified approximately 18 cash deposits made to the
11:09 47 credit of that patron on 20 August 2013?

11:09 1
11:09 2 Perhaps if you might move a little further down, operator, so that
11:09 3 the bottom of the page can be shown, thank you.
11:09 4
11:09 5 A. Yes, that is correct.
11:09 6
11:09 7 Q. If we look at the "Transaction Type" column, can we see
11:09 8 that those deposits were made at different branches in and around
11:09 9 Sydney and Parramatta?
11:09 10
11:09 11 A. Yes, that is correct.
11:09 12
11:09 13 Q. So on that day, approximately about \$165,000 was
11:09 14 deposited into Crown's Riverbank account?
11:09 15
11:09 16 A. Yes, that's correct.
11:09 17
11:09 18 Q. Is it your understanding that no one can tell who made
11:09 19 those deposits because each was under the \$10,000 threshold?
11:09 20
11:09 21 A. Yes, that is correct.
11:09 22
11:09 23 Q. So the bank doesn't know and Crown doesn't know who
11:09 24 made the deposits?
11:09 25
11:09 26 A. That is correct.
11:09 27
11:09 28 Q. Those 18 deposits wouldn't have been the subject of
11:09 29 a threshold transaction report because each is under the
11:09 30 threshold?
11:09 31
11:09 32 A. Yes.
11:09 33
11:09 34 Q. So one might say they're deliberately designed to avoid the
11:10 35 threshold?
11:10 36
11:10 37 A. That is one way to interpret it.
11:10 38
11:10 39 COMMISSIONER: Is there any other?
11:10 40
11:10 41 A. I'm not sure what the financial arrangements, for example,
11:10 42 for the patron may be. So, unlikely, but we haven't delved deeper
11:10 43 into the underpinning arrangements.
11:10 44
11:10 45 COMMISSIONER: Prima facie?
11:10 46
11:10 47 A. Prima facie, yes, agreed.

11:10 1
11:10 2 MS O'SULLIVAN: That is why you've identified them as
11:10 3 potential structuring?
11:10 4
11:10 5 A. Correct, yes.
11:10 6
11:10 7 Q. So if we look at flag 5, you can see that is the same patron
11:10 8 but transactions on the following days; is that right?
11:10 9
11:10 10 A. Yes, that is correct.
11:10 11
11:10 12 Q. Operator, can we go to the following page. Are you able to
11:10 13 show both pages 6780 and 6781 on the same screen?
11:10 14
11:10 15 Flag 5 continues over to the following page, and there you've
11:11 16 identified that for the same patron there were a further eight
11:11 17 deposits made --
11:11 18
11:11 19 A. Yes, that's correct.
11:11 20
11:11 21 Q. --- and they are all under the reporting threshold?
11:11 22
11:11 23 A. Yes, that is correct.
11:11 24
11:11 25 Q. Thank you.
11:11 26
11:11 27 In the following day we can see more transactions for the same
11:11 28 patron, do you see that?
11:11 29
11:11 30 A. Yes.
11:11 31
11:11 32 Q. Do you agree that pattern of transactions would justify the
11:11 33 submission of a suspicious matter report to AUSTRAC?
11:11 34
11:11 35 A. They would have to do some further investigation.
11:11 36 However, prima facie I would say it does justify one.
11:11 37
11:11 38 Q. And is it your understanding that Crown's transaction
11:11 39 monitoring program did not monitor the transactions on the
11:11 40 Southbank and Riverbank accounts?
11:11 41
11:11 42 A. I have no working knowledge of the transaction monitoring
11:11 43 program.
11:11 44
11:11 45 Q. Okay. Thank you. So ---
11:12 46
11:12 47 COMMISSIONER: Just before you move on.

11:12 1
11:12 2 You said it might require further investigation before you
11:12 3 submitted a suspicious transaction report to AUSTRAC. Give me
11:12 4 a rough idea of what further investigation you would carry out,
11:12 5 speak to the patron and ask him or her or it to explain the nature
11:12 6 of the transactions and why or whether there was some
11:12 7 explanation short of illegal transactions, yes?
11:12 8
11:12 9 A. Yes, I would suggest understanding from the patron how
11:12 10 they were financing it, or some further information as to why this
11:12 11 pattern of deposit was made would be helpful. But without
11:12 12 tipping off the patron, of course.
11:12 13
11:12 14 MS O'SULLIVAN: Do you have any knowledge about whether
11:12 15 those further inquiries were made by Crown?
11:12 16
11:12 17 A. I have no knowledge of that firsthand.
11:12 18
11:12 19 COMMISSIONER: If no further inquiries were made, you
11:13 20 would be required --- a reporting entity would be required to
11:13 21 report this to AUSTRAC wouldn't it?
11:13 22
11:13 23 A. If they form a suspicion that there is money laundering
11:13 24 involved ---
11:13 25
11:13 26 COMMISSIONER: I understand that. If you saw these accounts
11:13 27 and you were asked to decide whether they were sufficiently
11:13 28 suspicious, in your report to AUSTRAC you would say "yes"?
11:13 29
11:13 30 A. Yes, that is correct.
11:13 31
11:13 32 MS O'SULLIVAN: I want to ask you some questions about the
11:13 33 structuring scenarios. Am I right to understand that Grant
11:13 34 Thornton looked for three potential structuring scenarios; is that
11:13 35 right?
11:13 36
11:13 37 A. Yes, that's correct.
11:13 38
11:13 39 Q. They were called scenarios 1, 2 and 3; is that right?
11:13 40
11:13 41 A. Yes, that's correct.
11:13 42
11:13 43 Q. Operator, same document, but if you can take us to the
11:13 44 page ending 6777. If you can just expand, you see there is
11:14 45 a second box towards the bottom of the page saying "Scenarios
11:14 46 Considered For Analysis", if you can bring that up, thank you.
11:14 47

11:14 1 They are the three scenarios that Grant Thornton were searching
11:14 2 for; is that right?
11:14 3
11:14 4 A. Yes, that is correct.
11:14 5
11:14 6 Q. So in each case, it is a similar scenario but the time period
11:14 7 over which you search is different; is that right?
11:14 8
11:14 9 A. Yes, that's correct.
11:14 10
11:14 11 Q. You are looking for two or more cash deposits, each less
11:14 12 than \$10,000 but together totalling \$10,000 or more?
11:14 13
11:14 14 A. Yes, that is correct.
11:14 15
11:14 16 Q. Either in a 24-hour period, 48-hour period or 72-hour
11:14 17 period; is that right?
11:14 18
11:14 19 A. Yes.
11:14 20
11:14 21 Q. Am I right to understand you had an issue about deposits
11:14 22 made on the weekend?
11:14 23
11:14 24 A. Yes.
11:14 25
11:14 26 Q. Did that issue arise because in some bank statements
11:14 27 a transaction made on the weekend is actually logged as
11:14 28 a transaction on the Monday?
11:14 29
11:14 30 A. That could occur.
11:14 31
11:14 32 Q. Am I right to understand that you did one version of the
11:14 33 analysis which included the weekend and one where it excluded
11:15 34 the weekend?
11:15 35
11:15 36 A. Yes, that's correct.
11:15 37
11:15 38 Q. Am I right to summarise that ultimately comparing those
11:15 39 two different analyses, one including and one excluding the
11:15 40 weekend, there wasn't a major difference whether you included or
11:15 41 excluded the weekend?
11:15 42
11:15 43 A. Not majorly, no.
11:15 44
11:15 45 Q. Grant Thornton had to build essentially a forensic tool to
11:15 46 review these three structuring scenarios; is that right?
11:15 47

- 11:15 1 A. Yes, that's correct.
11:15 2
11:15 3 Q. The tool doesn't search for anything else, it just searches for
11:15 4 these three?
11:15 5
11:15 6 A. Yes, that's correct.
11:15 7
11:15 8 Q. So if there were two or more cash deposits of less than
11:15 9 \$10,000 each but totalling \$10,000 or more, but it was in
11:15 10 a seven-day period, am I right to understand that wouldn't be
11:15 11 captured by your analysis?
11:15 12
11:15 13 A. No, it wouldn't be captured.
11:15 14
11:15 15 Q. Am I also right to understand that your analysis was
11:16 16 separate as between Southbank and Riverbank?
11:16 17
11:16 18 A. Yes, that's correct.
11:16 19
11:16 20 Q. So Grant Thornton didn't look to see across the Southbank
11:16 21 and Riverbank accounts to see whether there were patterns of
11:16 22 structuring using both of those accounts, is that right?
11:16 23
11:16 24 A. That's correct.
11:16 25
11:16 26 Q. So if I was a money launderer and I was looking to disguise
11:16 27 my funds, and I'm interested in structuring, and I know that there
11:16 28 is more than one Crown account, I might put some deposits into
11:16 29 Southbank and I might put some deposits into Riverbank. That is
11:16 30 at least a plausible scenario, do you agree?
11:16 31
11:16 32 A. Yes, I agree.
11:16 33
11:16 34 Q. Your report wouldn't capture that structuring because you
11:16 35 didn't look across the two bank accounts, is that right?
11:16 36
11:16 37 A. That's correct.
11:16 38
11:16 39 Q. So there is a real potential, in that sense, that the Southbank
11:16 40 and Riverbank reports potentially understate the extent of
11:16 41 structuring on the two accounts. Do you agree with that?
11:16 42
11:17 43 A. That is a potential, yes.
11:17 44
11:17 45 Q. Now I want to ask you questions about other scenarios. Do
11:17 46 you agree with me that originally there were more structuring
11:17 47 scenarios that Initialism suggested be applied to the bank

11:17 1 transaction data for Southbank and Riverbank?
11:17 2
11:17 3 A. I certainly recall discussing them with Mr Jeans, but we
11:17 4 landed on the three scenarios that was agreed.
11:17 5
11:17 6 Q. Okay. Do you recall that there were originally nine
11:17 7 scenarios Mr Jeans suggested be searched for rather
11:17 8 than three?
11:17 9
11:17 10 A. I do remember a lengthier list than three, but not sure if it is
11:17 11 nine.
11:17 12
11:17 13 Q. Can we go, operator, to GTA.0001.0001.1120.
11:17 14
11:17 15 Commissioner, that is tab 14 in your bundle.
11:17 16
11:18 17 With most email chains, we will read it from the bottom up.
11:18 18 Operator, if you can take us to the page ending 1121.
11:18 19
11:18 20 Ms Shamai, you can see that is an email from Neil Jeans on
11:18 21 Friday, 16 October 2020, to you, amongst others.
11:18 22
11:18 23 A. Yes, that's correct.
11:18 24
11:18 25 Q. Neil Jeans, he's the principal of Initialism; is that right?
11:18 26
11:18 27 A. Yes, that's correct.
11:18 28
11:18 29 Q. This email was sent about two days after Grant Thornton
11:18 30 was formally engaged to do the Riverbank and Southbank review;
11:18 31 is that right?
11:18 32
11:18 33 A. Yes, that's correct.
11:18 34
11:18 35 Q. In Mr Jeans's email, he set out three different definitions of
11:18 36 structuring, can you see that?
11:18 37
11:18 38 A. Yes.
11:18 39
11:18 40 Q. One from AUSTRAC, one from FinCEN and one from
11:18 41 ACAMS. FinCEN is short for Financial Crimes Enforcement
11:19 42 Network; is that right?
11:19 43
11:19 44 A. Yes, that's correct.
11:19 45
11:19 46 Q. Is that a bureau of the United States Department of
11:19 47 Treasury?

11:19 1
11:19 2 A. I believe so.
11:19 3
11:19 4 Q. Is it your understanding that FinCEN collects and analyses
11:19 5 information about financial transactions in order to combat
11:19 6 domestic and international money laundering?
11:19 7
11:19 8 A. Yes, that's correct.
11:19 9
11:19 10 Q. ACAMS, that is the body you spoke about earlier; is that
11:19 11 right?
11:19 12
11:19 13 A. Yes.
11:19 14
11:19 15 Q. That is the Associated of Anti-Money Laundering
11:19 16 Specialists?
11:19 17
11:19 18 A. Yes, that's correct.
11:19 19
11:19 20 Q. That is the body that certified you as a specialist?
11:19 21
11:19 22 A. Yes, that's right.
11:19 23
11:19 24 Q. Do you agree each of AUSTRAC, FinCEN and ACAMS
11:19 25 the bodies are authoritative bodies in the anti-money laundering
11:19 26 area?
11:19 27
11:19 28 A. Yes.
11:19 29
11:19 30 Q. Below the definitions you will see that there Mr Jeans has
11:19 31 set out some scenario descriptions. Can you see that?
11:19 32
11:19 33 A. Yes.
11:19 34
11:19 35 Q. He sets out nine of them. Would you agree?
11:19 36
11:19 37 A. Yes.
11:19 38
11:19 39 Q. Was it your understanding that Mr Jeans was suggesting
11:19 40 that the nine scenarios be applied by Grant Thornton to the bank
11:20 41 transaction data?
11:20 42
11:20 43 A. That certainly is what it says in the email.
11:20 44
11:20 45 Q. Ultimately it was just the first three that Grant Thornton
11:20 46 built the forensic tool to look for; is that right?
11:20 47

11:20 1 A. Yes, that's correct.
11:20 2
11:20 3 Q. The other six scenarios were excluded?
11:20 4
11:20 5 A. That's correct.
11:20 6
11:20 7 Q. So structuring which took the form of the other six
11:20 8 scenarios wouldn't be picked up in the Grant Thornton analysis; is
11:20 9 that right?
11:20 10
11:20 11 A. That is correct.
11:20 12
11:20 13 Q. And so, in that respect, it is at least theoretically possible
11:20 14 that the Grant Thornton Riverbank and Southbank reports
11:20 15 understate the extent of structuring on the Southbank and
11:20 16 Riverbank bank accounts; do you agree?
11:20 17
11:20 18 A. Yes.
11:20 19
11:20 20 Q. Okay. If we can look at page --- same document, operator,
11:20 21 but page 1120 --- that is an email from Mr Stokes of Crown, and
11:21 22 his signature says that he is the Group general manager for
11:21 23 anti-money laundering, and you were cc'd on this email. It refers
11:21 24 to a discussion between Neil and Mr Stokes. The reference to
11:21 25 Neil, am I right to understand that is a reference to Neil Jeans?
11:21 26
11:21 27 A. Yes, that's how I understand it.
11:21 28
11:21 29 Q. It was referring to a discussion between the two where they
11:21 30 agreed to limit the scenarios.
11:21 31
11:21 32 A. Yes.
11:21 33
11:21 34 Q. Were you a part of that discussion?
11:21 35
11:21 36 A. No, I was not.
11:21 37
11:21 38 Q. Were you told the rationale for excluding the other six
11:21 39 scenarios?
11:21 40
11:21 41 A. Not to my recollection.
11:21 42
11:21 43 MS O'SULLIVAN: I tender that email chain, Commissioner.
11:21 44
11:22 45 COMMISSIONER: I will refer to it as an email chain ending
11:22 46 with an email from Mr Nick Stokes to Ms Alice Waterston, 21
11:22 47 October 2020. That will be exhibit 39.

11:22 1
2
3 **EXHIBIT #RC0039 - EMAIL CHAIN ENDING WITH AN EMAIL**
4 **FROM MR NICK STOKES TO MS ALICE WATERSTON**
5 **DATED 21 OCTOBER 2020**
6

11:22 7
11:22 8 COMMISSIONER: Can I ask you a question.
11:22 9
11:22 10 A. Of course.
11:22 11
11:22 12 COMMISSIONER: The tool that you developed for the purposes
11:22 13 of analysing the information from the bank statements that you
11:22 14 fed in to the program, that would have picked up relatively easily,
11:22 15 wouldn't it, the other scenarios that were excluded from
11:22 16 checking? In other words, once you had the tool developed ---
11:22 17
11:22 18 A. Yes, it would have.
11:22 19
11:22 20 COMMISSIONER: --- it would have taken seconds?
11:22 21
11:22 22 A. It would have just meant adding scenarios and tweaking the
11:22 23 rules slightly, yes.
11:22 24
11:22 25 COMMISSIONER: The purpose of my question is to find out
11:22 26 whether that would have been quite straightforward to do.
11:23 27
11:23 28 A. Yes, it would have been.
11:23 29
11:23 30 COMMISSIONER: Thank you.
11:23 31
11:23 32 MS O'SULLIVAN: Ms Shamai, am I right to understand that
11:23 33 while Grant Thornton was conducting the Southbank and
11:23 34 Riverbank reviews, you prepared status updates for Crown or
11:23 35 MinterEllison; is that right?
11:23 36
11:23 37 A. Yes, that is correct.
11:23 38
11:23 39 Q. Operator, can we go to GTA.0001.0001.7038.
11:23 40
11:23 41 Commissioner, that is tab 7 in your bundle.
11:23 42
11:23 43 Ms Shamai, we are going to go to a few of these status updates.
11:23 44 I will ask you questions to understand how they work. Am I right
11:23 45 to understand that the first box in the status updates sets out work
11:23 46 that has been completed and the box at the bottom sets out work
11:23 47 that is yet to be completed?

