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TRANSCRIPT OF PROCEEDINGS

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**COMMISSIONER: HON. RAY FINKELSTEIN AO QC**

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

**MELBOURNE, VICTORIA**

**10.00 AM, TUESDAY, 25 MAY 2021**

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<b>Counsel for the State of Victoria</b>	<b>MR PETER GRAY QC MR GLYN AYRES</b>

1 **HOUSEKEEPING**

2

3

10:05 4 COMMISSIONER: Thank you. Ms O'Sullivan, before you go  
10:05 5 on, can I just announce that I might make an announcement  
10:06 6 later. The questions are going to arise probably soon  
10:06 7 enough about what restrictions, if any, are going to be  
10:06 8 imposed on the hearing and the hearing room with the  
10:06 9 COVID problem that has just now emerged. There is likely  
10:06 10 to be some restrictions. We will find out during the  
10:06 11 course, most likely how it will affect us and the  
10:06 12 hearing. As soon as I know clearly what the rules are  
10:06 13 going to be I will let the parties know. At the moment,  
10:06 14 it is still uncertain and we are making inquiries as best  
10:06 15 we can to find out how we are going to be affected one  
10:06 16 way or the other. The likelihood is we will be affected  
10:06 17 in some way or another, because we might have different  
10:06 18 rules to the rest of Melbourne, but until we know  
10:07 19 precisely what is going to happen to us there is no point  
10:07 20 in guessing it. But something will happen during the  
10:07 21 course. Over to you.

10:07 22

10:07 23 MS O'SULLIVAN: Thank you, Commissioner. Just a few other  
10:07 24 administrative matters. There were two documents that I omitted  
10:07 25 to tender today. I will tender them now. The first one is a Grant  
10:07 26 Thornton status update dated 9 November 2020 and the document  
10:07 27 ID is GTA.0001.0001.7047.

10:07 28

10:07 29 COMMISSIONER: Is that in the bundle?

10:07 30

10:07 31 MS O'SULLIVAN: Yes, it is in the bundle.

10:07 32

10:07 33 COMMISSIONER: Tab?

10:08 34

10:08 35 MS O'SULLIVAN: Tab 8, Commissioner.

10:08 36

10:08 37 ASSOCIATE: Exhibit 60.

10:08 38

10:08 39 COMMISSIONER: Okay. So that will be the Grant Thornton  
10:08 40 status update dated 9 November 2020, Exhibit 60.

10:08 41

10:08 42

10:08 43 **EXHIBIT #RC0060 - GRANT THORNTON STATUS**  
10:08 44 **UPDATE DATED 9 NOVEMBER 2020**

10:08 45

10:08 46

10:08 47 MS O'SULLIVAN: Thank you.

10:08 1  
10:08 2 The second document is in your bundle, Commissioner, that is  
10:08 3 tab 31. It is a VCGLR letter dated 18 --  
10:08 4  
10:08 5 COMMISSIONER: That is Exhibit 53. Sorry, the 18 March  
10:08 6 letter.  
10:08 7  
10:08 8 MS O'SULLIVAN: Sorry, that is not the one. It is at tab 30 of  
10:09 9 your bundle, and the document ID is VCG.0001.0002.2000, and  
10:09 10 that is a VCGLR letter dated 18 November 2020 to Crown,  
10:09 11 requesting copies of the Grant Thornton and Initialism reports.  
10:09 12  
10:09 13 COMMISSIONER: That will be Exhibit 61.  
10:09 14  
15  
16 **EXHIBIT #RC0061 - VCGLR LETTER DATED 18**  
17 **NOVEMBER 2020 TO CROWN, REQUESTING COPIES**  
18 **OF THE GRANT THORNTON AND INITIALISM**  
19 **REPORTS**  
10:09 20  
10:09 21  
10:09 22 MS O'SULLIVAN: Thank you.  
10:09 23  
10:09 24 There are two other matters. One is an administrative matter in  
10:09 25 respect of the running of today. There are a number of  
10:09 26 documents that are annexed to the witness statement and  
10:09 27 a number of other documents that I will take the witness to. We  
10:10 28 have received recently a number of applications for  
10:10 29 non-publication orders in respect of those documents. Those  
10:10 30 orders have been made but there is a process whereby to the  
10:10 31 extent that an order, a non-publication order is made in respect of  
10:10 32 personal information, for example, that being those and gets  
10:10 33 redacted so when we bring the document up to the screen,  
10:10 34 people's personal phone numbers and email addresses and so on  
10:10 35 aren't disclosed. As I understand, there has been a small hiccup  
10:10 36 in the redaction process, and some of the documents we were  
10:10 37 proposing to upload today, some of the wrong documents have  
10:10 38 come through. The way I'm proposing to deal with that is that  
10:10 39 insofar as I'm referring the witness today, and the parties in the  
10:10 40 hearing room to various documents, we'll bring the document up  
10:10 41 to the hearing room only --  
10:10 42  
10:10 43 COMMISSIONER: In its unredacted form?  
10:10 44  
10:10 45 MS O'SULLIVAN: Yes, I believe it will be in its unredacted  
10:10 46 form but those documents won't be available on the livestream.  
10:11 47 They will be available in due course when documents are