11:23 1
11:24 2 A. Yes, that is correct.
11:24 3
11:24 4 Q. Did you prepare this status update?
11:24 5
11:24 6 A. A member of my team would have, and I would have
11:24 7 reviewed it.
11:24 8
11:24 9 Q. Okay. And you would have signed off on it?
11:24 10
11:24 11 A. Yes.
11:24 12
11:24 13 Q. So in the status update it is recorded that Grant Thornton
11:24 14 built the tool for analysis of the cash deposits for the three
11:24 15 scenarios. You can see that in the second-last tick in the top box.
11:24 16 Can you see that?
11:24 17
11:24 18 A. Yes.
11:24 19
11:24 20 MS O'SULLIVAN: I tender the update, Commissioner.
11:24 21
11:24 22 COMMISSIONER: I will describe it as Grant Thornton status
11:24 23 update for discussion with Crown dated 30 October 2020.
11:24 24 Exhibit 40.
11:24 25
11:24 26
11:24 27 **EXHIBIT #RC0040 - GRANT THORNTON STATUS UPDATE**
11:24 28 **FOR DISCUSSION WITH CROWN DATED 30 OCTOBER 2020**
11:24 29
11:24 30
11:24 31 MS O'SULLIVAN: Commissioner, I see the time.
11:24 32
11:24 33 COMMISSIONER: Yes, we will have a 10-minute break. I
11:24 34 adjourn for 10 minutes.
11:24 35
11:24 36
11:24 37 **ADJOURNED** [11:24A.M.]
11:38 38
11:38 39
11:38 40 **RESUMED** [11:38A.M.]
11:38 41
11:38 42
11:38 43 COMMISSIONER: Thank you. Ms O'Sullivan.
11:38 44
11:39 45 MS O'SULLIVAN: Thank you, Commissioner.
11:39 46
11:39 47 Ms Shamai, before we move on, I just want to ask you a question

11:39 1 about an answer you gave me before the break. You will recall
11:39 2 that I asked you whether Grant Thornton had analysed all the data
11:39 3 or whether it was a sampling exercise, and you confirmed that it
11:39 4 was all the data, and you said you reviewed all the data that was
11:39 5 provided. May I ask you: did you have any concerns that there
11:39 6 was some data that was not provided that might have been
11:39 7 relevant to the Grant Thornton analysis?

11:39 8

11:39 9 A. No, I don't. I think we were provided with everything.

11:39 10

11:39 11 Q. Did you have a process whereby you satisfied yourself that
11:39 12 all of the data was provided, there weren't any gaps, so to speak?

11:39 13

11:39 14 A. Yes, we did. We had a review process.

11:39 15

11:39 16 Q. Thank you.

11:39 17

11:39 18 Now, we were looking at the status update dated 30 October
11:39 19 2020. You can see in the top box there, the third tick it says:

11:39 20

11:40 21 *Reviewed and understood the internal investigation*
11:40 22 *previously completed by Crown, including methodology*
11:40 23 *and outcome.*

11:40 24

11:40 25 You can see that?

11:40 26

11:40 27 A. Yes.

11:40 28

11:40 29 Q. That appears in the top box which means that was
11:40 30 an activity that had been completed; is that right?

11:40 31

11:40 32 A. Yes, that's correct.

11:40 33

11:40 34 Q. Now, I just want to ask you some questions about that.
11:40 35 You were, as I understand, provided with a copy of Crown's
11:40 36 internal investigation; is that right?

11:40 37

11:40 38 A. Yes, that's correct.

11:40 39

11:40 40 Q. Operator, can we please go to GTA.0001.0001.1010.

11:40 41

11:40 42 Commissioner, tab 15 in your bundle.

11:40 43

11:40 44 Ms Shamai, you can see there that is an email from Richard
11:41 45 Murphy to Mr Jeans and to yourself, dated 13 October 2020.

11:41 46 You can see that?

11:41 47

11:41 1 A. Yes.
11:41 2
11:41 3 Q. That is the day before your engagement letter of 14 October
11:41 4 2020 was prepared and signed by you; is that right?
11:41 5
11:41 6 A. Yes, that's correct.
11:41 7
11:41 8 Q. You can see there that Mr Murphy from MinterEllison is
11:41 9 saying that he would like to engage you to undertake work for the
11:41 10 purposes of us advising Crown in relation to the inquiry --- and
11:41 11 that is the ILGA inquiry. You can see that?
11:41 12
11:41 13 A. Yes.
11:41 14
11:41 15 Q. Now, can I ask you to have a look at the sentence which
11:41 16 appears under the points 1 and 2 in the middle there. You can see
11:41 17 it says:
11:41 18
11:41 19 *Crown has itself undertaken a review of these bank*
11:41 20 *accounts statements, which is the subject of the attached*
11:42 21 *memo.*
11:42 22
11:42 23 I presume you read this email and the attached memo; is that
11:42 24 right?
11:42 25
11:42 26 A. Yes, that's correct.
11:42 27
11:42 28 Q. We might move to the attached memo.
11:42 29
11:42 30 COMMISSIONER: Do you want to tender the email first?
11:42 31
11:42 32 MS O'SULLIVAN: Yes, thank you, Commissioner.
11:42 33
11:42 34 COMMISSIONER: It will be email from Richard Murphy to
11:42 35 Neil Jeans, Katherine Shamai, copied to others, dated 13 October
11:42 36 2020, Exhibit 41.
11:42 37
11:42 38
11:42 39 **EXHIBIT #RC0041 - EMAIL FROM RICHARD MURPHY TO**
11:42 40 **NEIL JEANS, KATHERINE SHAMAI, COPIED TO OTHERS**
11:42 41 **DATED 13 OCTOBER 2020**
11:42 42
11:42 43
11:42 44 MS O'SULLIVAN: Thank you, Commissioner.
11:42 45
11:42 46 Moving to the attachment, operator, can you bring up
11:42 47 GTA.0001.0001.1012. Commissioner, that is tab 16 in your

11:42 1 bundle. Ms Shamai, you can see that is a memo dated 29
11:42 2 September 2020 from Mr Ken Barton, the CEO, to
11:43 3 Claude Marais, general manager, legal and compliance. If I can
11:43 4 draw your attention to paragraph 2, you can see there, and can I
11:43 5 confirm that is also your understanding, that Crown had reviewed
11:43 6 the historical bank statements for Riverbank and for Southbank,
11:43 7 that was your understanding about what Crown had done; is that
11:43 8 right?

11:43 9

11:43 10 A. Yes, that's correct.

11:43 11

11:43 12 Q. If we go to paragraph 3, you can see there that through the
11:43 13 review periods, Crown had identified a total of 102 instances
11:43 14 where, and then (a), (b) and (c), you can see there and they
11:43 15 looked for two or more cash deposits of less than \$10,000 but
11:43 16 totalling more than \$10,000 made to either the Riverbank or
11:43 17 Southbank account, and they looked within the 72-hour period.
11:44 18 And they also looked to see if the deposits were credited to
11:44 19 a patron account. That is what you understood their internal
11:44 20 analysis had involved; is that right?

11:44 21

11:44 22 A. Yes, that's right.

11:44 23

11:44 24 Q. Then I turn your attention to paragraph 4 where it says:

11:44 25

11:44 26 *It appears that, in each of these instances, the multiple*
11:44 27 *deposits were aggregated when details of them were*
11:44 28 *entered into SYCO.*

11:44 29

11:44 30 Just pausing there, is SYCO an internal Crown database?

11:44 31

11:44 32 A. Yes, that is my understanding.

11:44 33

11:44 34 Q. The paragraph goes on to say:

11:44 35

11:44 36 *This meant that they were not identified as individual*
11:44 37 *deposits when they were reviewed by the AML team in*
11:44 38 *accordance with our transaction monitoring program.*

11:44 39

11:44 40 It is your understanding, therefore, that all the instances of
11:44 41 structuring that Grant Thornton had identified on the Southbank
11:44 42 and Riverbank account weren't available to Crown's anti-money
11:44 43 laundering team because they weren't monitoring those
11:44 44 transactions?

11:45 45

11:45 46 A. Can you please repeat the question?

11:45 47

11:45 1 Q. Sure. Perhaps you might tell me what you understood that
11:45 2 the Crown AML team, whether they were monitoring the
11:45 3 transactions on the Southbank and Riverbank accounts?
11:45 4
11:45 5 A. I can't comment on whether they were monitoring the bank
11:45 6 accounts because I don't have a working knowledge of how their
11:45 7 team works or how the program works.
11:45 8
11:45 9 Q. But did you understand that there was an aggregation
11:45 10 problem?
11:45 11
11:45 12 A. Yes.
11:45 13
11:45 14 Q. Okay. Go ahead.
11:45 15
11:45 16 A. What I believe that paragraph meant was that a number of
11:45 17 the transactions actually entered into SYCO as one transaction so
11:45 18 they were grouped and entered into the system.
11:45 19
11:45 20 Q. Did that mean that the opportunity to observe structuring
11:45 21 was lost because instead of seeing, for example, 18 deposits all
11:45 22 under \$10,000 you just see the total amount of that deposit being
11:46 23 credited to the patron's account?
11:46 24
11:46 25 A. Yes.
11:46 26
11:46 27 COMMISSIONER: That would still have to be reported if the
11:46 28 aggregate amount exceeded \$10,000?
11:46 29
11:46 30 A. Correct.
11:46 31
11:46 32 COMMISSIONER: You sound like you doubt that as
11:46 33 a proposition.
11:46 34
11:46 35 A. Would you mind repeating the proposition so I'm clear?
11:46 36
11:46 37 COMMISSIONER: If there are a series of deposits, each under
11:46 38 \$10,000, and they aggregate them and the aggregate value
11:46 39 exceeds \$10,000, that must be reported, mustn't it?
11:46 40
11:46 41 A. Not necessarily by Crown, because they were not accepting
11:46 42 the cash. It was deposited into bank accounts.
11:46 43
11:46 44 COMMISSIONER: I see. I'm not sure I see but --- all right, you
11:46 45 go.
11:46 46
11:46 47 MS O'SULLIVAN: It was a credit into the patron's account?

11:46 1
11:46 2 A. Correct.
11:46 3
11:46 4 Q. So is it your understanding that Crown, in that instance
11:47 5 where an aggregated deposit had been made into the patron's
11:47 6 deposit account of greater than \$10,000, Crown would not have
11:47 7 raised a threshold transaction report to AUSTRAC?
11:47 8
11:47 9 A. Not necessarily, because the amount was received by the
11:47 10 bank, not by Crown itself.
11:47 11
11:47 12 COMMISSIONER: I see. Is that also because the two
11:47 13 companies that you were looking at, Southbank and Riverbank,
11:47 14 were not reporting entities bound to comply with the provisions
11:47 15 of the federal anti-money laundering legislation? Let me ask you
11:47 16 differently. You are an expert in this area. Were those two
11:47 17 companies reporting entities for the purposes of the federal
11:47 18 statute?
11:47 19
11:47 20 A. Yes, I understood them to be.
11:47 21
11:47 22 COMMISSIONER: They are reporting entities?
11:47 23
11:47 24 A. Yes.
11:47 25
11:47 26 COMMISSIONER: Okay, fine.
11:47 27
11:47 28 MS O'SULLIVAN: Thank you, Commissioner.
11:47 29
11:47 30 I tender the attachment, which is the memo dated 29 September
11:48 31 2020 from Mr Barton to Mr Marais.
11:48 32
11:48 33 COMMISSIONER: Yes, that will be Exhibit 42, I think.
11:48 34
11:48 35
11:48 36 **EXHIBIT #RC0042 - MEMO FROM MR BARTON TO MR**
11:48 37 **MARAIS DATED 29 SEPTEMBER 2020**
11:48 38
11:48 39
11:48 40 MS O'SULLIVAN: Ms Shamai, do you recall there was
11:48 41 an update to this memo, to the 29 September Claude Marais
11:48 42 memo?
11:48 43
11:48 44 A. No, I'm not sure I recall.
11:48 45
11:48 46 Q. Operator, can we go to GTA.0001.0001.7254. That is tab
11:48 47 17 in your bundle, Commissioner.

11:48 1
11:48 2 Do you recognise this memo, Ms Shamaï?
11:48 3
11:48 4 A. I do recall reading it, now that I see it.
11:48 5
11:49 6 Q. Okay. You can see it is a memo from Mr Barton to
11:49 7 Mr Marais dated 13 October 2020, and in the first paragraph
11:49 8 there he says that it is further to the 29 September 2020 memo;
11:49 9 you see that?
11:49 10
11:49 11 A. Yes.
11:49 12
11:49 13 Q. I might just give you an opportunity to read that to yourself
11:49 14 and familiarise yourself with it. It's not a test, but I will give you
11:49 15 a moment to read it. You can see there that Mr Marais is talking
11:50 16 about the Crown review of the bank statement data in
11:50 17 paragraph 1:
11:50 18
11:50 19 any other cash deposit under \$10,000 outside of the 72
11:50 20 *hour period that formed part of the same aggregated*
11:50 21 *credit transaction recorded in SYCO*
11:50 22
11:50 23 Then in paragraph 2 he refers to one instance in which 77 cash
11:50 24 deposits were made between 9 June 2016 to 20 June 2016; you
11:50 25 see that?
11:50 26
11:50 27 A. Yes.
11:50 28
11:50 29 Q. So that is obviously an 11-day period, yes. Being
11:50 30 an 11-day period, am I right to understand that Grant Thornton's
11:50 31 review wouldn't have picked up all the structuring in that period
11:51 32 because you were looking at only structuring scenarios within
11:51 33 a 24, then 48, then 72-hour period?
11:51 34
11:51 35 A. Yes, that's correct.
11:51 36
11:51 37 COMMISSIONER: I will mark that memorandum from
11:51 38 Mr Clause Marais to Mr Ken Barton dated 13 October 2020,
11:51 39 Exhibit 43.
11:51 40
11:51 41
11:51 42 **EXHIBIT #RC0043 - MEMORANDUM FROM MR CLAUSE**
11:51 43 **MARAIS TO MR KEN BARTON DATED 13 OCTOBER 2020**
11:51 44
11:51 45
11:51 46 MS O'SULLIVAN: Thank you, Commissioner.
11:51 47

11:51 1 Now, do you remember a separate memo that was prepared by
11:51 2 Crown about the Southbank and Riverbank accounts which was
11:51 3 prepared by a Crown staff member whose name was
11:51 4 Alan McGregor?
11:51 5
11:51 6 A. I'm not sure I recall.
11:51 7
11:51 8 Q. Operator, if we can go to document GTA.0001.0001.1079.
11:51 9
11:51 10 Commissioner, tab 18.
11:51 11
11:52 12 Ms Shamai, you can see some redactions in the document. That
11:52 13 is just to redact email addresses and phone numbers. Can you
11:52 14 confirm for me, Ms Shamai, that that is an email from Richard
11:52 15 Murphy to you and Mr Jeans, and that you recall receiving that?
11:52 16
11:52 17 A. Yes.
11:52 18
11:52 19 Q. You can see that the email attaches a bank statement
11:52 20 analysis; do you agree?
11:52 21
11:52 22 A. The what, sorry?
11:52 23
11:52 24 Q. The email attaches a bank statement analysis. Perhaps
11:52 25 I will withdraw that. I will take you to the attachment in
11:52 26 a moment. Can I confirm your understanding. This email was
11:52 27 sent a few days after or in fact 16 October, it was sent on the
11:52 28 same day that Richard Murphy on behalf of --- MinterEllison on
11:53 29 behalf of Crown signed your formal terms of engagement?
11:53 30
11:53 31 A. Yes, that's correct.
11:53 32
11:53 33 Q. On that day Mr Murphy is sending you a draft email from
11:53 34 Mr Alan McGregor, and he says, "I think you should see it
11:53 35 because the work being undertaken by Alan's team may assist
11:53 36 with your work."
11:53 37
11:53 38 A. Yes.
11:53 39
11:53 40 MS O'SULLIVAN: I tender that email with the attachment.
11:53 41
11:53 42 COMMISSIONER: Email from Richard Murphy to Ms Shamai
11:53 43 16 October 2020 with attachment will be Exhibit 44.
11:53 44
11:53 45
11:53 46 **EXHIBIT #RC0044 - EMAIL FROM RICHARD MURPHY TO**
11:53 47 **MS SHAMAI WITH ATTACHMENT DATED 16 OCTOBER 2020**

11:53 1
11:53 2
11:53 3 MS O'SULLIVAN: Thank you.
11:53 4
11:53 5 Operator, can we move to GTA.0001.0001.1082.
11:53 6
11:53 7 Tab 19 in your bundle, Commissioner.
11:53 8
11:54 9 Ms Shamai, you can see the opening paragraph says:
11:54 10
11:54 11 *The following provides an update on the internal*
11:54 12 *investigation undertaken by Crown in recent weeks into*
11:54 13 *cash deposits, potential structuring activity (aggregated*
11:54 14 *and individual) and suspicious deposit distributors used*
11:54 15 *through our various bank accounts from 2013 through to*
11:54 16 *December 2019.*
11:54 17
11:54 18 You see that?
11:54 19
11:54 20 A. Yes.
11:54 21
11:54 22 Q. If we move to the table, operator, halfway down the page,
11:54 23 can you see the sentence which begins:
11:54 24
11:54 25 *The following table lists a summary of the bank*
11:54 26 *statements compiled and analysed*
11:54 27
11:54 28 Can you see that?
11:54 29
11:54 30 A. Yes.
11:54 31
11:54 32 Q. You see the first entry is for Southbank Investments Pty
11:54 33 Ltd, and you can see there that there are two bank accounts noted:
11:54 34 CBA bank account; can you see that?
11:54 35
11:54 36 A. Yes.
11:54 37
11:54 38 Q. And underneath that it says "ASB (NZD)"; you can see
11:55 39 that?
11:55 40
11:55 41 A. Yes.
11:55 42
11:55 43 Q. Is your understanding that ASB is the Auckland Savings
11:55 44 Bank?
11:55 45
11:55 46 A. Yes.
11:55 47

- 11:55 1 Q. And that this indicates Southbank had a bank account at the
11:55 2 Auckland Savings Bank in NZD?
11:55 3
11:55 4 A. Yes.
11:55 5
11:55 6 Q. Can I ask you, did Grant Thornton analyse the transactions
11:55 7 on Southbank's NZD bank account?
11:55 8
11:55 9 A. No.
11:55 10
11:55 11 Q. Does that mean that there is a real potential that the volume
11:55 12 of structuring activity which Grant Thornton identified for
11:55 13 Southbank is understated?
11:55 14
11:55 15 A. Yes.
11:55 16
11:55 17 Q. All right. Now we will look at the next row, which is
11:55 18 Riverbank Investments Pty Ltd. You can see there that
11:55 19 Riverbank had an account at HSBC?
11:55 20
11:55 21 A. Yes.
11:55 22
11:55 23 Q. You can see the period is January 2007 to July 2013. Am I
11:55 24 right to understand that Grant Thornton didn't analyse the
11:56 25 transactions on that account because your review started at July
11:56 26 2013 and this data ended at July 2013?
11:56 27
11:56 28 A. Yes, that's correct.
11:56 29
11:56 30 MS O'SULLIVAN: Commissioner, you can see there are two
11:56 31 more accounts, Crown Melbourne Ltd and Burswood Nominees
11:56 32 Ltd. I am going to come back to them in a minute but I just want
11:56 33 to finish with the Southbank and Riverbank accounts.
11:56 34
11:56 35 The paragraph below the table, Ms Shamai, speaks of the entities
11:56 36 having bank accounts in foreign currencies, and that includes
11:56 37 HKD, SGD and USD. Now, am I right to understand that any
11:56 38 accounts in HKD, SGD, and USD, were not included in the Grant
11:56 39 Thornton review?
11:56 40
11:56 41 A. That is correct.
11:56 42
11:56 43 Q. And so, again, is there a real likelihood that the Grant
11:57 44 Thornton review understates the volume of potential structuring
11:57 45 on the Crown Southbank and Riverbank accounts?
11:57 46
11:57 47 A. Yes.

- 11:57 1
11:57 2 Q. If you look at the paragraph which starts with "A review of
11:57 3 the Southbank ASB NZD account"; can you see that?
11:57 4
11:57 5 A. Yes.
11:57 6
11:57 7 Q. It says there:
11:57 8
11:57 9 *A review of the Southbank ASB NZD account was*
11:57 10 *completed for the period August 2016 - March 2019.*
11:57 11 *Although we did not find any Cash Deposit in the*
11:57 12 *description, there were some transactions that appeared*
11:57 13 *to be structuring in nature. There is not enough*
11:57 14 *information on the bank statements to confirm if these*
11:57 15 *were cash transactions and further investigation is*
11:57 16 *required before raising these as unusual activities.*
11:57 17
11:58 18 To your knowledge, was that further investigation undertaken?
11:58 19
11:58 20 A. I don't know. I have no knowledge of that.
11:58 21
11:58 22 Q. But it certainly wasn't undertaken by Grant Thornton?
11:58 23
11:58 24 A. No, it wasn't.
11:58 25
11:58 26 Q. Then we look at the table in the middle of the page again.
11:58 27 You can see that the last two lines refer to Crown Melbourne Ltd
11:58 28 and Burswood Nominees Ltd. You see that?
11:58 29
11:58 30 A. Yes.
11:58 31
11:58 32 Q. You see the table indicates that each of those entities had
11:58 33 an account with ANZ?
11:58 34
11:58 35 A. Yes.
11:58 36
11:58 37 Q. You agree with me that roughly speaking, this table
11:58 38 suggests that both of those entities had a bank account with ANZ
11:58 39 over roughly the same period that Southbank and Riverbank had
11:58 40 accounts that Grant Thornton analysed?
11:59 41
11:59 42 A. Yes.
11:59 43
11:59 44 Q. And you received this memo on the same day that Grant
11:59 45 Thornton's terms of engagement were signed by MinterEllison on
11:59 46 behalf of Crown?
11:59 47

- 11:59 1 A. Yes.
- 11:59 2
- 11:59 3 Q. And that the Grant Thornton terms confined Grant
- 11:59 4 Thornton's engagement to the Southbank and Riverbank AUD
- 11:59 5 accounts only?
- 11:59 6
- 11:59 7 A. Yes.
- 11:59 8
- 11:59 9 Q. And they also confined the terms of Grant Thornton's
- 11:59 10 engagement to Southbank and Riverbank only?
- 11:59 11
- 11:59 12 A. Yes.
- 11:59 13
- 11:59 14 Q. You weren't engaged to look at Crown Melbourne Ltd's
- 11:59 15 accounts or Burswood Nominees Ltd's accounts?
- 11:59 16
- 11:59 17 A. Not at that point.
- 11:59 18
- 11:59 19 Q. When you received this memo, was that the first time you
- 11:59 20 became aware there were other Crown entities and bank accounts
- 11:59 21 which potentially had structuring activity on them?
- 11:59 22
- 11:59 23 A. Yes.
- 11:59 24
- 11:59 25 Q. Did you enquire as to why the Crown Melbourne Ltd and
- 11:59 26 Burswood Nominees Ltd accounts were excluded from the work
- 12:00 27 you were doing in phases 1 to 3?
- 12:00 28
- 12:00 29 A. Not directly, but through other discussion I was made
- 12:00 30 aware that the Southbank and Riverbank accounts were a priority
- 12:00 31 at that point in time for review.
- 12:00 32
- 12:00 33 Q. Can you tell us about that discussion? Who told you that
- 12:00 34 the Southbank and Riverbank accounts were a priority?
- 12:00 35
- 12:00 36 A. It was in the briefing meeting with MinterEllison and
- 12:00 37 Initialism a few days before our engagement letter, and through
- 12:00 38 that discussion I was made aware that those two accounts were
- 12:00 39 the ones of high priority to review and that Crown Melbourne
- 12:00 40 Burswood Nominees were to be reviewed at a later point.
- 12:00 41
- 12:00 42 Q. Okay. So there were three people at that meeting; is that
- 12:00 43 right?
- 12:00 44
- 12:00 45 A. There was probably more than that. There was probably
- 12:00 46 two from MinterEllison and I would think somebody from Crown was
- 12:00 47 present but I can't recall who.

12:00 1
12:00 2 Q. Can you recall who precisely was it who said that the
12:01 3 Southbank and Riverbank accounts were a priority?
12:01 4
12:01 5 A. I believe it was Richard Murphy.
12:01 6
12:01 7 Q. Did he say that it was a priority for Crown; is that right?
12:01 8
12:01 9 A. He didn't say who it was a priority for.
12:01 10
12:01 11 Q. Insofar as he said that the Crown Melbourne and Burswood
12:01 12 Nominees accounts were would be done at a later point, did he
12:01 13 specify, did he give any precision to the phrase "at a later point"?
12:01 14
12:01 15 A. No.
12:01 16
12:01 17 Q. So, to your knowledge, the Grant Thornton Riverbank and
12:01 18 Southbank reports were provided to the Bergin Inquiry?
12:01 19
12:01 20 A. Yes.
12:01 21
12:01 22 Q. And to your knowledge, did Crown reveal to the Bergin
12:01 23 Inquiry that it had conducted some preliminary investigations into
12:01 24 potential structuring on the Crown Melbourne and Burswood
12:01 25 Nominees accounts?
12:01 26
12:01 27 A. I'm not sure.
12:01 28
12:01 29 Q. All right. After this admission of the Grant Thornton
12:01 30 Riverbank and Southbank reports, am I right to understand that
12:02 31 Neil Jeans from Initialism contacted you in early December 2020
12:02 32 about doing an equivalent analysis to that done on Riverbank and
12:02 33 Southbank, but on the Burswood Nominees and Crown
12:02 34 Melbourne accounts?
12:02 35
12:02 36 A. Yes.
12:02 37
12:02 38 Q. Operator, can we go document INI --
12:02 39
12:02 40 COMMISSIONER: Before you go there, I will mark the Crown
12:02 41 Resorts bank statement analysis of 15 October 2020 as Exhibit
12:02 42 45.
12:02 43
12:02 44
12:02 45 **EXHIBIT #RC0045 - CROWN RESORTS BANK STATEMENT**
12:02 46 **ANALYSIS DATED 15 OCTOBER 2020**
12:02 47

1
12:02 2 MS O'SULLIVAN: Thank you, Commissioner.
12:02 3
12:02 4 COMMISSIONER: Where were we going to?
12:02 5
12:02 6 MS O'SULLIVAN: Your tab 25, Commissioner.
12:02 7
12:02 8 Operator, it is document INI.0001.0001.2545. If we can start by
12:03 9 looking at the email in the bottom half of the page, thank you.
12:03 10
12:03 11 Ms Shamai, can you confirm that is an email from you to Claude
12:03 12 Marais dated 9 December 2020?
12:03 13
12:03 14 A. Yes, that's correct.
12:03 15
12:03 16 Q. In that email you are referring to a discussion you had on
12:03 17 the previous day with Neil Jeans; is that right?
12:03 18
12:03 19 A. Yes, that's correct.
12:03 20
12:03 21 Q. Am I right to understand that in the discussion with Neil
12:03 22 Jeans of the previous day, Mr Jeans had asked you about the
12:03 23 progress of the Burswood Nominees and Crown Melbourne bank
12:03 24 statement analysis?
12:03 25
12:03 26 A. Yes, that's correct.
12:03 27
12:03 28 Q. When you had that discussion with Mr Jeans, did that take
12:03 29 you by surprise?
12:03 30
12:03 31 A. It did.
12:03 32
12:03 33 Q. Because at that point you didn't know that was meant to be
12:03 34 occurring; is that right?
12:03 35
12:03 36 A. That's correct.
12:03 37
12:03 38 Q. And you hadn't received any documentation at that point
12:03 39 that would have allowed you to do that equivalent analysis; is that
12:03 40 right?
12:03 41
12:03 42 A. Correct.
12:03 43
12:04 44 Q. As a result, you emailed Claude Marais to enquire about it
12:04 45 on 9 December?
12:04 46
12:04 47 A. Yes, that's correct.

12:04 1
12:04 2 Q. Then in fact if we can go to the top of the page, you then
12:04 3 emailed Nick Stokes from Crown on 11 December 2020; is that
12:04 4 right?
12:04 5
12:04 6 A. Yes, that's correct.
12:04 7
12:04 8 MS O'SULLIVAN: I tender that email, thank you,
12:04 9 Commissioner.
12:04 10
12:04 11 COMMISSIONER: I will just describe it as email chain ending
12:04 12 with an email from Ms Shamai to Nick Stokes, 11 December
12:04 13 2020, Exhibit 46.
12:04 14
12:04 15
12:04 16 **EXHIBIT #RC0046 - EMAIL CHAIN ENDING WITH AN EMAIL**
12:04 17 **FROM MS SHAMAI TO NICK STOKES DATED 11 DECEMBER**
12:04 18 **2020**
12:04 19
12:04 20 MS O'SULLIVAN: Thank you, Commissioner.
12:04 21
12:04 22 Operator, can we go to document VCG.0001.0002.2001.
12:04 23
12:04 24 Commissioner, tab 29 in your bundle.
12:04 25
12:05 26 Ms Shamai, you can see that is a letter dated 20 November 2020
12:05 27 on the letterhead of Crown Resorts to the Victorian Commission
12:05 28 for Gambling and Liquor Regulation. I will start by asking: have
12:05 29 you seen this document before?
12:05 30
12:05 31 A. Not that I'm aware of.
12:05 32
12:05 33 Q. What I will ask you to do, it's not a test, but I am going to
12:05 34 ask you a couple of questions about the document so I will give
12:05 35 you an opportunity to read it first. There is a hard copy of the
12:05 36 document in your folder in front of you at tab 29.
12:05 37
12:06 38 You can see this is a letter whereby Crown provides to the
12:07 39 Victorian Commission for Gambling and Liquor Regulation
12:07 40 a copy of the Grant Thornton Southbank report, Riverbank report
12:07 41 and Initialism report.
12:07 42
12:07 43 Operator, if we can turn to the page ending _0003.
12:07 44
12:07 45 Ms Shamai, you can see there that that second paragraph, or you
12:07 46 might call it the first paragraph under the bullet point, says that:
12:07 47

12:07 1 *Crown has instructed Grant Thornton and Initialism to*
12:07 2 *undertake equivalent analyses to those contained in the*
12:07 3 *Reports in relation to the bank accounts operated by*
12:07 4 *Crown Melbourne Limited and Burswood Nominees*
12:07 5 *Limited. Once those reports are provided to Crown, we*
12:07 6 *will advise the Commission and invite the issue of*
12:08 7 *a supplementary notice for their production.*

12:08 8
12:08 9 Now, before I ask you the next question, you told us a moment
12:08 10 ago that on 9 December 2020 --- sorry, I withdraw that. You told
12:08 11 us a moment ago that on 8 December 2020 you had a discussion
12:08 12 with Neil Jeans about this equivalent analysis and you were
12:08 13 surprised because you hadn't --- you didn't think that was meant
12:08 14 to be occurring at that point and you hadn't received any
12:08 15 documents to allow that analysis to go ahead.

12:08 16
12:08 17 Now, this document, this letter is dated 20 November 2020. So
12:08 18 that is a few weeks before your discussion with Neil Jeans where
12:08 19 you were surprised that you were meant to be undertaking the
12:08 20 analysis. As at 2020, sorry, as at 20 November 2020, was this
12:09 21 statement that I've read out from Ken Barton to the effect that
12:09 22 Crown has instructed Grant Thornton to undertake an equivalent
12:09 23 analysis, was that statement correct?

12:09 24
12:09 25 A. It wasn't communicated to me. So I wasn't aware.

12:09 26
12:09 27 COMMISSIONER: You were the person in charge of the team?

12:09 28
12:09 29 A. Correct.

12:09 30
12:09 31 COMMISSIONER: And if Grant Thornton were meant to be
12:09 32 carrying out the work, you of all people would know about it?

12:09 33
12:09 34 A. Yes.

12:09 35
12:09 36 COMMISSIONER: And if you didn't know about it, you weren't
12:09 37 instructed to do the work; is that a fair assumption on my part?

12:09 38
12:09 39 A. Yes.

12:09 40
12:09 41 COMMISSIONER: Thank you.

12:09 42
12:09 43 MS O'SULLIVAN: So this statement is incorrect?

12:09 44
12:09 45 A. I can't comment on what Mr Barton might have been
12:09 46 thinking about when he wrote that.

12:09 47

12:09 1 COMMISSIONER: The question isn't what he was thinking
12:09 2 about, it's what he wrote, and the words used in this paragraph.
12:09 3 That's the only question you are dealing with?
12:10 4
12:10 5 A. From my perspective, that is incorrect.
12:10 6
12:10 7 COMMISSIONER: I will mark the letter from Crown
12:10 8 Melbourne to the VCGLR dated 20 November 2020, Exhibit 47.
12:10 9
12:10 10
12:10 11 **EXHIBIT #RC0047 - LETTER FROM CROWN MELBOURNE**
12:10 12 **TO THE VCGLR DATED 20 NOVEMBER 2020**
12:10 13
12:10 14
12:10 15 MS O'SULLIVAN: Thank you, Commissioner.
12:10 16
12:10 17 Ms Shamai, did Grant Thornton ever receive a written instruction
12:10 18 to undertake an equivalent analysis on the Crown Melbourne and
12:10 19 Burswood Nominees bank accounts?
12:10 20
12:10 21 A. No written instructions.
12:10 22
12:10 23 Q. Did you receive an oral instruction?
12:10 24
12:10 25 A. Yes.
12:10 26
12:10 27 Q. And was that oral instruction given after 9 November
12:10 28 2020? Sorry, I withdraw that. Was that oral instruction given
12:11 29 after 9 December 2020, which is the date of the email that we
12:11 30 went to earlier where you were emailing Claude Marais saying
12:11 31 essentially, "What is happening, am I meant to be doing this
12:11 32 now"?
12:11 33
12:11 34 A. Yes.
12:11 35
12:11 36 Q. Who did the oral instruction to do what I call the equivalent
12:11 37 analysis, who did that oral instruction come from?
12:11 38
12:11 39 A. That came from Mr Haig of Allens.
12:11 40
12:11 41 Q. Was there a reason why it was given orally and not in
12:11 42 writing?
12:11 43
12:11 44 A. I'm not sure.
12:11 45
12:11 46 Q. And you didn't ask for the instruction to be confirmed in
12:11 47 writing?