10:11 1 tendered and become exhibits and are uploaded on to the  
10:11 2 Commission's website. That is how it is proposed to deal with  
10:11 3 that issue today.

10:11 4  
10:11 5 COMMISSIONER: (Nods head).

10:11 6  
10:11 7 MS O'SULLIVAN: Finally, just in respect of giving you  
10:11 8 an update as to Crown's document production, an update that is  
10:11 9 relevant to the matters that will be canvassed today, last night the  
10:11 10 Commission received an additional 3,228 documents from Crown  
10:11 11 after 9.00 pm last night.

10:11 12  
10:11 13 I'm instructed that 1,148 of them contain the phrase "AML/CTF",  
10:11 14 which as you know, "anti-money laundering/counterterrorism  
10:11 15 financing", so potentially relevant to the matters which we might  
10:11 16 wish to put to the witness today. We will obviously be looking at  
10:11 17 those documents as soon as we can but haven't been able to  
10:11 18 review them for today's purposes. Just informing you about that,  
10:11 19 Commissioner.

10:11 20  
10:11 21 COMMISSIONER: Does that mean that it might be a possibility  
10:11 22 for Mr Jeans to be recalled, depending on the content of those  
10:12 23 documents?

10:12 24  
10:12 25 MS O'SULLIVAN: Yes, that's right.

10:12 26  
10:12 27 COMMISSIONER: What about Ms Shamai?

10:12 28  
10:12 29 MS O'SULLIVAN: Again, we don't know, but it remains  
10:12 30 a possibility.

10:12 31  
10:12 32 COMMISSIONER: All right.

10:12 33  
10:12 34 MS O'SULLIVAN: Today's witness, Commissioner, is Mr Neil  
10:12 35 Jeans from Initialism. I call Mr Jeans.

10:13 36  
10:13 37  
10:13 38 **MR NEIL GEORGE JEANS, AFFIRMED**

10:13 39  
10:13 40  
10:13 41 COMMISSIONER: You can sit down, Mr Jeans.

10:13 42  
10:13 43 A. Thank you.

44

45

46 **EXAMINATION-IN-CHIEF BY MS O'SULLIVAN**

47

1  
10:13 2 MS O'SULLIVAN: Mr Jeans, can you please state your full  
10:13 3 name for the Commission.  
10:13 4  
10:13 5 A. Neil George Jeans.  
10:13 6  
10:13 7 Q. And your occupation?  
10:13 8  
10:13 9 A. I'm a consultant with Initialism.  
10:13 10  
10:13 11 Q. You have previously supplied your address to the  
10:14 12 Commission, is that right?  
10:14 13  
10:14 14 A. I have, indeed, yes.  
10:14 15  
10:14 16 Q. You are the principal of a company called Initialism Pty  
10:14 17 Ltd?  
10:14 18  
10:14 19 A. That is correct.  
10:14 20  
10:14 21 Q. You appear at the Commission today pursuant to a Notice  
10:14 22 to Attend?  
10:14 23  
10:14 24 A. That is correct too, yes.  
10:14 25  
10:14 26 Q. You've prepared a written statement for the Royal  
10:14 27 Commission dated 16 April 2021; is that right?  
10:14 28  
10:14 29 A. That is correct, yes.  
10:14 30  
10:14 31 Q. Operator, can I have document INI.0000.0005.0001  
10:14 32 brought up?  
10:14 33  
10:14 34 Mr Jeans, there are two folders in front of you. One of them  
10:14 35 contains your witness statement and all the annexures which are  
10:14 36 tabbed A to N. The other folder contains documents that I will  
10:14 37 take you to throughout the course of today. If you need those  
10:14 38 cups and bottles moved so that you can more easily look through  
10:14 39 the documents, just please indicate and I will have that attended  
10:14 40 to.  
10:14 41  
10:14 42 A. Thank you.  
10:14 43  
10:15 44 Q. Can you open the folder which contains your witness  
10:15 45 statement, and could you confirm for me that that is your written  
10:15 46 witness statement dated 16 April 2021?  
10:15 47

10:15 1 A. That is correct.  
10:15 2  
10:15 3 Q. That includes annexures A to N; is that right?  
10:15 4  
10:15 5 A. Yes.  
10:15 6  
10:15 7 Q. For clarity, there is no annexure L?  
10:15 8  
10:15 9 A. That is correct.  
10:15 10  
10:15 11 Q. I understand you wish to make a correction to an annexure  
10:15 12 to the statement, is that right?  
10:15 13  
10:15 14 A. That is correct, yes.  
10:15 15  
10:15 16 Q. Is that in respect of annexure K?  
10:15 17  
10:15 18 A. Yes.  
10:15 19  
10:15 20 Q. Do I understand in the process of compiling your witness  
10:15 21 statement, you actually attached the wrong document to annexure  
10:15 22 K?  
10:15 23  
10:15 24 A. Yes, that was an omission on my part, yes.  
25  
26 Q. Operator, can I bring up INI.0005.0001.0768.  
27  
28 Mr Jeans, that should be in the folder on the left-hand side. Can  
29 you confirm that that is the correct document that should be  
10:16 30 annexed?  
10:16 31  
10:16 32 A. That is correct, yes.  
10:16 33  
10:16 34 Q. That is the correct document which should be at annexure  
10:16 35 K, is that right?  
10:16 36  
10:16 37 A. That is correct, yes.  
10:16 38  
10:16 39 Q. We should substitute that document for what appears  
10:16 40 originally at annexure K?  
10:16 41  
10:16 42 A. Yes, please.  
10:16 43  
10:16 44 Q. Subject to that change, is your statement true and correct to  
10:16 45 the best of your knowledge?  
10:16 46  
10:16 47 A. To the best of my knowledge, yes.

10:16 1  
10:16 2 Q. Thank you.  
10:16 3  
10:16 4 Commissioner, I tender that statement, including annexures A to  
10:16 5 N, and that is of course subject --- there are some documents  
10:16 6 within that that are subject to a non-publication order.  
10:16 7  
10:16 8 COMMISSIONER: Thank you. Statement of Neil George Jeans,  
10:16 9 16 April 2021, will be Exhibit 62.  
10:16 10  
10:16 11  
10:16 12 **EXHIBIT #RC0062 - STATEMENT OF MR NEIL**  
10:16 13 **GEORGE JEANS DATED 16 APRIL 2021**  
10:16 14  
10:16 15  
10:16 16 MS O'SULLIVAN: Mr Jeans, am I right to understand that  
10:16 17 Initialism is a specialist anti-money laundering and  
10:16 18 counterterrorism financing firm?  
10:16 19  
10:16 20 A. That is correct, yes.  
10:16 21  
10:16 22 Q. You are the principal?  
10:16 23  
10:16 24 A. Yes.  
10:16 25  
10:16 26 Q. You've been working in --- I use the acronym AML/CTF,  
10:17 27 you've been working in that industry for many years now, is that  
10:17 28 right?  
10:17 29  
10:17 30 A. Many years, over 25. Yes.  
10:17 31  
10:17 32 Q. Thank you. Roughly how many people does Initialism  
10:17 33 employ?  
10:17 34  
10:17 35 A. Around five people.  
10:17 36  
10:17 37 Q. You're the boss, so to speak?  
10:17 38  
10:17 39 A. It is my company, yes.  
10:17 40  
10:17 41 Q. Yes, okay. I understand you are a founding chair of the  
10:17 42 Association of Certified Anti-Money Laundering Specialists,  
10:17 43 Australasian Chapter?  
10:17 44  
10:17 45 A. That is correct, yes.  
10:17 46  
10:17 47 Q. Can you tell the Commissioner briefly about the