12:11 1
12:11 2 A. No, I didn't.
12:11 3
12:11 4 Q. Would it be usual, if the terms of a formal written
12:11 5 engagement letter were to be changed, that that would be
12:12 6 recorded in writing?
12:12 7
12:12 8 A. Yes.
12:12 9
12:12 10 Q. It didn't occur in this instance?
12:12 11
12:12 12 A. No, it didn't.
12:12 13
12:12 14 Q. Did you make any written note of the oral instruction given
12:12 15 to you by Peter Haig of Allens to conduct the equivalent
12:12 16 analysis?
12:12 17
12:12 18 A. No, I didn't.
12:12 19
12:12 20 Q. And why didn't you?
12:12 21
12:12 22 A. Because I was in the car at the time using my hands-free to
12:12 23 talk to Mr Haig.
12:12 24
12:12 25 Q. You didn't make a written note of it at a later point just so
12:12 26 you knew precisely what it was that you were being instructed to
12:12 27 do?
12:12 28
12:12 29 A. No, I didn't.
12:12 30
12:12 31 Q. But you were clear on the terms of the instruction; is that
12:12 32 right?
12:12 33
12:12 34 A. Yes, that's correct.
12:12 35
12:12 36 Q. Perhaps you can tell the Commission precisely what it was
12:12 37 that you were instructed to do.
12:12 38
12:12 39 A. It was to repeat the same exercise that we did for Riverbank
12:12 40 and Southbank, but across the Burswood Nominees and Crown
12:13 41 Melbourne bank accounts.
12:13 42
12:13 43 Q. Earlier I asked you some questions about whether the
12:13 44 Southbank and Riverbank analyses had been done separately with
12:13 45 each of Riverbank and Southbank and not across the two
12:13 46 accounts. You have just used the term "across the Crown
12:13 47 Melbourne and Burswood Nominees accounts". Am I right to

12:13 1 assume that the instruction was to look at Crown Melbourne
12:13 2 individually to Burswood Nominees individually?
12:13 3
12:13 4 A. Yes, that's correct. Poor choice of words.
12:13 5
12:13 6 Q. Am I right to understand that the Crown Melbourne or
12:13 7 Burswood --- or Crown Perth --- bank statements were uploaded
12:13 8 for Grant Thornton review on 11 December 2020?
12:13 9
12:13 10 A. That sounds correct.
12:13 11
12:13 12 Q. Operator, can we go to document INI.0001.0001.1621.
12:13 13
12:13 14 Commissioner, that is tab 26 of your bundle.
12:13 15
12:14 16 Operator, if we can look at the email at the bottom of the page.
12:14 17
12:14 18 Ms Shamai, you can see this is from Mr Claude Marais to
12:14 19 yourself dated 11 December 2020?
12:14 20
12:14 21 A. Yes.
12:14 22
12:14 23 Q. And there Mr Marais says:
12:14 24
12:14 25 *Further to my email this morning, the casino account*
12:14 26 *statements have been uploaded into Collaborate.*
12:14 27
12:14 28 Am I right to read that, when he is referring to "casino account
12:14 29 statements", am I right to read that as meaning it was the Crown
12:14 30 Melbourne and Burswood Nominees account statements that
12:14 31 were uploaded into Collaborate?
12:14 32
12:14 33 A. Yes, that's correct.
12:14 34
12:14 35 Q. In the next line he says:
12:14 36
12:14 37 *Please note that these are different to the Southbank and*
12:14 38 *Riverbank statements in that*
12:14 39
12:14 40 And he has two points noting the differences. He says for
12:15 41 Melbourne that they were pieced together from daily word bank
12:15 42 document files from the credit team, and that for Perth, finance
12:15 43 compiled these from historically extracted Excel bank statements.
12:15 44 And he is just confirming whether you received all the
12:15 45 documents.
12:15 46
12:15 47 A. (Nods head).

12:15 1
12:15 2 Q. So, am I right to understand that, indeed, Grant Thornton
12:15 3 did receive bank transaction data for Crown Melbourne and
12:15 4 Crown Perth? When I say "Crown Perth", I mean Burswood
12:15 5 Nominees.
12:15 6
12:15 7 A. Yes.
12:15 8
12:15 9 MS O'SULLIVAN: I tender that email.
12:15 10
12:15 11 COMMISSIONER: Email from Claude Marais to Katherine
12:15 12 Shamai dated 11 December 2020 is Exhibit 48.
12:15 13
14
15 **EXHIBIT #RC0048 - EMAIL FROM MR CLAUDE MARAIS TO**
16 **MS KATHERINE SHAMAI DATED 11 DECEMBER 2020**
17
18
12:15 19 MS O'SULLIVAN: Ms Shamai, am I right to understand that in
12:16 20 January 2021, Grant Thornton started reviewing the data, by
12:16 21 which I mean bank transaction data, for Crown Melbourne and
12:16 22 Burswood Nominees?
12:16 23
12:16 24 A. Yes, correct.
12:16 25
12:16 26 Q. Operator, can you take us to document ---
12:16 27
12:16 28 COMMISSIONER: Can you give me one second,
12:16 29 Ms O'Sullivan. Something has stopped working. Give us
12:16 30 a minute and we'll sort things out. I think I have to stand down
12:16 31 whilst whatever needs to be sorted out gets sorted out, whatever it
12:16 32 is. I will come back when I'm called.
12:17 33
12:17 34
12:17 35 **ADJOURNED** [12:17P.M.]
12:22 36
12:22 37
12:22 38 **RESUMED** [12:22P.M.]
12:22 39
12:22 40
12:22 41 MS O'SULLIVAN: We were just talking about the bank
12:22 42 transaction data for Crown Melbourne and for Crown Perth, or
12:22 43 Burswood Nominees which you were telling us had been
12:22 44 uploaded for Grant Thornton review. Am I right to understand
12:22 45 that in January 2021, Grant Thornton started reviewing that data?
12:22 46
12:22 47 A. Yes, that's correct.

12:22 1
12:22 2 Q. So, can I ask the operator to take us to document
12:22 3 INI.0001.0001.2306.
12:22 4
12:22 5 Commissioner, that is tab 27 in your bundle.
12:22 6
12:23 7 You can see that is an email from you to clause Marais dated
12:23 8 Thursday, 21 January 2021. You've written there:
12:23 9
12:23 10 *Just a quick update. Our team is fully back from leave*
12:23 11 *and have started the data cleansing process for the two*
12:23 12 *bank accounts.*
12:23 13
12:23 14 Can you confirm for me that your reference there to the "two
12:23 15 bank accounts", that is a reference to the Crown Melbourne and
12:23 16 Burswood Nominees accounts?
12:23 17
12:23 18 A. Yes, that's correct.
12:23 19
12:23 20 Q. Did that include only AUD accounts or did that also include
12:23 21 accounts held in foreign currencies?
12:23 22
12:23 23 A. AUD accounts only.
12:23 24
12:23 25 MS O'SULLIVAN: I tender that email, thank you,
12:23 26 Commissioner.
12:23 27
12:23 28 COMMISSIONER: Email from Katherine Shamai to Claude
12:23 29 Marais, 21 January 2021, Exhibit 49.
12:23 30
12:23 31
12:23 32 **EXHIBIT #RC0049 - KATHERINE SHAMAI TO CLAUDE**
12:23 33 **MARAIS, 21 JANUARY 2021**
12:23 34
12:23 35
12:24 36 MS O'SULLIVAN: Can we go to GTA.0001.0001.7041.
12:24 37
12:24 38 Commissioner, tab 10 of your bundle.
12:24 39
12:24 40 Ms Shamai, could you confirm for me that this is another of the
12:24 41 status updates that Grant Thornton provided to MinterEllison
12:24 42 throughout the course of the Grant Thornton engagement; is that
12:24 43 right?
12:24 44
12:24 45 A. Yes, that's correct.
12:24 46
12:24 47 Q. There you've said --- again, you can confirm for me that the

- 12:24 1 top box sets out activities that have been completed and the
12:24 2 bottom box sets out activities that are yet to be completed; is that
12:24 3 right?
12:24 4
12:24 5 A. Yes, correct.
12:24 6
12:24 7 Q. In the top box you've said that Grant Thornton has:
12:24 8
12:25 9 *Continued data cleansing of Crown Melbourne bank*
12:25 10 *statement packs to overcome errors occurring in*
12:25 11 *translation from PDF file to Excel file.*
12:25 12
12:25 13 You've told us a little about the data cleansing that you did in
12:25 14 relationship of the Southbank and Riverbank accounts. Was there
12:25 15 any difference to this data cleansing that was done in respect of
12:25 16 the Crown Melbourne accounts?
12:25 17
12:25 18 A. No, we undertook the same process.
12:25 19
12:25 20 Q. So that was a process undertaken by Grant Thornton and
12:25 21 not by Crown?
12:25 22
12:25 23 A. Yes, correct.
12:25 24
12:25 25 Q. You were satisfied that there was no data lost in the data
12:25 26 cleansing process, is that right?
12:25 27
12:25 28 A. Correct.
12:25 29
12:25 30 Q. Then if you look at the second-from-last tick in the top box,
12:25 31 it says:
12:25 32
12:25 33 *Continued reviewing Crown Melbourne bank statement to*
12:25 34 *identify patron ID for each transaction.*
12:25 35
12:25 36 That was ongoing as at 29 January 2021; is that right?
12:25 37
12:25 38 A. Yes.
12:25 39
12:25 40 Q. In the last tick you said:
12:25 41
12:25 42 *Sent additional data request for SYCO packs and TT*
12:26 43 *reports for the agreed period 2013-2019.*
12:26 44
12:26 45 A. Yes.
12:26 46
12:26 47 Q. So in terms of raw data that you received in respect to

12:26 1 Crown Melbourne and Burswood Nominees bank accounts, did
12:26 2 you receive data across the period 2013 to 2019?

12:26 3

12:26 4 A. Yes.

12:26 5

12:26 6 Q. Then, in the bottom box you set out some activities that at
12:26 7 that point, being 29 January 2021, were yet to be performed, is
12:26 8 that right?

12:26 9

12:26 10 A. Correct.

12:26 11

12:26 12 Q. One of those points is to continue the data cleansing for
12:26 13 the Burswood statement packs, is that right?

12:26 14

12:26 15 A. Yes.

12:26 16

12:26 17 Q. And you have there:

12:26 18

12:26 19 *Perform analysis of all cash deposits*
12:26 20 *following scenarios*

12:26 21

12:26 22 Can I ask you to confirm they are the same three scenarios that
12:26 23 were used for the Southbank and Riverbank analysis; is that
12:26 24 right?

12:26 25

12:26 26 A. Yes, that's right.

12:26 27

12:27 28 Q. So, again, the other six structuring scenarios that Mr Jeans
12:27 29 had identified you weren't looking for those additional six
12:27 30 structuring scenarios; is that right?

12:27 31

12:27 32 A. Correct.

12:27 33

12:27 34 Q. That is because your instruction was essentially to do
12:27 35 a repeat?

12:27 36

12:27 37 A. Correct.

12:27 38

12:27 39 Q. So any limitations in the previous instructions were
12:27 40 replicated in these instructions?

12:27 41

12:27 42 A. Correct.

12:27 43

12:27 44 Q. And, therefore, any consequential understatement that
12:27 45 might have resulted by reason of the limitation in your
12:27 46 instructions as to Southbank and Riverbank would have been
12:27 47 replicated in this equivalent analysis on Crown Melbourne and

12:27 1 Burswood; is that right?

12:27 2

12:27 3 A. Yes, correct.

12:27 4

12:27 5 MS O'SULLIVAN: Thank you.

12:27 6

12:27 7 I tender that status update, Commissioner.

12:27 8

12:27 9 COMMISSIONER: Status update dated 29 January 2021 --- I
12:28 10 should say Grant Thornton status update dated 29 January 2021
12:28 11 regarding Crown Melbourne bank statements, Exhibit 50.

12:28 12

13

14 **EXHIBIT # RC0050 - GRANT THORNTON STATUS UPDATE**

15 **REGARDING CROWN MELBOURNE BANK STATEMENTS**

16. **DATED 29 JANUARY 2021**

17

12:28 18 MS O'SULLIVAN: Thank you, Commissioner.

12:28 19

12:28 20 Sorry, was that a question for me? No. Operator, can we go to
12:28 21 the next document. It is also a status update.

12:28 22 GTA.0001.0001.7050. Commissioner, that is tab 11 in your
12:28 23 bundle.

12:28 24

12:28 25 Ms Shama, I will ask you some questions about activities noted
12:28 26 in the top box, being activities completed in the last two weeks.

12:28 27 If you look at the third tick there it says:

12:28 28

12:28 29 *Performed analysis of cash deposits of less than \$10,000*
12:28 30 *for the following scenarios on week-inclusive and*
12:29 31 *weekend-exclusive basis to both Melbourne and*
12:29 32 *Burswood statements (on the transactions that have*
12:29 33 *numbers that are likely to be patron ID in the narratives)*

12:29 34

.....

12:29 35

12:29 36 Now, am I to understand from that that you've performed
12:29 37 an analysis of the cash deposits but it's not on the entire data; is
12:29 38 that right?

12:29 39

12:29 40 A. Correct.

12:29 41

12:29 42 Q. Okay, so tell us what was stopping you at that point from
12:29 43 doing it on the entire data?

12:29 44

12:29 45 A. From memory we were still missing a few bank statements
12:29 46 for one of the accounts.

12:29 47

12:29 1 Q. You were still, sorry?
12:29 2
12:29 3 A. Missing bank statement for one of the accounts. So in the
12:29 4 previous status update we noted there were duplicate months and
12:29 5 some months that were missing. So we were still waiting for
12:29 6 those.
12:29 7
12:29 8 Q. Okay. So at this point, 12 February, are you able to
12:29 9 estimate how much of the data you had? Did you have
12:30 10 50 per cent, 95 per cent, what was the percentage you were
12:30 11 missing at that point?
12:30 12
12:30 13 A. We had the majority of them. There were only a few
12:30 14 missing.
12:30 15
12:30 16 Q. When you say "majority", that could be 51 per cent or a lot
12:30 17 more. Are you able to give us anything more specific?
12:30 18
12:30 19 A. I would say we had about 80 per cent, 90 per cent of the
12:30 20 statements.
12:30 21
12:30 22 Q. So you've performed the same analysis as has been
12:30 23 performed on the Southbank and Riverbank accounts but on the
12:30 24 Crown Melbourne and the Burswood Nominees accounts; is that
12:30 25 right?
12:30 26
12:30 27 A. Yes.
12:30 28
12:30 29 Q. Now I just want to draw your attention to some of the
12:30 30 matters listed in the bottom box, which is activities to be
12:30 31 completed in the following week. If you look at the second point
12:30 32 there it says:
12:30 33
12:30 34 *Continue analysis of cash deposits for*
12:30 35 *three scenarios).*
12:30 36
12:30 37 So, am I right to understand that as at this date, 12 February 2021,
12:31 38 that was still essentially a continuing analysis that was being
12:31 39 done; is that right?
12:31 40
12:31 41 A. Yes, that's right.
12:31 42
12:31 43 Q. Then at the third dot point it has there:
12:31 44
12:31 45 *Perform analysis for the following scenarios:*
12:31 46
12:31 47 *One or more cash deposit of*

12:31 1 *wire transfer of*
12:31 2 *72hr period.*
12:31 3
12:31 4 That structuring scenario there is not one of what I call the
12:31 5 original three; is that right?
12:31 6
12:31 7 A. Correct.
12:31 8
12:31 9 Q. So was that a new scenario, an additional scenario?
12:31 10
12:31 11 A. Correct.
12:31 12
12:31 13 Q. And you hadn't searched for that on Riverbank and
12:31 14 Southbank?
12:31 15
12:31 16 A. I actually had.
12:31 17
12:31 18 Q. But the results of that search weren't in your Southbank and
12:31 19 Riverbank reports; is that right?
12:31 20
12:31 21 A. Correct.
12:31 22
12:32 23 Q. Is that something you did of your own initiative for your
12:32 24 own interest, or was that something you were instructed to do?
12:32 25
12:32 26 A. That was at the request of Mr Jeans to assist him in his
12:32 27 analysis.
12:32 28
12:32 29 Q. I see. Okay.
12:32 30
12:32 31
12:32 32 COMMISSIONER: I will mark this as an exhibit?
12:32 33
12:32 34 MS O'SULLIVAN: Yes, thank you, Commissioner.
12:32 35
12:32 36 COMMISSIONER: It will be Exhibit 51, described as Grant
12:32 37 Thornton status update for Crown Melbourne and Burswood
12:32 38 accounts 12 February 2021.
12:32 39
12:32 40
12:32 41 **EXHIBIT #RC0051 - GRANT THORNTON STATUS UPDATE**
12:32 42 **FOR CROWN MELBOURNE AND BURSOOD ACCOUNTS**
12:32 43 **DATED 12 FEBRUARY 2021**
12:32 44
12:32 45 MS O'SULLIVAN: Thank you, Commissioner.
12:32 46
12:32 47 Just still on this document, Ms Shamai, the very last dot point, or

- 12:32 1 square, I guess we'd call it in the bottom box, says:
12:32 2
12:32 3 *Develop draft report documenting analysis results for*
12:32 4 *Melbourne and Burswood accounts.*
12:32 5
12:32 6 Did Grant Thornton develop a draft report documenting the
12:33 7 analysis results for Melbourne and Burswood?
12:33 8
12:33 9 A. No.
12:33 10
12:33 11 Q. Were you instructed not to prepare those reports?
12:33 12
12:33 13 A. No. We were still focused on doing the analysis at that
12:33 14 point.
12:33 15
12:33 16 Q. But there was no ultimate report commissioned; is that
12:33 17 right?
12:33 18
12:33 19 A. Correct.
12:33 20
12:33 21 Q. So you were instructed to do the job, the equivalent analysis
12:33 22 on Crown Melbourne and Burswood Nominees. You started it.
12:33 23 You were anticipating developing a draft report, but no draft
12:33 24 report ultimately came about. Why not?
12:33 25
12:33 26 A. Because we were advised by Allens to stop work because
12:33 27 they were engaging another party to perform the analysis.
12:33 28
12:33 29 Q. Who gave you that instruction from Allens?
12:34 30
12:34 31 A. I'm going to struggle to remember names but I'd be happy
12:34 32 to take that on notice and provide that. I can refer back to my
12:34 33 notes when I'm back in the office.
12:34 34
12:34 35 Q. Thank you. Can you remember when you were given that
12:34 36 instruction?
12:34 37
12:34 38 A. Towards the end of February.
12:34 39
12:34 40 Q. Thank you.
12:34 41
12:34 42 I've already tendered that I believe, sorry, Commissioner.
12:34 43
12:34 44 So, Ms Shamai, how far through the analysis of the Crown
12:34 45 Melbourne and Burswood accounts did you get?
12:34 46
12:34 47 A. We had completed the data analysis, but we were waiting