- 10:17 1 Association of Certified Anti-Money Laundering Specialists?  
10:17 2
- 10:17 3 A. It is a peak body that was started out of the United States to  
10:17 4 bring the industry together so therefore there could be continuing  
10:17 5 education and learning. So it is generally an overarching body.  
10:17 6 There is an Australasian chapter which was formed in 2010,  
10:17 7 which basically represents the interests of members in the  
10:18 8 Australasian area.  
10:18 9
- 10:18 10 Q. Is that a non-government body?  
10:18 11
- 10:18 12 A. It is a non-government body, yes.  
10:18 13
- 10:18 14 Q. Is it known also by the acronym ACAMS?  
10:18 15
- 10:18 16 A. It is known by the acronym ACAMS, yes.  
10:18 17
- 10:18 18 Q. You are currently a member of the ACAMS advisory  
10:18 19 board; is that right?  
10:18 20
- 10:18 21 A. That is correct, yes.  
10:18 22
- 10:18 23 Q. What does that involve?  
10:18 24
- 10:18 25 A. That involves advising the board on training activities, what  
10:18 26 areas are of concern to the industry, what things should be  
10:18 27 discussed and explored to help members learn more about  
10:18 28 anti-money laundering and counterterrorism financing.  
10:18 29
- 10:18 30 Q. ACAMS certifies people as AML/CTF specialists; is that  
10:18 31 right?  
10:18 32
- 10:18 33 A. It does, indeed, yes.  
10:18 34
- 10:18 35 Q. How do you become certified as an AML?  
10:18 36
- 10:18 37 A. I have not, no.  
10:18 38
- 10:18 39 Q. Sorry, my question was, how do you become certified?  
10:18 40
- 10:18 41 A. Sorry, my apologies.  
10:18 42
- 10:18 43 You have to undertake a series of exams and training modules  
10:19 44 depending on which areas you want to specialise in.  
10:19 45
- 10:19 46 Q. Am I right to understand you don't have that certification?  
10:19 47



- 10:19 1 A. I do not, no.  
10:19 2
- 10:19 3 Q. Is there a reason for that, given your role in the body on the  
10:19 4 advisory board?  
10:19 5
- 10:19 6 A. Quite simply I've never found it necessary to obtain that  
10:19 7 qualification. My experience, I think, speaks for itself.  
10:19 8
- 10:19 9 Q. You hold a diploma for applied anti-money laundering and  
10:19 10 counterterrorism management from the International Compliance  
10:19 11 Association, is that right?  
10:19 12
- 10:19 13 A. Yes.  
10:19 14
- 10:19 15 Q. Can you tell the Commissioner briefly about that  
10:19 16 association?  
10:19 17
- 10:19 18 A. The International Compliance Association is again  
10:19 19 an industry body that provides training and education on risk  
10:19 20 management and compliance techniques and activities. They  
10:19 21 have various courses in anti-money laundering and  
10:19 22 counterterrorist financing, the most extensive course being the  
10:20 23 diploma. And effectively there is a diploma that we developed  
10:20 24 for Australia when the legislation came in in 2006/2007. That  
10:20 25 diploma basically covers how to understand the legislation and  
10:20 26 the legal and regulatory requirements within the federal  
10:20 27 anti-money laundering legislation, and then apply those in to  
10:20 28 a reporting entity.  
10:20 29
- 10:20 30 Q. You've been engaged as an expert witness by AUSTRAC  
10:20 31 in the past; is that right?  
10:20 32
- 10:20 33 A. That is correct, yes.  
10:20 34
- 10:20 35 Q. Was that for one case or more than one case?  
10:20 36
- 10:20 37 A. For two cases.  
10:20 38
- 10:20 39 Q. Thank you. Is there any other part of your background you  
10:20 40 would like to draw the Commissioner's attention to in respect of  
10:20 41 AML/CTF?  
10:20 42
- 10:20 43 A. My background is in the statement. There is nothing that  
10:20 44 I think is relevant that I would like to highlight at this point, thank  
10:20 45 you.  
10:20 46
- 10:20 47 Q. Thank you. Prior to your engagement by Crown, did you

10:20 1 have any prior anti-money laundering experience advising  
10:21 2 casinos?  
10:21 3  
10:21 4 A. None at all, no.  
10:21 5  
10:21 6 Q. So prior to that, was it mainly advising financial  
10:21 7 institutions?  
10:21 8  
10:21 9 A. Financial institutions, but also gaming organisations, from  
10:21 10 betting organisations but also pubs and clubs in relation to their  
10:21 11 compliance with the legislation.  
10:21 12  
10:21 13 Q. I see. So you had experience in the gaming sector but not  
10:21 14 casino-specific. Is that right?  
10:21 15  
10:21 16 A. That is correct, yes.  
10:21 17  
10:21 18 Q. I might start by asking you questions to get an overview of  
10:21 19 all of your AML work for Crown. Over the past three to four  
10:21 20 years, it's true, isn't it, that Initialism has performed a number of  
10:21 21 different tasks for Crown in the anti-money laundering area?  
10:21 22  
10:21 23 A. That is correct, yes.  
10:21 24  
10:21 25 Q. And on my count, and tell me if I'm wrong, Initialism has  
10:21 26 been engaged in at least nine separate projects or engagements; is  
10:21 27 that right?  
10:21 28  
10:21 29 A. That is correct, yes.  
10:21 30  
10:21 31 Q. I'm just going to list them, and you can tell me, in respect of  
10:21 32 each one, whether I have it right or not.  
10:21 33  
10:21 34 A. Yes.  
10:21 35  
10:21 36 Q. So in late 2018 and early 2019, Initialism was engaged to  
10:22 37 conduct a transaction monitoring review for Crown; is that right?  
10:22 38  
10:22 39 A. That is correct, yes.  
10:22 40  
10:22 41 Q. Then in June 2019, Initialism was engaged to provide  
10:22 42 an opinion on Crown's risk management framework arising from  
10:22 43 the VCGLR Sixth Review, in particular Recommendation 17; is  
10:22 44 that right?  
10:22 45  
10:22 46 A. That is correct, yes.  
10:22 47

10:22 1 Q. In October 2020, Initialism was engaged to provide  
10:22 2 an opinion on the design adequacy of part A of Crown's  
10:22 3 anti-money laundering and counterterrorism financing program;  
10:22 4 is that right?

10:22 5  
10:22 6 A. That is correct, yes.

10:22 7  
10:22 8 Q. Also in October 2020, Initialism was engaged to assist  
10:22 9 Crown in undertaking an anti-money laundering counterterrorism  
10:22 10 financing risk assessment for Crown Melbourne and Crown  
10:22 11 Perth; is that right?

10:22 12  
10:22 13 A. That is correct, yes.

10:22 14  
10:22 15 Q. In respect of that project, it was started but wasn't  
10:22 16 proceeded with; is that right?

10:22 17  
10:22 18 A. That is correct, yes.

10:22 19  
10:23 20 Q. In November 2020 Initialism was engaged to conduct  
10:23 21 a Southbank and Riverbank bank account investigation; is that  
10:23 22 right?

10:23 23  
10:23 24 A. That is correct, yes.

10:23 25  
10:23 26 Q. Also in November 2020, Initialism was engaged to help  
10:23 27 Crown develop an AML/CTF assurance plan; is that right?

10:23 28  
10:23 29 A. That is correct too, yes.

10:23 30  
10:23 31 Q. Is that one of the engagements commenced but not  
10:23 32 concluded?

10:23 33  
10:23 34 A. That is correct, yes.

10:23 35  
10:23 36 Q. Thank you. And in December 2020 and January 2021,  
10:23 37 Initialism was engaged by Crown to undertake a limited review  
10:23 38 of Crown's IFTI reporting; is that right?

10:23 39  
10:23 40 A. That's correct.

10:23 41  
10:23 42 Q. IFTI is an acronym for "international funds transfer  
10:23 43 instruction"?

10:23 44  
10:23 45 A. That is correct, yes.