12:34 1 for the TA packs for us to clarify the patron IDs where we
12:34 2 couldn't see them on the bank statement. So we were not very far
12:34 3 off.
12:34 4

12:34 5 Q. Okay. So am I right, therefore, to understand that you had
12:35 6 completed the analysis on the 80 per cent of data that you had got,
12:35 7 but not on the remaining 20 per cent which was outstanding?
12:35 8

12:35 9 A. Correct.
12:35 10

12:35 11 Q. Based on that part completed analysis, were there
12:35 12 transactions fitting three structuring scenarios in the Melbourne
12:35 13 and Burswood accounts?
12:35 14

12:35 15 A. I believe there was but they hadn't gone through our quality
12:35 16 review process so I can't say for certain.
12:35 17

12:35 18 COMMISSIONER: I'm not sure what that means?
12:35 19

12:35 20 A. So we run the data through our tool, our model and it
12:35 21 comes out with a series of results. We review those for quality
12:35 22 purposes to make sure they are picking up the right transactions
12:35 23 and grouping the right transactions. So we hadn't done that
12:35 24 process. So I'm not sure how many or the quantum of them.
12:35 25

12:35 26 MS O'SULLIVAN: So, if I understand the tool, the forensic data
12:36 27 analysis tool that you build, it looks for the three scenarios and it
12:36 28 will ping when it gets a result?
12:36 29

12:36 30 A. Correct.
12:36 31

12:36 32 Q. Yes. And you get a result sheet which shows all the 'pings';
12:36 33 is that right?
12:36 34

12:36 35 A. Yes, that's right.
12:36 36

12:36 37 Q. So I understand that you hadn't done a quality check on that
12:36 38 but from what you recall, was the volume of results, pings, was it
12:36 39 less than, more than, or similar to the volumes that you had
12:36 40 identified on the Southbank and Riverbank accounts?
12:36 41

12:36 42 A. I don't recall the results or the quantum of them.
12:36 43

12:36 44 COMMISSIONER: But you could find out easily enough?
12:36 45

12:36 46 A. Yes, I could go back to the tool and look, yes.
12:36 47

12:36 1 MS O'SULLIVAN: And I just want to ask about a document that
12:37 2 might show the results of that analysis, albeit that they hadn't
12:37 3 been subject to a quality check. Would the results be in
12:37 4 electronic form or paper form?
12:37 5
12:37 6 A. In electronic form.
12:37 7
12:37 8 Q. Electronic form. And how would you extract that --- how
12:37 9 would you extract those results from your system? Is it a matter
12:37 10 of you just print it, is it a tab in an Excel sheet to tell me --- if you
12:37 11 were to go back to the office now and find it and bring it back to
12:37 12 us, what would you do, how would you interrogate the system so
12:37 13 you could get those results for us?
12:37 14
12:37 15 A. It would be a tab in the Excel spreadsheet.
12:38 16
12:38 17 Q. So that is something you could do quite quickly for the
12:38 18 Commission; is that right?
12:38 19
12:38 20 A. Yes, I believe so.
12:38 21
12:38 22 COMMISSIONER: You could probably ring somebody up now
12:38 23 in the office and get them to do it straight away.
12:38 24
12:38 25 A. Yes, I probably could.
12:38 26
12:38 27 COMMISSIONER: And probably email it to you so we could
12:38 28 have it within minutes?
12:38 29
12:38 30 A. Probably, yes.
12:38 31
12:38 32 MS O'SULLIVAN: So, Ms Shamai, when you were first
12:38 33 instructed to do the Southbank and Riverbank reports, you were
12:38 34 instructed by MinterEllison; is that right?
12:38 35
12:38 36 A. That's correct.
12:38 37
12:38 38 Q. In a couple of answers to the questions I've posed in the last
12:38 39 say 15 minutes you've told me you were receiving instructions
12:38 40 from Allens.
12:38 41
12:38 42 A. Correct.
12:38 43
12:38 44 Q. Did you continue to receive instructions from MinterEllison
12:38 45 as well as Allens or was there a point at which there was a switch
12:38 46 between MinterEllison and Allens in terms of who was
12:39 47 instructing you on behalf of Crown?

12:39 1
12:39 2 A. We were still engaged by MinterEllison and working off
12:39 3 the engagement letter back from October 2020, but over the
12:39 4 course of I think December/January we started receiving
12:39 5 instructions from Allens via MinterEllison as well. So they were
12:39 6 cc'd in on all correspondence.
12:39 7
12:39 8 Q. Thank you.
12:39 9
12:39 10 So this preliminary analysis on the Crown Melbourne and
12:39 11 Burswood accounts that you've told us about, did you provide the
12:39 12 results of that preliminary analysis, albeit unchecked for quality
12:39 13 purposes, did you provide the results of that analysis to Crown?
12:39 14
12:39 15 A. No.
12:39 16
12:39 17 Q. Did you provide it to MinterEllison?
12:39 18
12:39 19 A. No.
12:39 20
12:39 21 Q. Did you provide it to Allens?
12:39 22
12:39 23 A. No.
12:39 24
12:39 25 Q. Did you provide it to anyone else on behalf of Crown?
12:39 26
12:39 27 A. No.
12:39 28
12:39 29 Q. Did you give an oral briefing on the preliminary or
12:40 30 provisional results to Crown?
12:40 31
12:40 32 A. No.
12:40 33
12:40 34 Q. To MinterEllison?
12:40 35
12:40 36 A. No.
12:40 37
12:40 38 Q. And Allens?
12:40 39
12:40 40 A. No.
12:40 41
12:40 42 Q. Anyone else at Crown?
12:40 43
12:40 44 A. No.
12:40 45
12:40 46 Q. Sorry, anyone else on behalf of Crown?
12:40 47

- 12:40 1 A. No.
- 12:40 2
- 12:40 3 Q. So essentially Grant Thornton had this hot information all
12:40 4 to itself; is that right?
- 12:40 5
- 12:40 6 A. Correct.
- 12:40 7
- 12:40 8 Q. Do you know why --- sorry, I withdraw that. Were you
12:40 9 aware that prior to Grant Thornton's formal engagement on 14
12:40 10 October 2020, Initialism had on 28 September 2020 proposed that
12:40 11 the Crown Melbourne and Burswood Nominees accounts be
12:40 12 included in the initial review?
- 12:40 13
- 12:40 14 A. I was not aware of that.
- 12:40 15
- 12:40 16 Q. Operator, if we can go to document INI.0001.0001.2464.
12:41 17 Tab 28 in your bundle, Commissioner. You might not have seen
12:41 18 this document, Ms Shamai, so I will give you an opportunity to
12:41 19 familiarise yourself with it. So you can see there that Mr Stokes
12:42 20 is having --- is emailing Mr Jeans and this is 28 September 2020,
12:42 21 so prior to your formal engagement. And he is sitting at
12:42 22 a proposed review of all relevant Crown bank accounts. You can
12:42 23 see there that it includes a Riverbank bank account in both
12:42 24 AUD --- sorry, Riverbank accounts in AUD and Burswood
12:42 25 Nominees and Crown Melbourne accounts. I want to put
12:42 26 a proposition to you and you can tell me whether you agree or
12:42 27 disagree. It was open to Crown to include the Crown Melbourne
12:42 28 and Burswood Nominees bank accounts in your original analysis?
- 12:43 29
- 12:43 30 A. Based on this email, yes, it would appear so.
- 12:43 31
- 12:43 32 Q. And there was nothing stopping Crown from including
12:43 33 a review of the Crown Melbourne and Burswood Nominees
12:43 34 accounts in your instructions?
- 12:43 35
- 12:43 36 A. Agreed.
- 12:43 37
- 12:43 38 Q. And do you know how many other bank accounts are
12:43 39 operated by Crown and its subsidiaries?
- 12:43 40
- 12:43 41 A. No.
- 12:43 42
- 12:43 43 Q. And do you know how many other bank accounts are
12:43 44 operated by Crown and its related companies in a manner similar
12:43 45 to how Southbank and Riverbank accounts were operated?
- 12:43 46
- 12:43 47 A. No.

12:43 1
12:43 2 Q. So, is your understanding that in December 2019 Crown
12:43 3 closed the Southbank and Riverbank accounts?
12:43 4
12:43 5 A. Yes.
12:43 6
12:43 7 Q. In your opinion, having completed the reviews that you
12:43 8 completed, is the transaction activity evident in the Southbank
12:43 9 and Riverbank accounts likely to have continued on other Crown
12:44 10 accounts after the closure of the Riverbank and Southbank
12:44 11 accounts?
12:44 12
12:44 13 A. It's a probability.
12:44 14
12:44 15 Q. Would you put it any higher than a probability? Sorry, I
12:44 16 withdraw that. When you say it is a "probability", do you mean
12:44 17 you think it is probable?
12:44 18
12:44 19 A. Yes, correct.
12:44 20
12:44 21 COMMISSIONER: I will mark email from Mr Nick Stokes to
12:44 22 Mr Neil Jeans of 28 September 2020, Exhibit 52.
12:44 23
12:44 24
12:44 25 **EXHIBIT #RC0052 - EMAIL FROM MR NICK STOKES TO MR**
12:44 26 **NEIL JEANS DATED 28 SEPTEMBER 2020**
12:44 27
12:44 28
12:44 29 MS O'SULLIVAN: Thank you, Commissioner.
12:44 30
12:44 31 In your written statement to the Commission, one of the things
12:44 32 you said was that Grant Thornton's work was not an investigation
12:44 33 per se. Can you just tell us --- that is obviously a caveat. Can
12:44 34 you just tell us what you mean by that?
12:44 35
12:44 36 A. Our work was very much a piece of forensic data analysis
12:44 37 as opposed to an investigation. An investigation I would expect
12:45 38 to dive a little bit deeper, look at the documentation perhaps and
12:45 39 interview witnesses. We didn't do any of that as part of this
12:45 40 review.
12:45 41
12:45 42 Q. Now, before we move off this topic, I will ask you some
12:45 43 questions about timing.
12:45 44
12:45 45 You were engaged formally to conduct the Southbank and
12:45 46 Riverbank review in October 2020. Am I right to understand that
12:45 47 you were first introduced to Crown for this purpose in August

12:45 1 2019?
12:45 2
12:45 3 A. Correct.
12:45 4
12:45 5 Q. And do you know why the work didn't go ahead in August
12:45 6 2019?
12:45 7
12:45 8 A. I'm not privy to that information.
12:45 9
12:45 10 Q. So you had an introduction to Crown for the purposes of
12:45 11 doing the forensic data analysis on Southbank and Riverbank. It
12:46 12 didn't go ahead. Did someone tell you to pause or not start or
12:46 13
12:46 14 A. We were not engaged at the time. So I had a preliminary
12:46 15 phone call with someone from Crown who then said
12:46 16 MinterEllison would reach out to provide instructions on what to
12:46 17 do.
12:46 18
12:46 19 Q. And did MinterEllison not reach out until
12:46 20 September/October 2020?
12:46 21
12:46 22 A. I actually had a phone call from MinterEllison the end of
12:46 23 August 2019 and in that conversation I said, "if you can please
12:46 24 send me through some written instructions I can frame
12:46 25 an engagement letter thereafter". However, I've never heard from
12:46 26 them post that conversation.
12:46 27
12:46 28 Q. Now I want to ask you some questions about retention of
12:46 29 the patrons on whose accounts you observed indications of
12:46 30 structuring. So you identified, and I think you specified in the
12:47 31 Riverbank and Southbank reports, I think there were 52 patron
12:47 32 accounts that you identified for Riverbank and 30 patron accounts
12:47 33 that you identified for Southbank that had these indications of
12:47 34 structuring on them.
12:47 35
12:47 36 A. (Nods head).
12:47 37
12:47 38 Q. Would you be surprised if those accounts who revealed
12:47 39 indications of structuring were still customers of Crown?
12:47 40
12:47 41 A. I suppose not.
12:47 42
12:47 43 Q. So ---
12:47 44
12:47 45 A. Let me clarify. I'm not surprised that they are still a patron
12:47 46 of Crown's.
12:47 47

12:47 1 Q. Can you explain why you are not surprised that they are still
12:47 2 patrons at Crown?
12:47 3

12:48 4 A. I really can't pinpoint why that is the feeling but I think if it
12:48 5 was detected earlier they may have made a different decision. I'm
12:48 6 not sure.
12:48 7

12:48 8 Q. So structuring is a money laundering technique and your
12:48 9 reviews indicated quite a lot of structuring on the Riverbank and
12:48 10 Southbank accounts; yes?
12:48 11

12:48 12 A. (Nods head).
12:48 13

12:48 14 Q. And not only that you were able to identify that the
12:48 15 structuring was occurring on the accounts of certain patrons.
12:48 16

12:48 17 A. (Nods head).
12:48 18

12:48 19 Q. You are nodding, but I will get you to say "yes" for the
12:48 20 transcript.
12:48 21

12:48 22 A. Yes.
12:48 23

12:48 24 Q. Would you not expect an entity, any entity, really, whether
12:49 25 it be a casino or even a bank, that had evidence of structuring on
12:49 26 its accounts to consider whether or not to continue to provide
12:49 27 services to those patrons on whose accounts the structuring was
12:49 28 evident?
12:49 29

12:49 30 A. I think it depends on whether it is clear of the root cause of
12:49 31 the structuring and where that is coming from; whether that's
12:49 32 coming from a patron or coming from a third-party.
12:49 33

12:49 34 COMMISSIONER: You mean a third-party using the patron's
12:49 35 account?
12:49 36

12:49 37 A. Correct.
12:49 38

12:49 39 COMMISSIONER: With or without the knowledge of the
12:49 40 patron?
12:49 41

12:49 42 A. With or without, yes.
12:49 43

12:49 44 COMMISSIONER: With or without.
12:49 45

12:49 46 MS O'SULLIVAN: That is the next step, is it not, to investigate
12:49 47 whether or not the structuring is being done by or with the

12:49 1 knowledge of the patron?
12:49 2
12:49 3 A. Correct. And that's the investigative step that Crown would
12:49 4 need to undertake in order to determine the root cause of it and
12:49 5 whether the patron is an appropriate person that they should be
12:50 6 dealing with.
12:50 7
12:50 8 Q. Would you expect that that type of investigation would
12:50 9 commence immediately after the evidence of the structuring came
12:50 10 to light?
12:50 11
12:50 12 A. Yes, you would hope so.
12:50 13
12:50 14 Q. And is there some danger in there being a delay to the
12:50 15 commencement of that type of investigation?
12:50 16
12:50 17 A. That you are allowing the behaviour to continue.
12:50 18
12:50 19 Q. Thank you.
12:50 20
12:50 21 Operator, can we go to VCG.0001.0002.2202.
12:50 22
12:50 23 Tab 31 in your bundle, Commissioner.
12:50 24
12:50 25 Again, Ms Shamai, you probably haven't seen this document. I
12:50 26 will give you an opportunity to have a read of it. You can see in
12:51 27 that letter the VCGLR is saying to Crown that they are in receipt
12:51 28 of two bits of information. Firstly, they have their reports on
12:51 29 Southbank and Riverbank, the Grant Thornton/Initialism report.
12:51 30 And it is also saying that they understand that you are taking
12:51 31 an initiative called a Significant Player Review. You can see here
12:51 32 that the VCGLR is writing to Crown saying that we've got these
12:51 33 two bits of information and want to know whether the Significant
12:51 34 Player Review has had regard to the Southbank and Riverbank
12:52 35 reports. And, in particular, whether Crown is considering the
12:52 36 suitability of patrons identified those reports to continue to be
12:52 37 customers of Crown. I've showed you that letter just for context.
12:52 38 I will tender it at the moment. I'm going to take the witness to
12:52 39 another letter?
12:52 40
12:52 41 COMMISSIONER: Letter dated 18 March 2021 from the
12:52 42 VCGLR to Mr Xavier Walsh, CEO of Crown Melbourne.
12:52 43 Exhibit 53.
12:52 44
12:52 45 **EXHIBIT #RC0053 - LETTER FROM VCGLR TO MR XAVIER**
12:52 46 **WALSH, CEO OF CROWN MELBOURNE, DATED 18 MARCH**
12:52 47 **2021**