10:23 46  
10:23 47 Q. In January 2021, Initialism conducted a limited review of

10:23 1 specified Crown bank accounts, is that right?  
10:23 2  
10:23 3 A. Yes.  
10:23 4  
10:23 5 Q. In April 2021, Initialism has been engaged by Crown to  
10:23 6 conduct another transaction monitoring review; is that right?  
10:23 7  
10:24 8 A. Yes.  
10:24 9  
10:24 10 Q. That is quite a list and a lot of work over the past few years.  
10:24 11  
10:24 12 Initialism was described late year by Grant Thornton as Crown's  
10:24 13 AML/CTF advisor. Do you accept that description?  
10:24 14  
10:24 15 A. Broadly, yes. I've been working with them particularly  
10:24 16 since October last year to assist in certain matters as described in  
10:24 17 the previous dialogue.  
10:24 18  
10:24 19 Q. Yes. And would you accept that in --- so you told us about  
10:24 20 last year, would you accept the proposition that in 2019 you were  
10:24 21 also Crown's key AML/CTF advisor?  
10:24 22  
10:24 23 A. That's hard to say. I did a limited piece of work in 2018/19  
10:24 24 --- or two limited pieces of work. I'm not sure whether I would  
10:24 25 qualify as Crown's key advisor there. I don't know whether there  
10:24 26 are other advisors that they had.  
10:24 27  
10:24 28 Q. Okay. In respect of the list that I read out, am I right to  
10:24 29 understand that some, but not all of those projects have resulted  
10:25 30 in Initialism preparing a written report for Crown?  
10:25 31  
10:25 32 A. They have. Some of them are still in draft.  
10:25 33  
10:25 34 Q. I see. And where there is a written report, whether it be  
10:25 35 final or draft, is it the case that that report has either been written  
10:25 36 by you or signed off by you?  
10:25 37  
10:25 38 A. That is correct, yes.  
10:25 39  
10:25 40 Q. Initialism is doing ongoing work for Crown in the  
10:25 41 anti-money laundering area?  
10:25 42  
10:25 43 A. We have no engagements at this point. Our last  
10:25 44 engagement is the transaction monitoring review, which we are  
10:25 45 still working through the draft with Crown.  
10:25 46  
10:25 47 Q. Okay, but is it proposed that that engagement will be

10:25 1 concluded?  
10:25 2  
10:25 3 A. There is no end date to the engagement. We have  
10:25 4 an engagement letter. Obviously, if any other work arises, we  
10:25 5 may be asked to support them. That is effectively the position we  
10:25 6 are in.  
10:25 7  
10:25 8 Q. Okay.  
10:25 9  
10:25 10 Mr Jeans, I'm going to ask you questions about a number of those  
10:25 11 engagements. I will start with the Southbank and Riverbank bank  
10:26 12 account reviews.  
10:26 13  
10:26 14 A. Yes.  
10:26 15  
10:26 16 Q. It is the case, is it not, that in October last year, so October  
10:26 17 2020, Initialism was engaged by Crown Resorts or MinterEllison  
10:26 18 on behalf of Crown Resorts in respect of the Southbank and  
10:26 19 Riverbank bank accounts?  
10:26 20  
10:26 21 A. That is correct, yes.  
10:26 22  
10:26 23 Q. Is it your understanding that the Southbank bank account  
10:26 24 was operated by Crown Melbourne Ltd?  
10:26 25  
10:26 26 A. Southbank was operated by Crown Melbourne, yes.  
10:26 27  
10:26 28 Q. Is it your understanding that the Riverbank account was  
10:26 29 a bank account operated by Crown Perth?  
10:26 30  
10:26 31 A. That is correct, yes.  
10:26 32  
10:26 33 Q. Your task was to review those bank accounts for  
10:26 34 indications of money laundering; is that right?  
10:26 35  
10:26 36 A. That is correct, yes.  
10:26 37  
10:26 38 Q. You were supported in that task by some forensic data  
10:26 39 analysis that had been conducted by Grant Thornton?  
10:26 40  
10:26 41 A. That is correct, yes.  
10:26 42  
10:26 43 Q. Was it the case that the Grant Thornton data analysis had to  
10:26 44 happen first before Initialism could report?  
10:26 45  
10:26 46 A. That is correct, yes.  
10:26 47

10:26 1 Q. Yes. We heard evidence yesterday from Katherine Shamai  
10:27 2 of Grant Thornton, who I presume you know.  
10:27 3  
10:27 4 A. Yes, very well.  
10:27 5  
10:27 6 Q. In fact, you had recommended Grant Thornton to Crown to  
10:27 7 conduct data analysis for the Riverbank and Southbank review; is  
10:27 8 that right?  
10:27 9  
10:27 10 A. That is correct, yes.  
10:27 11  
10:27 12 Q. Yes. Did you watch any of Ms Shamai's evidence  
10:27 13 yesterday via the livestream?  
10:27 14  
10:27 15 A. I watched a little bit of it, yes.  
10:27 16  
10:27 17 Q. In respect of the Southbank and Riverbank review, there  
10:27 18 was the Grant Thornton phase and then there was the Initialism  
10:27 19 phase. Do you accept that?  
10:27 20  
10:27 21 A. That is correct, although they did overlap to a certain  
10:27 22 degree.  
10:27 23  
10:27 24 Q. I see. Yes. And the Grant Thornton task was to identify, in  
10:27 25 the first instance, all instances and amounts of structuring; do you  
10:27 26 agree?  
10:27 27  
10:27 28 A. I agree, yes.  
10:27 29  
10:27 30 Q. Yes. The second phase involved Initialism reviewing the  
10:27 31 bank account statements to identify and quantify other typologies  
10:27 32 of potential money laundering apart from structuring; is that right?  
10:27 33  
10:27 34 A. I think we included structuring but --- in the ultimate report,  
10:28 35 but we were tasked to look at all incidences or potential incidents  
10:28 36 of money laundering that walked through those bank accounts.  
10:28 37  
10:28 38 Q. So it was more than just structuring?  
10:28 39  
10:28 40 A. Yes, absolutely.  
10:28 41  
10:28 42 Q. You prepared a draft engagement letter for Initialism's  
10:28 43 work on the Southbank and Riverbank accounts; is that right?  
10:28 44  
10:28 45 A. That is correct, yes.  
10:28 46  
10:28 47 Q. Can we, operator, bring up INI.0002.0001.0809.

10:28 1  
10:28 2 Commissioner, tab 5 of your bundle. Mr Jeans, you can look at  
10:28 3 that on the screen if that suits you.  
10:28 4  
10:28 5 A. Thank you.  
10:28 6  
10:28 7 Q. Operator, can we go to the page ending 0810.  
10:28 8  
10:28 9 You can see there, Mr Jeans, that Mr Richard Murphy from  
10:29 10 Minters is setting out the first instance, or the first phase and the  
10:29 11 second phase of the work to be undertaken by yourself and by  
10:29 12 Grant Thornton, do you agree with that?  
10:29 13  
10:29 14 A. That is correct, yes.  
10:29 15  
10:29 16 Q. He sets out at the at the end there, just above his name, you  
10:29 17 can see there is a sentence there:  
10:29 18  
10:29 19 *Could you please provide us with your proposed*  
10:29 20 *engagement terms and an estimate of cost and timing.*  
10:29 21  
10:29 22 You proceeded to do that; is that right?  
10:29 23  
10:29 24 A. That is correct, yes.  
10:29 25  
10:29 26 Q. In fact you sent Richard Murphy draft engagement terms; is  
10:29 27 that right?  
10:29 28  
10:29 29 A. That is correct, yes.  
10:29 30  
10:29 31 Q. And a formal letter of engagement was signed by Minters  
10:29 32 on 15 October 2020; is that right?  
10:29 33  
10:29 34 A. That is correct, yes.  
10:29 35  
10:29 36 Q. That letter of engagement is at annexure E of your  
10:29 37 statement?  
10:29 38  
10:29 39 A. That is correct, also.  
10:29 40  
10:29 41 MS O'SULLIVAN: Commissioner, annexure E is at tab E of  
10:29 42 your folder.  
10:30 43  
10:30 44 COMMISSIONER: Thank you very much.  
10:30 45  
10:30 46 MS O'SULLIVAN: Can we bring up INI.0004.0001.0156 and  
10:30 47 move to the page ending 0158.

10:30 1  
10:30 2 Mr Jeans, can you confirm that is a copy of your engagement  
10:30 3 letter in respect of the Southbank and Riverbank review?  
10:30 4  
10:30 5 A. That is correct, yes.  
10:30 6  
10:30 7 Q. Am I right to understand that it included not only  
10:30 8 Southbank and Riverbank work but other work you were doing at  
10:30 9 the time?  
10:30 10  
10:30 11 A. It was a broad engagement to provide services relating to  
10:30 12 anti-money laundering and counterterrorism financing, yes.  
10:30 13  
10:30 14 Q. I am going to so draw your attention to the bullet points,  
10:30 15 I am going to go through them one by one. What I would like  
10:30 16 you to do is let me know whether that bullet point was in respect  
10:30 17 of Southbank and Riverbank investigation, or whether that was  
10:31 18 a separate project.  
10:31 19  
10:31 20 A. Of course.  
10:31 21  
10:31 22 Q. So if we start with the first dot point:  
10:31 23  
10:31 24 *Any specific advisory matters relating to the*  
10:31 25 *implementation of the Crown joint AML/CTF program .....*  
10:31 26  
10:31 27 I presume that is not about Southbank or Riverbank?  
10:31 28  
10:31 29 A. That's not about Southbank and Riverbank, no.  
10:31 30  
10:31 31 Q. And the second dot point is:  
10:31 32  
10:31 33 *Reviewing the data and information inputs used or may be*  
10:31 34 *required to be used in the transaction monitoring*  
10:31 35 *program.*  
10:31 36  
10:31 37 Is that also separate to the Southbank and Riverbank work?  
10:31 38  
10:31 39 A. That is also separate as well, yes.  
10:31 40  
10:31 41 Q. The third dot point:  
10:31 42  
10:31 43 *Undertake a root cause analysis of the failure to identify*  
10:31 44 *and/or non-escalation of potential structuring to avoid*  
10:31 45 *threshold transaction reporting requirements.*  
10:31 46  
10:31 47 I understand that is in respect of the Southbank and Riverbank