1
2
12:52 3 MS O'SULLIVAN: Thank you, Commissioner.
12:52 4
12:52 5 If we can go to document VCG.0001.0002.2011.
12:52 6
12:53 7 That is tab 32 in your bundle, Commissioner.
12:53 8
12:53 9 Ms Shamai, I refer you to the first paragraph, thank you, operator.
12:53 10 You can see that this is a reply to the letter we've just looked at
12:53 11 wherein Crown is --- sorry, I withdraw that.
12:53 12
12:53 13 You can see the first paragraph there that this is a reply to the
12:53 14 letter that we saw previously wherein the query was raised about
12:53 15 whether Crown was having regard in its Significant Player
12:53 16 Review to the suitability of the patrons identified in the reports,
12:53 17 and that is the Grant Thornton and Initialism Southbank and
12:53 18 Riverbank reports. If we can turn to page _0002, thank you,
12:53 19 operator. In the first paragraph it says:
12:53 20
12:54 21 *The process that Crown is undertaking to address the*
12:54 22 *observations in the Reports is a historical 'lookback' of*
12:54 23 *transactions in the Southbank and Riverbank bank*
12:54 24 *accounts between July 2013 and December 2019 (the*
12:54 25 *Lookback). The lookback is ongoing and involves*
12:54 26 *a historical transaction analysis to determine whether any*
12:54 27 *retroactive reporting to AUSTRAC is required and any*
12:54 28 *other necessary steps are to be taken in accordance with*
12:54 29 *the AML/CTF Act, AML/CTF Rules and Crown's*
12:54 30 *AML/CTF Program. To the extent suspicious matters are*
12:54 31 *identified in the course of the Lookback, enhanced*
12:54 32 *customer due diligence will be undertaken (which*
12:54 33 *includes a requirement to consider whether to continue to*
12:54 34 *have a business relationship with the patron).*
12:54 35
12:55 36 Is it your understanding that the process that Crown is adopting
12:55 37 here is that it has your Southbank and Riverbank reports and has
12:55 38 Initialism's Southbank and Riverbank report. It is then going to
12:55 39 determine whether or not it is going to submit any suspicious
12:55 40 matter reports and only at that point is it going to decide whether
12:55 41 to continue to have a business relationship with the patron? Is
12:55 42 that ---
12:55 43
12:55 44 A. That's the way I read that paragraph.
12:55 45
12:55 46 Q. Thank you. My question to you is: is that enough in your
12:55 47 opinion? Shouldn't Crown start straight away looking at whether

12:55 1 these patrons should still be customers of the casino?
12:55 2
12:55 3 A. As in they should do the assessment of whether they should
12:55 4 be a patron first; is that your question?
12:56 5
12:56 6 Q. It's not necessarily my question. My question is: is it
12:56 7 enough to wait for the results of the suspicious matter report
12:56 8 analysis before they start to consider whether or not they should
12:56 9 still be doing or providing services to the patrons on whose
12:56 10 account structuring was evident?
12:56 11
12:56 12 A. I think it is important to consider all the information
12:56 13 available about the patrons before making that decision and
12:56 14 I think it would likely be made in tandem with the suspicious
12:56 15 matter reporting.
12:56 16
12:56 17 MS O'SULLIVAN: Thank you.
12:56 18
12:56 19 COMMISSIONER: I should mark the Crown letter of 24 March
12:56 20 2021 to VCGLR Exhibit 54.
12:56 21
12:56 22
12:56 23 **EXHIBIT #RC0054 - CROWN LETTER TO VCGLR DATED 24**
12:56 24 **MARCH 2021**
12:56 25
12:56 26
12:56 27 MS O'SULLIVAN: Thank you, Commissioner.
12:57 28
12:57 29 I will move shortly to phases 4 and 5 of the Grant Thornton
12:57 30 engagement.
12:57 31
12:57 32 COMMISSIONER: Before you move on, can I ask a few
12:57 33 questions.
12:57 34
12:57 35 Ms Shamai, I'm not on top of the AML/CTF legislation federally
12:57 36 but there does seem to be an obligation on a reporting entity,
12:57 37 which includes gambling institutions, to mitigate against money
12:57 38 laundering; correct?
12:57 39
12:57 40 A. Yes, correct.
12:57 41
12:57 42 COMMISSIONER: And when you advise clients, as I take it you
12:57 43 do, about how they should go about mitigating against money
12:57 44 laundering, is one piece of advice you give clients now and in the
12:57 45 past, "don't deal with people who you know or suspect are likely
12:58 46 money launderers"?
12:58 47

12:58 1 A. Yes.

12:58 2

12:58 3 COMMISSIONER: It is obvious, really. In the plan, Part A or B
12:58 4 mandated by the legislation does one find statements in there
12:58 5 about how your obligation of --- a reporting entity's obligation
12:58 6 against money laundering is to be undertaken or carried out or is
12:58 7 it obvious?

12:58 8

12:58 9 A. The whole program is really designed to mitigate against
12:58 10 money laundering.

12:58 11

12:58 12 COMMISSIONER: Correct. And you wouldn't be carrying out
12:58 13 your obligations under the federal legislation if you weren't taking
12:58 14 steps to mitigate against known money laundering, you might
12:58 15 even be committing a criminal offence?

12:58 16

12:58 17 A. Yes.

12:58 18

12:58 19 COMMISSIONER: And in that situation, presumably the
12:59 20 reporting entity whose facilities are being used for money
12:59 21 laundering --- add to that, whose facilities are knowingly being
12:59 22 used for money laundering, you would expect they would act
12:59 23 with reasonable haste?

12:59 24

12:59 25 A. Agreed, yes.

12:59 26

12:59 27 COMMISSIONER: Thank you. And there would be something
12:59 28 wrong with the institution if it didn't act speedily to prevent
12:59 29 potentially illegal conduct?

12:59 30

12:59 31 A. I would question why they were not acting speedily.

12:59 32

12:59 33 COMMISSIONER: So would I. Thank you.

12:59 34

12:59 35 Do you want to break for lunch now?

12:59 36

12:59 37 MS O'SULLIVAN: Yes.

12:59 38

12:59 39 COMMISSIONER: 2.15.

12:59 40

12:59 41 I have a question. You know how I asked, Ms Shamai, whether
12:59 42 you could ring up somebody back in the office and quickly get
12:59 43 a printout which could be emailed to you; if we adjourn to 2.15,
12:59 44 which is the normal bunch break, is that enough time to carry out
13:00 45 that task?

13:00 46

13:00 47 A. That should be, yes.

13:00 1
13:00 2 COMMISSIONER: Thank you very much. We'll come back at
13:00 3 2.15. Thank you very much.
13:00 4
13:00 5
13:00 6 **ADJOURNED** [1:00P.M.]
14:15 7
14:15 8
14:15 9 **RESUMED** [2:15P.M.]
14:15 10
14:15 11
14:15 12 MS O'SULLIVAN: Just before the lunch break we asked you to
14:15 13 see if you could find out from someone in your office whether
14:15 14 you could provide us with the results of Grant Thornton's
14:15 15 equivalent analysis into the Crown Melbourne and Burswood
14:15 16 Nominees account. Can you tell us have you been able to obtain
14:15 17 that analysis?
14:15 18
14:15 19 A. I have. It was previously tendered as part of the
14:15 20 information required. As part of the request. However,
14:15 21 reviewing the models in the results tab I noticed that it wasn't
14:15 22 actually ready for sharing or consumption partly because we were
14:16 23 missing a fair chunk of data around cash deposits and who the
14:16 24 patron IDs related to. And also, we were awaiting an answer
14:16 25 regarding a particular type of deposit description. And until we
14:16 26 receive a clearer indication of what type of transactions they are,
14:16 27 we couldn't classify whether they were cash, wired or other types
14:16 28 of transfers.
14:16 29
14:16 30 Q. So just taking that bit by bit, are you saying that the results
14:16 31 of that analysis have already been provided to the Commission?
14:16 32
14:16 33 A. Yes, the working spreadsheets have been, yes.
14:16 34
14:16 35 Q. Are you able to identify with any document ID numbers
14:16 36 where those documents are?
14:16 37
14:16 38 A. Unfortunately not. They are in the folders called
14:16 39 "Burswood" and Crown "Melbourne".
14:16 40
14:16 41 Q. Once you finish giving evidence today, are you able to go
14:17 42 away and find the particular documents with document IDs, and
14:17 43 identify for us which of the documents that have been provided to
14:17 44 the Commission constitute the analysis, the equivalent analysis
14:17 45 that you've been speaking of?
14:17 46
14:17 47 A. Yes, that's fine, I'm happy to share that model. Yes.

14:17 1
14:17 2 Q. So you haven't been able to, in a sense, come back after
14:17 3 lunch with a printed sheet of paper setting out the results. Is there
14:17 4 a printed sheet of paper that sets out the results, or is it an Excel
14:17 5 spreadsheet, or is it a bunch of numbers we won't be able to make
14:17 6 sense of unless we have you assisting us to understand what the
14:17 7 numbers say?
14:17 8
14:17 9 A. With the information we have available, the analysis is not
14:17 10 able to be completed. So there is no results that we can share
14:17 11 readily.
14:17 12
14:17 13 COMMISSIONER: That wasn't the question. Sorry.
14:18 14
14:18 15 MS O'SULLIVAN: Sorry, I'm looking forward, say, to tomorrow
14:18 16 and then you give us --- you specify the document IDs, and we go
14:18 17 and have a look for those documents. My question to you is, do
14:18 18 you think we are going to be able to understand those documents
14:18 19 without you assisting us to interpret the results?
14:18 20
14:18 21 A. Yes, I believe so.
14:18 22
14:18 23 Q. Okay. And can you tell us what it is, what does it look
14:18 24 like? What do these results look like, whether they are in
14:18 25 an Excel spreadsheet or otherwise?
14:18 26
14:18 27 A. They are in an Excel spreadsheet, all the data and analysis.
14:18 28
14:18 29 Q. Multiple tabs, I presume?
14:18 30
14:18 31 A. Yes, that's correct.
14:18 32
14:18 33 Q. Is there a summary tab?
14:18 34
14:18 35 A. Yes, there is.
14:18 36
14:18 37 Q. Does the summary tab tell us the number of transactions
14:18 38 that were identified as meeting the three scenarios, structuring
14:18 39 scenarios that were looked for?
14:18 40
14:18 41 A. No.
14:18 42
14:18 43 Q. So why does it not tell us the results of that analysis?
14:19 44
14:19 45 A. Because of two components that is missing from the data.
14:19 46 The first part is in relation to cash cheque deposits. We do not
14:19 47 have the patron IDs to match against those. We were waiting for

14:19 1 the information from Crown, and that is noted in the last status
14:19 2 update where we noted that we need the TA packs from Crown.
14:19 3 That's one element.
14:19 4
14:19 5 The second element is in relation to transactions marked or
14:19 6 described as "AGT" in the bank statements. We're unclear as to
14:19 7 whether these are cash deposits or electronic transfers, and
14:19 8 depending on the answer to that question, it will change our
14:19 9 analysis as well.
14:19 10
14:19 11 Q. Okay, but you can structure a transaction with a cash
14:19 12 deposit and also an EFT deposit, can't you?
14:19 13
14:19 14 A. Agreed, yes.
14:19 15
14:19 16 Q. So, in a sense, the issue about AGT and not being able to
14:19 17 determine whether that was cash or electronic funds transfer, that
14:19 18 goes to the limitation of your instructions as opposed to evidence
14:20 19 of structuring on the accounts; do you agree?
14:20 20
14:20 21 A. Yes.
14:20 22
14:20 23 Q. And then the issue of --- the first problem you identified
14:20 24 was that you were unable to identify whether the deposit was cash
14:20 25 or cheque; is that right?
14:20 26
14:20 27 A. No, we're unable to identify who they belong to. So the
14:20 28 transaction and bank statement does not include the patron ID.
14:20 29
14:20 30 Q. I see. In that instance, because you don't know who the
14:20 31 depositor was and you don't know to whose patron account it was
14:20 32 credited, it is just a random deposit.
14:20 33
14:20 34 Can I ask, in respect of those random deposits what, does Crown
14:20 35 do with them if it doesn't know who deposited the amount and it
14:20 36 doesn't have any information with which to credit any particular
14:20 37 patron's account?
14:20 38
14:20 39 A. So I believe Crown would know who it belongs to, because
14:20 40 in the packs that we've looked at previously, they would have had
14:20 41 an email or some correspondence from their customer or from
14:20 42 their patron, indicating deposits have been made of X amount,
14:21 43 and then in the packs that were reviewed for Riverbank and
14:21 44 Southbank, they had underlying bank deposit slips which then
14:21 45 aggregate to that amount.
14:21 46
14:21 47 Q. So it was just a matter of time. In respect of the cash

14:21 1 cheque difficulty, you could have eventually, if you had looked at
14:21 2 associated Crown documents, you could have come to
14:21 3 a conclusion as to the patron --- as to which patron account it was
14:21 4 credited to; is that right?

14:21 5
14:21 6 A. Correct.

14:21 7
14:21 8 Q. So if we looked at your analysis now, wouldn't it still show
14:21 9 us --- so this equivalent analysis on Crown Melbourne and Crown
14:21 10 Perth, nonetheless, notwithstanding the obstacles that you had
14:22 11 pointed out, wouldn't it still show us instances of structured
14:22 12 transactions on the Melbourne, Crown Melbourne and Burswood
14:22 13 Nominees accounts?

14:22 14
14:22 15 A. Not necessarily, because we haven't been able to group
14:22 16 them by patron ID, which is the basis of our model.

14:22 17
14:22 18 Q. Okay. Earlier you said it was about --- I think you said the
14:22 19 data that you had obtained was about 80 per cent; is that right?

14:22 20
14:22 21 A. Yep.

14:22 22
14:22 23 Q. Is it --- I'm exploring whether we can find something
14:22 24 meaningful from the Grant Thornton analysis which was not
14:22 25 completed but still substantially progressed. Could we still
14:22 26 understand at least 80 per cent of the transactions, whether or not
14:22 27 there was structuring which met the three scenarios on
14:22 28 80 per cent of the data that you'd obtained?

14:22 29
14:23 30 A. So during the break I spoke with my team to understand the
14:23 31 quantum of the data that we were missing, and why the results on
14:23 32 the results tab didn't look quite right. From what I understand
14:23 33 from them, there were quite a few patron IDs missing, which I
14:23 34 wasn't aware of, and that we were still missing a few months of
14:23 35 bank statements. So the data is substantially less complete than I
14:23 36 had originally thought.

14:23 37
14:23 38 Q. Okay, and did any of your staff members give you
14:23 39 a different --- so you told us it was 80 per cent and I understand
14:23 40 that was an estimate and now you have further information about
14:23 41 that. Did anyone from your team say, "No, Katherine, 80 per cent
14:23 42 is way too much, it was something different"?

14:23 43
14:23 44 A. Yes.

14:23 45
14:23 46 Q. Can you tell us what they said?

14:23 47

14:23 1 A. They said that we were missing a fair bit of data, and that
14:23 2 the model won't work without the data we were missing.
14:23 3

14:23 4 Q. They so didn't put a number on it, they just said a fair bit of
14:24 5 data?
14:24 6

14:24 7 A. Yes.
14:24 8

14:24 9 Q. Picking up on something that was --- questions you were
14:24 10 asked before the lunch break, you will recall that you --- I asked
14:24 11 you a number of questions about the nine structuring scenarios
14:24 12 that Neil Jeans had identified. And you responded to the effect of
14:24 13 --- that only three of the nine structuring scenarios were used by
14:24 14 Grant Thornton to analyse the bank transaction data. You will
14:24 15 recall the Commissioner asked you how hard it would be to look
14:24 16 for the other remaining six structuring scenarios. I don't have the
14:24 17 specific reference in front of me, so correct me if I'm wrong, but I
14:24 18 understand your answer was essentially it wasn't that hard to look
14:24 19 for the other six structuring scenarios, and you could have played
14:24 20 around with the tool that was built so that it looked for the nine
14:25 21 scenarios rather than three scenarios. You recall that line of
14:25 22 questioning?
14:25 23

14:25 24 A. Yes.
14:25 25

14:25 26 Q. If Grant Thornton had been instructed to look for the nine
14:25 27 scenarios rather than the three scenarios, would that have
14:25 28 increased the cost to Crown in any material way?
14:25 29

14:25 30 A. It would have increased the cost, but I don't know about
14:25 31 a "material way" because it does take time to tweak the models
14:25 32 but mainly the time comes from reviewing the results and making
14:25 33 sure that they are sensible to the underlying data.
14:25 34

14:25 35 Q. Earlier you said it would involve a few tweaks to the
14:25 36 program. So am I right to think that the few tweaks aren't going
14:25 37 to materially increase the cost because the cost comes at the other
14:25 38 end, which is the analysis end?
14:25 39

14:25 40 A. Correct.
14:25 41

14:25 42 Q. You will recall your Southbank and Riverbank reports, and
14:26 43 in particular the tables that are at the rear of those reports,
14:26 44 including a series of columns and we went through the columns
14:26 45 earlier today and you recall, and I will take you to it in a moment,
14:26 46 but there was one column which identified in the Crown analysis
14:26 47 and there --- it was a "yes", "no" column and you had entered

14:26 1 "yes" into them and we'll go to that in a moment. Am I right in
14:26 2 understanding that in one of the draft reports on Southbank and
14:26 3 Riverbank some of those entries included a "no" as opposed to a
14:26 4 "yes"? And if you can't recall off the top of your head I will take
14:26 5 you to the documents.
14:26 6
14:26 7 A. I can't recall off the top of my head.
14:26 8
14:26 9 Q. I will take you to the document, Ms Shamai. If we can just
14:26 10 look at --- I will do the Southbank report.
14:26 11
14:26 12 Operator, GTA.0001.0001.3853. Commissioner, that is tab 5 in
14:27 13 your bundle.
14:27 14
14:27 15 It might be easier for you to look at the paper version of this,
14:27 16 Ms Shamai, rather than the one on the screen because in that way
14:27 17 you are free to flick through all of the tables attached at the rear
14:27 18 of the report. I can see there that in each of the tables, different
14:27 19 tables at the rear of the report, there is a "yes" in every single
14:27 20 column where the column says "included in Crown's internal
14:27 21 investigation". Can you see that?
14:27 22
14:27 23 A. Yes.
14:27 24
14:27 25 Q. Now I would like to go to a new document,
14:27 26 GTA.0001.0001.7074.
14:27 27
14:27 28 That is tab 6 of your bundle, Commissioner.
14:27 29
14:27 30 Ms Shamai, you will recognise the document. It has a draft mark
14:28 31 on it, and you can see in the top it says "interim report". Am I
14:28 32 right to understand that this was an interim report in respect of
14:28 33 Southbank Investments?
14:28 34
14:28 35 A. Yes, that's correct.
14:28 36
14:28 37 Q. If you turn to --- we can start with page ending 7077.
14:28 38 Operator, if you can bring that up. You can see on the second last
14:28 39 column on the right, there are a few entries marked "N" and I
14:28 40 presume that is "no", is that right?
14:28 41
14:28 42 A. Yes.
14:28 43
14:28 44 Q. They are highlighted in pink. In the final Grant Thornton
14:28 45 report of Southbank, all of those entries became "yes". Can I just
14:28 46 ask you, why were they changed to "yes" in the final report?
14:29 47

- 14:29 1 A. I don't recall exactly, why but I can presume that my team
14:29 2 went back to look at the investigation that Crown had done, and
14:29 3 in their review of the report said "Well, actually we did find this
14:29 4 particular transaction" and were able to show us evidence of that.
14:29 5
- 14:29 6 Q. But you personally don't know; is that right?
14:29 7
- 14:29 8 A. Correct.
14:29 9
- 14:29 10 Q. So that is an assumption you are making about the way
14:29 11 your team would have addressed it?
14:29 12
- 14:29 13 A. Yes.
14:29 14
- 14:29 15 Q. Before the lunch break, I was asking you a series of
14:29 16 questions about the Crown Melbourne and Burswood Nominees
14:29 17 bank accounts, and your analysis that had been started but not
14:29 18 completed. Can I just ask, why was that work not mentioned in
14:30 19 your written statement to the Commission?
14:30 20
- 14:30 21 A. I'm not sure, actually. I'm not sure whether my statement
14:30 22 actually specifically stated I only looked at Southbank and
14:30 23 Riverbank. Certainly in the reports I produced, it speaks to
14:30 24 Southbank and Riverbank, and they were the only two reports
14:30 25 that I produced. It's an oversight on my behalf.
14:31 26
- 14:31 27 Q. You agree that that work that wasn't mentioned in your
14:31 28 written statement, that that was work that was done quite
14:31 29 recently?
14:31 30
- 14:31 31 A. Yes.
14:31 32
- 14:31 33 Q. So that was work that was being done in January and
14:31 34 February this year?
14:31 35
- 14:31 36 A. That's correct.
14:31 37
- 14:31 38 Q. And the work was also high profile, do you agree?
14:31 39
- 14:31 40 A. Yes, that's correct.
14:31 41
- 14:31 42 Q. And you concede it should have been mentioned in your
14:31 43 witness statement?
14:31 44
- 14:31 45 A. Yes, that's correct.
14:31 46
- 14:31 47 Q. I now want to ask you some questions about phases 4 and 5

14:31 1 of the Grant Thornton engagement.
14:31 2
14:31 3 Operator, can we go to GTA.0001.0001.7029.
14:31 4
14:31 5 That is tab 2 of your bundle, Commissioner, that is the letter of
14:32 6 engagement that was looked at earlier today.
14:32 7
14:32 8 Operator, if you could go to the second page of that document.
14:32 9 Phase 4, Ms Shamai says:
14:32 10
14:32 11 *Analysis of bank statement data for other AML/CTF*
14:32 12 *typologies*
14:32 13
14:32 14 Am I right to understand that phase 4 started as soon as phases 1
14:32 15 to 3 were complete?
14:32 16
14:32 17 A. Phase 4 for Riverbank and Southbank started when we
14:32 18 were substantially completed with phrase 2 and potentially before
14:32 19 finalising the report.
14:32 20
14:32 21 Q. Thank you. Operator, can we go to GTA.0001.0001.2696.
14:32 22
14:32 23 Tab 20 in your folder, Commissioner.
14:32 24
14:33 25 This is a long email chain. I do expect you might remember it
14:33 26 because you are one of the people who is sending emails in this
14:33 27 email chain. Because it is long, I will give you an opportunity to
14:33 28 have a read of it to refresh yourself.
14:33 29
14:33 30 Do you agree the context of the email chain was
14:33 31 MinterEllison were preparing a witness statement from
14:33 32 Ken Barton, the then CEO of Crown Resorts, to the Bergin
14:34 33 Inquiry?
14:34 34
14:34 35 A. Yes.
14:34 36
14:34 37 Q. In particular, MinterEllison wanted to know whether you
14:34 38 agreed with their summary of the Grant Thornton engagement?
14:34 39
14:34 40 A. Yes.
14:34 41
14:34 42 Q. That is the context of this email.
14:34 43
14:34 44 Operator, can we turn to the page ending 2697. In particular I
14:34 45 want to look at the email sent on 4 November 2020, 4.16 pm.
14:34 46 You said:
14:34 47

- 14:34 1 *I just want to ensure that it's clear the first draft report for*
14:34 2 *Riverbank and Southbank would only cover some of the*
14:34 3 *potential money laundering typologies (ie the 3 agreed*
14:34 4 *between Nick and Neil for this first round). Hope that*
14:35 5 *makes sense?*
14:35 6
14:35 7 Am I right to understand that by this email you were seeking to
14:35 8 ensure that it was clear that Grant Thornton's terms of reference
14:35 9 were limited to the three structuring scenarios that had been
14:35 10 agreed between Neil Jeans and Nick Stokes, and not the full nine
14:35 11 structuring scenarios that Neil Jeans had originally proposed?
14:35 12
14:35 13 A. That's correct.
14:35 14
14:35 15 Q. Did you want to make that clear because you understood
14:35 16 Crown was going to inform the Bergin Inquiry about the scope of
14:35 17 Grant Thornton's engagement?
14:35 18
14:35 19 A. I wanted to make it clear to set the expectation that this is
14:35 20 what we are looking at and to confirm the priorities. At the top of
14:35 21 this page this is a reply by Richard Murphy from MinterEllison,
14:36 22 and he says:
14:36 23
14:36 24 *Does Neil think there might be other additional*
14:36 25 *typologies?*
14:36 26
14:36 27 Do you recall getting that email?
14:36 28
14:36 29 A. Yes, that's right.
14:36 30
14:36 31 Q. Operator back to the first page of that document, thank you,
14:36 32 down to the email of 4.43 pm.
14:36 33
14:36 34 There you replied to Richard, you can see there. You replied:
14:36 35
14:36 36 *That's right; there are other typologies but the three we're*
14:36 37 *testing are the priorities for now. I understand the intent*
14:36 38 *is to complete the other typologies as the next phase of*
14:36 39 *work.*
14:36 40
14:36 41 Your reference there to the other typologies, is that a reference to
14:36 42 the remaining six out of Neil Jeans's list of nine?
14:36 43
14:36 44 A. We hadn't agreed on the typologies to be tested at that
14:36 45 point.
14:36 46
14:37 47 Q. I see, and you are making clear that you are only looking at

14:37 1 the three at that moment, is that right?
14:37 2
14:37 3 A. That's correct, yes.
14:37 4
14:37 5 Q. So that's three out of a larger group; is that right?
14:37 6
14:37 7 A. Correct, yes.
14:37 8
14:37 9 Q. You said there that you understand the intent was to
14:37 10 complete the other typologies as the next phase?
14:37 11
14:37 12 A. Yes.
14:37 13
14:37 14 Q. Just to be clear, those remaining six typologies --- so the
14:37 15 ones from the Neil Jeans's list of nine --- that analysis didn't go
14:37 16 ahead, is that right, on the Southbank and Riverbank account?
14:37 17
14:37 18 A. No. We did do two additional --- three additional
14:37 19 typologies, but not necessarily those listed.
14:37 20
14:37 21 Q. I see. So there were two extra typologies that were
14:37 22 analysed, but they were two that were not in the list of nine; is
14:37 23 that right?
14:37 24
14:37 25 A. I need to go back to refresh myself in the list of nine, if
14:37 26 that's okay.
14:37 27
14:37 28 Q. Please do. Let's go back to the list of nine. I will find that
14:38 29 for you.
14:38 30
14:38 31 Operator, GTA.0001.0001.1120. In the hard copy folder it's tab
14:38 32 14.
14:38 33
14:38 34 Operator, if we can see two page at once on the screen, both the
14:38 35 second and third pages of this document, if that is possible, to
14:38 36 show the nine typologies? Thank you.
14:39 37
14:39 38 You can see the nine typologies there that you mentioned
14:39 39 to me a few moments ago that you think, well, there were
14:39 40 two additional typologies that were searched for but for
14:39 41 the purposes of Initialism's report, and I asked you
14:39 42 whether they were two out of the nine or not, and you
14:39 43 have the nine up there; can you tell us whether the two
14:39 44 additional ones that were searched for for Initialism's
14:39 45 report, are they in this nine or separate to them?
14:39 46
14:39 47 A. One is very similar to the second-last typology, two or more

14:39 1 deposits of less than \$10,000 each of which one must be a cash
14:39 2 deposit. So we did a scenario where it was a cash plus wire
14:40 3 transfer. It was very specifically a wire transfer. But I can't recall
14:40 4 whether that was over a 48-hour or 24-hour period. And the
14:40 5 other typology is not listed in the nine here.

14:40 6

14:40 7 Q. So, for the purposes of Grant Thornton's Riverbank and
14:40 8 Southbank reports, you only looked at three of the nine. But for
14:40 9 the purposes --- sorry, you are nodding ---

14:40 10

14:40 11 A. Yes.

14:40 12

14:40 13 Q. But for the purposes of Initialism's report, you looked for
14:40 14 an additional two, one of which was very similar to the second
14:40 15 last one listed here?

14:40 16

14:40 17 A. Yes, correct.

14:40 18

14:40 19 Q. So, in respect of Grant Thornton's reports, only three of the
14:40 20 nine were searched for. Is that right?

14:40 21

14:40 22 A. Yes, that's right.

14:40 23

14:40 24 Q. Now, Ms Shamai, if Crown was genuinely interested in
14:40 25 uncovering the full extent of structuring on the Southbank and
14:41 26 Riverbank accounts, can you think of any defensible reason to
14:41 27 exclude the additional six scenarios from analysis?

14:41 28

14:41 29 A. No.

14:41 30

14:41 31 Q. Now I want to ask you a hypothetical question, Ms Shamai.
14:41 32 If Crown told, or if a Crown witness told the Bergin Inquiry that
14:41 33 Grant Thornton was instructed to identify "a full set of potentially
14:41 34 structured transactions", would that have been accurate?

14:41 35

14:41 36 A. I think there is more that could be done for it to be a full set
14:41 37 of analysis.

14:41 38

14:41 39 Q. Okay. So, Grant Thornton didn't --- sorry, Grant Thornton
14:42 40 were not instructed to identify a full set of potentially structured
14:42 41 transactions; do you agree?

14:42 42

14:42 43 A. Agreed.

14:42 44

14:42 45 Q. Yes. So if the Bergin Inquiry was told that Grant Thornton
14:42 46 was instructed to identify a full set of potentially structured
14:42 47 transactions, that would be misleading the Bergin Inquiry; do you

14:42 1 agree?
14:42 2
14:42 3 A. Agreed.
14:42 4
14:42 5 Q. In respect of phases 4 and 5 of the Grant Thornton work,
14:42 6 you did some additional forensic data analysis and provided that
14:42 7 direct to Initialism; is that right?
14:42 8
14:42 9 A. That's correct.
14:42 10
14:42 11 Q. So that wasn't the subject of any further written report on
14:42 12 the part of Grant Thornton?
14:42 13
14:42 14 A. No.
14:42 15
14:42 16 Q. Did you read the Initialism report on the Southbank and
14:43 17 Riverbank accounts?
14:43 18
14:43 19 A. No.
14:43 20
14:43 21 Q. But are you aware, notwithstanding that you haven't read
14:43 22 the report, of the headline conclusions of that report?
14:43 23
14:43 24 A. From what I've seen in the public domain, yes.
14:43 25
14:43 26 Q. Okay, so are you aware that Initialism identified not only
14:43 27 structuring but also cuckoo smurfing --- sorry, I should say ---
14:43 28 take that back --- Initialism identified indications of not only
14:43 29 structuring but also cuckoo smurfing on the Riverbank and
14:43 30 Southbank accounts?
14:43 31
14:43 32 A. Yes.
14:43 33
14:43 34 Q. And you can confirm for me that cuckoo smurfing is
14:43 35 another interesting and different money laundering technique?
14:43 36
14:43 37 A. Yes.
14:43 38
14:43 39 Q. Thank you.
14:43 40
14:43 41 Your reports, so the Grant Thornton reports on Southbank and
14:43 42 Riverbank, they included a quantification of the cash deposits that
14:43 43 were assessed as forming a part of potential structuring; do you
14:43 44 agree?
14:43 45
14:43 46 A. Yes.
14:43 47

14:43 1 Q. And you might not know this, but I will ask you to assume
14:44 2 it, the Initialism report didn't include a quantification of the
14:44 3 transactions that Initialism had identified were indications of
14:44 4 money laundering. I just want you to assume that the Initialism
14:44 5 report didn't include a quantification. Do you agree with me that
14:44 6 originally it was foreshadowed that Grant Thornton would
14:44 7 quantify the transactions that Initialism identified as being
14:44 8 indications of money laundering?

14:44 9
14:44 10 A. Not sure I ever received that instruction to quantify that.
14:44 11

14:44 12 Q. Okay. Operator, can we go to document
14:44 13 GTA.0001.0001.1010.

14:44 14
14:44 15 Commissioner, that is tab 15 of your folder.

14:44 16
14:44 17 You might recognise this document, Ms Shamai, because it is
14:44 18 an email from Richard Murphy to you dated 13 October 2020,
14:45 19 Tuesday. That is the day prior to you preparing and signing the
14:45 20 formal engagement letter. I will give you a moment to read
14:45 21 through that and refresh your memory.

14:45 22
14:45 23 You can see the two paragraphs there, operator. If you could
14:45 24 bring up the two paragraphs, one starting "in the first instance"
14:45 25 and the second one starting "the second phase". Do you agree
14:45 26 with me that broadly speaking, the first paragraph there is
14:46 27 referring to the Grant Thornton work and the second paragraph is
14:46 28 referring broadly to the Initialism work? Do you agree?

14:46 29
14:46 30 A. Yes.

14:46 31
14:46 32 Q. Thank you.

14:46 33
14:46 34 The last sentence of the second paragraph says:

14:46 35
14:46 36 *We understand that the identification will be done*
14:46 37 *primarily by Mr Jeans and then the quantification of it*
14:46 38 *will be done by Grant Thornton.*

14:46 39
14:46 40 So, do you agree with me that this email is foreshadowing the
14:46 41 prospect that Grant Thornton will quantify the money laundering
14:46 42 indications that Initialism identified in the Initialism report?

14:46 43
14:46 44 A. That's not how I've interpreted that line.

14:46 45
14:46 46 Q. Okay. In any event, Grant Thornton, am I right to
14:46 47 understand, were not instructed to come in at the end of the

14:46 1 Initialism report and quantify the indications of money laundering
14:46 2 that Initialism had identified?

14:46 3

14:46 4 A. Correct.

14:46 5

14:46 6 Q. And do you know why that didn't happen?

14:46 7

14:47 8 A. No, I don't.

14:47 9

14:47 10 MS O'SULLIVAN: Commissioner, I want to move on to a new
14:47 11 topic.

14:47 12

14:47 13 In addition to the work which we've spoken about, Southbank,
14:47 14 Riverbank and the equivalent analysis that was started but not
14:47 15 completed, I'm right, aren't I, to understand that Grant Thornton
14:47 16 was also engaged to do some further forensic data analysis over
14:47 17 the Crown Melbourne and Burswood Nominees accounts but for
14:47 18 a different period, for the period December 2020 and January
14:47 19 2021; is that right?

14:47 20

14:47 21 A. That's correct.

14:47 22

14:47 23 Q. Operator, can we go to a document, GTA.0001.0001.4200.

14:47 24

14:47 25 Tab 22 in your folder, Commissioner.

14:47 26

14:48 27 Sorry, I realised I haven't tendered an earlier email so I would like
14:48 28 to do that.

14:48 29

14:48 30 COMMISSIONER: Tab?

14:48 31

14:48 32 MS O'SULLIVAN: Tab 15. Can I tender the document at tab
14:48 33 15. For the transcript that is GTA.0001.0001.1010. Someone is
14:48 34 whispering to me that it's already tendered.

14:48 35

14:48 36 COMMISSIONER: That is Exhibit 41.

14:48 37

14:48 38 MS O'SULLIVAN: Thank you. Then it might be the email chain
14:48 39 of 4 November that I haven't tendered, Commissioner.

14:48 40

14:48 41 COMMISSIONER: There might be two things. The document
14:48 42 that is at tab 6, I think that was ---

14:48 43

14:49 44 MS O'SULLIVAN: Yes, tab 6 is the interim Southbank report ---

14:49 45

14:49 46 COMMISSIONER: I don't think that has been tendered.

14:49 47

14:49 1 MS O'SULLIVAN: Yes, can I tender that?
14:49 2
14:49 3 COMMISSIONER: Yes.
14:49 4
14:49 5 MS O'SULLIVAN: Thank you.
14:49 6
14:49 7 COMMISSIONER: That is the Grant Thornton forensic data
14:49 8 analysis interim report dated --- probably undated. I'm up to
14:49 9 Exhibit 55, I think.
14:49 10
14:49 11
14:49 12 **EXHIBIT #RC0055 - GRANT THORNTON FORENSIC DATA**
14:49 13 **ANALYSIS INTERIM REPORT**
14:49 14
14:49 15
14:49 16 COMMISSIONER: And the email chain?
14:49 17
14:49 18 MS O'SULLIVAN: Commissioner, I'm being prompted to check
14:49 19 whether I have tendered the document at tab 14.
14:49 20
14:49 21 COMMISSIONER: One-four. Exhibit 39.
14:49 22
14:49 23 MS O'SULLIVAN: Thank you. Yes, the 4 November 2020
14:50 24 email chain, which is at tab 20 of your folder.
14:50 25
14:50 26 COMMISSIONER: That's not been tendered.
14:50 27
14:50 28 MS O'SULLIVAN: Thank you. That is the one I would like to
14:50 29 tender.
14:50 30
14:50 31 COMMISSIONER: Yes, so that will be the email chain ending
14:50 32 with the email from Richard Murphy to Katherine Shamai, 4
14:50 33 November 2020, Exhibit 56.
14:50 34
14:50 35
14:50 36 **EXHIBIT #0056 - EMAIL CHAIN ENDING WITH THE EMAIL**
14:50 37 **FROM MR RICHARD MURPHY TO MS KATHERINE SHAMAI**
14:50 38 **DATED 4 NOVEMBER 2020**
14:50 39
14:50 40
14:50 41 MS O'SULLIVAN: Thank you, Commissioner.
14:50 42
14:50 43 Now, operator, can I have document GTA.0001.0001.4200.
14:50 44
14:50 45 Tab 22 of your folder, Commissioner.
14:50 46
14:50 47 Ms Shamai, can you confirm that is an email from you to

14:50 1 Mr Stokes of 15 February 2021?
14:50 2
14:50 3 A. Yes, that's correct.
14:50 4
14:50 5 Q. There you refer to a briefing from Peter and Simon at
14:50 6 Allens, who have requested as a matter of priority that you
14:51 7 perform your analysis over the December 2020 and January 2021
14:51 8 bank statements for Crown Melbourne and Burswood Nominees.
14:51 9 Does that accurately describe the work that you did after
14:51 10 receiving this email?
14:51 11
14:51 12 A. Yes.
14:51 13
14:51 14 Q. Am I right to understand that after this email was sent, you
14:51 15 were provided with the bank statement data in respect of Crown
14:51 16 Melbourne and Burswood Nominees for the period December
14:51 17 2020 to January 2021?
14:51 18
14:51 19 A. I'm not sure if we were.
14:51 20
14:51 21 MS O'SULLIVAN: Can I tender that email ---
14:51 22
14:51 23 COMMISSIONER: Email from Katherine Shamai to Nick
14:51 24 Stokes, 15 February 2021, Exhibit 57.
25
26
27 **EXHIBIT #RC0057 - EMAIL FROM KATHERINE**
28 **SHAMAI TO NICK STOKES DATED 15 FEBRUARY 2021**
29
30
14:51 31 MS O'SULLIVAN: Thank you.
14:51 32
14:52 33 Can I go to document GTA.0001.0001.4202.
14:52 34
14:52 35 Tab 23 in your folder, Commissioner.
14:52 36
14:52 37 Ms Shamai, perhaps I ask you to look at the hard copy of because
14:52 38 it appears as though your name has been redacted from the two
14:52 39 lines of the email. You can see this is an email from Adam
14:52 40 Sutherland of Crown to you dated 15 February 2021. Do you
14:52 41 remember receiving this email?
14:52 42
14:52 43 A. Yes, I do.
14:52 44
14:52 45 Q. In the email, Adam Sutherland is saying to you that he had
14:52 46 sent you the Melbourne statement for December 2020 to January
14:52 47 2021, and that he is chasing up Perth. He also gives you the

14:52 1 password, which I presume is a password for a link or some such
14:53 2 to access the data. Does this help you refresh your memory as to
14:53 3 whether or not you obtained the data?
14:53 4
14:53 5 A. We were provided with bank statement data, however, we
14:53 6 were unable to use it for our analysis.
14:53 7
14:53 8 Q. Why weren't you able to use it?
14:53 9
14:53 10 A. From memory, the information provided was in a Word
14:53 11 document format which was downloaded from their finance team
14:53 12 and had annotations on it which to me wasn't a true source of
14:53 13 truth, and I had requested PDF copies of bank statements instead.
14:53 14
14:53 15 Q. Did you get the PDF copies?
14:53 16
14:53 17 A. I don't recall getting them.
14:53 18
14:53 19 Q. Okay, so does that mean that the review which was
14:53 20 foreshadowed, being a Grant Thornton review of the
14:53 21 Crown Melbourne and Burswood Nominees accounts for
14:53 22 December 2020 and January 2021, did not proceed?
14:53 23
14:53 24 A. Correct.
14:53 25
14:53 26 Q. Do you know why it didn't proceed?
14:53 27
14:53 28 A. I believe that another provider was appointed to perform
14:54 29 the work instead.
14:54 30
14:54 31 Q. Do you know who that provider was?
14:54 32
14:54 33 A. I understand that is Deloitte.
14:54 34
14:54 35 Q. Now, just ---
14:54 36
14:54 37 COMMISSIONER: Tender that email?
14:54 38
14:54 39 MS O'SULLIVAN: Yes, thank you.
14:54 40
14:54 41 COMMISSIONER: Exhibit 58. Email from Adam Sutherland to
14:54 42 Katherine Shamai, 15 February 2021.
14:54 43
14:54 44
14:54 45 **EXHIBIT #RC0058 - EMAIL FROM ADAM SUTHERLAND TO**
14:54 46 **KATHERINE SHAMAI DATED 15 FEBRUARY 2021**
14:54 47

14:54 1
14:54 2 MS O'SULLIVAN: Operator, can we go to
14:54 3 GTA.0001.0001.7044.
14:54 4
14:54 5 Commissioner, that is tab 9 of your folder.
14:54 6
14:54 7 I haven't taken you to this previously, Ms Shamai, but
14:55 8 can you just confirm that is another of the status
14:55 9 updates that Grant Thornton provided MinterEllison and/or
14:55 10 Crown in respect of the Southbank and Riverbank reviews
14:55 11 that were conducted?
14:55 12
14:55 13 A. Yes, that's correct.
14:55 14
14:55 15 MS O'SULLIVAN: I tender that status update, Commissioner.
14:55 16
14:55 17 COMMISSIONER: It will be Exhibit 59, Grant Thornton status
14:55 18 update dated 23 November 2020.
14:55 19
14:55 20
14:55 21 **EXHIBIT #RC0059 - GRANT THORNTON STATUS UPDATE**
14:55 22 **DATED 23 NOVEMBER 2020**
14:55 23
14:55 24
14:55 25 MS O'SULLIVAN: Thank you, Commissioner, no further
14:55 26 questions from me at the moment.
14:56 27
14:56 28 MS BUTTON: Commissioner, might I have leave to ask
14:56 29 questions on a number of matters?
14:56 30
14:56 31 COMMISSIONER: Yes, subject to nobody else wanting to ask
14:56 32 questions.
14:56 33
14:56 34 Thank you, Ms Button.
14:56 35
14:56 36
14:56 37 **CROSS-EXAMINATION BY MS BUTTON**
14:56 38
14:56 39
14:56 40 MS BUTTON: Ms Shamai, my name is Ms Button. I appear for
14:56 41 Crown.
14:56 42
14:56 43 MS BUTTON: Can I ask that Ms Shamai be shown the report of
14:56 44 Initialism which is at INI.0004.0001.0038.
14:56 45
14:56 46 Commissioner, this is a report of Initialism which is annexure C
14:56 47 to Mr Jeans's statement, so I expect Counsel Assisting will be

14:56 1 tendering it in that form tomorrow.
14:56 2
14:56 3 COMMISSIONER: Fine. We will worry about giving it
14:56 4 an exhibit number later.
14:56 5
14:56 6 MS BUTTON: Thank you. If the operator can scroll down so
14:57 7 Ms Shamai can see the next page.
14:57 8
14:57 9 Can you see this is a report of Initialism, 16 November 2020?
14:57 10
14:57 11 A. Yes.
14:57 12
14:57 13 Q. Have you ever seen this report?
14:57 14
14:57 15 A. No, I haven't.
14:57 16
14:57 17 Q. That's fine. Could the operator move through to page 0051
14:57 18 and blow up the section under "Analysis of bank account activity
14:57 19 for indicia". Can you see there that Initialism has reported that it
14:57 20 has worked with Grant Thornton to analyse Crown's Riverbank
14:57 21 and Southbank accounts, and then you see in the second bullet
14:57 22 point that:
14:57 23
14:57 24 *Grant Thornton modelled and analysed the Crown bank*
14:57 25 *account data and ran a series of scenarios requested by*
14:57 26 *Initialism over that data and Initialism undertook*
14:57 27 *a review of the results.*
14:57 28
14:57 29 You see that bit?
14:57 30
14:58 31 A. Yes.
14:58 32
14:58 33 Q. Just to give you a bit more context, they go on to report that
14:58 34 Grant Thornton's scenarios provided to Initialism with the
14:58 35 following indicia data set based on the Riverbank and Southbank
14:58 36 bank account statement information, and they then follow
14:58 37 a number of bullet points.
14:58 38
14:58 39 A. Yes.
14:58 40
14:58 41 Q. Now, when you were answering some questions from
14:58 42 Counsel Assisting previously, you referred to undertaking an
14:58 43 analysis of a typology involving a cash deposit and an electronic
14:58 44 funds transfer; do you recall that?
14:58 45
14:58 46 A. Yes.
14:58 47

14:58 1 Q. Is that what we can see reflected in the second bullet point
14:58 2 here?
14:58 3
14:58 4 A. Yes.
14:58 5
14:58 6 Q. Can you just read what has been described as all of the
14:58 7 indicia sets that it's said that Grant Thornton provided data on and
14:58 8 confirm that Mr Jeans has correctly described the work that Grant
14:58 9 Thornton did?
14:58 10
14:58 11 A. Do you mean the remaining bullet points? Yes. He reports
14:58 12 instances where two cash deposits occurred in a short period of
14:58 13 time, less than \$10,000 but more than \$10,000 for a single
14:59 14 customer.
14:59 15
14:59 16 A. Yes.
14:59 17
14:59 18 Q. Yes, and that is probably --- well, that is work you did over
14:59 19 the three distinct typologies in your Riverbank and Southbank
14:59 20 reports?
14:59 21
14:59 22 A. Correct. Yes.
14:59 23
14:59 24 Q. The next one is the one we have spoken about combining
14:59 25 an electronic and a cash transaction, you did that analysis?
14:59 26
14:59 27 A. Yes.
14:59 28
14:59 29 Q. Then the next one addresses multiple large cash deposits in
14:59 30 a short period for a single customer. Did you do that data set
14:59 31 analysis?
14:59 32
14:59 33 A. I think so? I'm not sure what the parameters of multiple
14:59 34 large cash deposits would quantify that. So is it over \$10,000 or
14:59 35?
14:59 36
14:59 37 Q. Well, then Mr Jeans has broken things up in the balance of
14:59 38 his reports into appendix A, appendix B and so on, but you did do
15:00 39 further analysis about cash deposits that wasn't confined to the
15:00 40 three typologies in your initial report?
15:00 41
15:00 42 A. I believe so, yes.
15:00 43
15:00 44 Q. And you also did analysis ---
15:00 45
15:00 46 COMMISSIONER: Can I ask a question? When you said
15:00 47 "obviously, yes"?

15:00 1
15:00 2 A. No, "I believe so, yes".
15:00 3
15:00 4 COMMISSIONER: Why did you say "obviously"?
15:00 5
15:00 6 A. I didn't say "obviously".
15:00 7
15:00 8 COMMISSIONER: Sorry, I misunderstood.
15:00 9
15:00 10 MS BUTTON: Did you also do work to analyse payments made
15:00 11 by overseas money remitters?
15:00 12
15:00 13 A. Yes, I did.
15:00 14
15:00 15 Q. Finally, you did work where there were international
15:00 16 payments on behalf of the customer by an apparently unrelated
15:00 17 third party?
15:00 18
15:00 19 A. Yes.
15:00 20
15:00 21 Q. So the listed work here --- tell me if you agree, shows that
15:00 22 Grant Thornton did work to analyse data across Riverbank and
15:00 23 Southbank that was beyond the three typologies that you reported
15:00 24 on in your formal reports?
15:00 25
15:00 26 A. Yes, that's correct.
15:00 27
15:00 28 Q. And Grant Thornton provided that data information directly
15:00 29 to Initialism for its report?
15:00 30
15:01 31 A. Yes, that's correct.
15:01 32
15:01 33 Q. I think when you were having a discussion with Counsel
15:01 34 Assisting a few moments ago, you said Grant Thornton had done
15:01 35 two additional typologies over and above the three.
15:01 36
15:01 37 A. Yes.
15:01 38
15:01 39 Q. Is that a yes?
15:01 40
15:01 41 A. Yes. That's a yes.
15:01 42
15:01 43 Q. Do you agree that in fact, Grant Thornton did more than
15:01 44 just two additional typologies because you addressed the
15:01 45 typologies that are referred to in the bullet points that we can see?
15:01 46
15:01 47 A. Yes, I agree.

15:01 1
15:01 2 MS O'SULLIVAN: Sorry, I am going to interrupt here, only that
15:01 3 I think there is a risk of confusing the witness. These are
15:01 4 additional typologies but she is being asked essentially whether or
15:01 5 not they are the same structuring typologies that were in the
15:01 6 original nine presented by Grant Thornton. So as not to confuse
15:01 7 the witness, I think it would be appropriate that the witness was
15:01 8 given the nine, perhaps on one side of the screen and these ones
15:02 9 that are ---
15:02 10
15:02 11 COMMISSIONER: And see which ones these are.
15:02 12
15:02 13 MS BUTTON: I can do this more shortly, Commissioner, than
15:02 14 doing that.
15:02 15
15:02 16 Of the typologies on the screen, do you agree with me that the
15:02 17 first two bullet points are structuring typologies and the rest are
15:02 18 not?
15:02 19
15:02 20 A. I agree.
15:02 21
15:02 22 MS BUTTON: Does that address your concern,
15:02 23 Counsel Assisting?
15:02 24
15:02 25 You were asked some questions by the Commissioner before the
15:02 26 lunch break about the obligation to mitigate against money
15:02 27 laundering, and you indicated you accepted a view that an entity
15:02 28 would act in haste against known money launderers; do you recall
15:02 29 giving evidence along those lines that?
15:02 30
15:02 31 A. Yes.
15:02 32
15:02 33 Q. Let me ask you a question first. Do you agree that where
15:02 34 structuring takes the form of cuckoo smurfing, inherently that
15:03 35 means that the patron is not a money launderer, the patron is
15:03 36 an innocent third party whose account has been used by money
15:03 37 launderers?
15:03 38
15:03 39 A. That is certainly a possibility, yes.
15:03 40
15:03 41 Q. That is what cuckoo smurfing is, isn't it, where the patron is
15:03 42 innocent?
15:03 43
15:03 44 A. Yes.
15:03 45
15:03 46 COMMISSIONER: Doesn't it also include where the patron and
15:03 47 the third-party are in it together?

15:03 1
15:03 2 A. It could, which is why I say it is a possibility.
15:03 3
15:03 4 COMMISSIONER: Yes, it's just that --- so the answer to that
15:03 5 question is "no".
15:03 6
15:03 7 A. (Nods head).
15:03 8
15:03 9 COMMISSIONER: Thank you.
15:03 10
15:03 11 MS BUTTON: Could the operator go in this document to
15:03 12 page 0048. Can you see the heading "cuckoo smurfing using
15:04 13 structured cash deposits"? Can you see that heading?
15:04 14
15:04 15 A. Yes.
15:04 16
15:04 17 Q. This is Initialism's approach to defining cuckoo smurfing,
15:04 18 but can you see, reading the last two bullet points, that Initialism
15:04 19 has recorded as part of cuckoo smurfing that the person with
15:04 20 a legitimate reason to send money to a foreign country is unaware
15:04 21 that their transaction has been affected using illicit funds?
15:04 22
15:04 23 A. Yes.
15:04 24
15:04 25 Q. See that. And:
15:04 26
15:04 27 *The party receiving the funds in their bank account is not*
15:04 28 *involved in the cuckoo smurfing activity and believes the*
15:04 29 *funds are legitimate.*
15:04 30
15:04 31 You see that?
15:04 32
15:04 33 A. Yes.
15:04 34
15:04 35 Q. So adopting that concept of cuckoo smurfing you would
15:04 36 agree that the patron, if we use the "patron" as the example there,
15:04 37 they are an innocent person?
15:04 38
15:04 39 A. Based on what is described there, yes.
15:04 40
15:04 41 Q. Are you aware that based on Initialism's analysis of the
15:04 42 data, they concluded that the majority of the incidents of
15:05 43 structuring are identifying are indicative of cuckoo smurfing;
15:05 44 were you aware they reached that conclusion in this report?
15:05 45
15:05 46 A. No.
15:05 47

15:05 1 MS BUTTON: Thank you, Ms Shamai. That's all I had to ask.

15:05 2

15:05 3 MS O'SULLIVAN: No follow-up questions, thank you,

15:05 4 Commissioner.

15:05 5

15:05 6 COMMISSIONER: Thank you, Ms Shamai.

7

8

9 **THE WITNESS WITHDREW**

10

11

15:05 12 COMMISSIONER: I think we will have our next witness

15:05 13 tomorrow at 10.00?

15:05 14

15:05 15 MS O'SULLIVAN: Yes.

15:05 16

15:05 17 COMMISSIONER: I will adjourn until tomorrow at 10.00 am.

15:05 18

19

20 **HEARING ADJOURNED AT 3.05 PM UNTIL TUESDAY,**

21 **25 MAY 2021 AT 10.00 AM**

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