- 10:31 1 review?
- 10:31 2
- 10:31 3 A. In part yes, but that was broader in relation to activity at
- 10:31 4 a cage level.
- 10:31 5
- 10:31 6 Q. Broader. So in respect of not only in relationship of
- 10:32 7 Southbank and Riverbank but also some further activity --- did
- 10:32 8 you say at the cage level?
- 10:32 9
- 10:32 10 A. The cage level in terms of the threshold monitoring
- 10:32 11 transaction reporting that was undertaken when cash is brought to
- 10:32 12 the cage.
- 10:32 13
- 10:32 14 Q. So that was a task that were you instructed to do in respect
- 10:32 15 of Southbank and Riverbank but it was larger than Southbank and
- 10:32 16 Riverbank alone?
- 10:32 17
- 10:32 18 A. Yes.
- 10:32 19
- 10:32 20 Q. The fourth bullet point there:
- 10:32 21
- 10:32 22 *Support Grant Thornton's reviewing of bank account*
- 10:32 23 *transactions to identify any incidents of possible*
- 10:32 24 *structuring to avoid threshold transaction reporting*
- 10:32 25 *requirements.*
- 10:32 26
- 10:32 27 Is that in respect of the Southbank and Riverbank review?
- 10:32 28
- 10:32 29 A. That is correct, yes.
- 10:32 30
- 10:32 31 Q. Now the fifth bullet point:
- 10:32 32
- 10:32 33 *Review Crown's investigation into incidents of potential*
- 10:32 34 *structuring to avoid threshold reporting requirements to*
- 10:32 35 *establish whether there are indications of money*
- 10:32 36 *laundering or other criminal activity that is suspicious*
- 10:32 37 *and may be reported under section 41 of the AML/CTF*
- 10:32 38 *Act.*
- 10:32 39
- 10:32 40 Is that part of the Southbank and Riverbank review?
- 10:32 41
- 10:33 42 A. That is, yes.
- 10:33 43
- 10:33 44 Q. Now, the sixth bullet point:
- 10:33 45
- 10:33 46 *Reviewing bank account transactions to identify any*
- 10:33 47 *additional typologies that can be incorporated into*

- 10:33 1 *Crown's enhanced transaction monitoring program.*
- 10:33 2
- 10:33 3 Is that part of the Southbank and Riverbank engagement?
- 10:33 4
- 10:33 5 A. That is correct, yes.
- 10:33 6
- 10:33 7 Q. Bullet point number 7:
- 10:33 8
- 10:33 9 *Support response to AUSTRAC engagement and*
- 10:33 10 *correspondence.*
- 10:33 11
- 10:33 12 Is that in respect of Southbank and Riverbank or is that a separate
- 10:33 13 project?
- 10:33 14
- 10:33 15 A. That is a broader covering activity. It is not specifically in
- 10:33 16 relation to Southbank and Riverbank.
- 10:33 17
- 10:33 18 Q. Insofar as it is a broader project, within that broader
- 10:33 19 project, was part of that in respect of Southbank and Riverbank?
- 10:33 20
- 10:33 21 A. Not necessarily. Depends on what came out of the other
- 10:33 22 activities.
- 10:33 23
- 10:33 24 Q. I see. So that was proposed at that time, and I guess it was
- 10:33 25 within contemplation that depending on what were the results of
- 10:34 26 the Southbank and Riverbank reviews, it may require you to
- 10:34 27 provide these services being "support response to AUSTRAC
- 10:34 28 engagement and correspondence"; is that right?
- 10:34 29
- 10:34 30 A. If necessary, yes.
- 10:34 31
- 10:34 32 Q. The last bullet point:
- 10:34 33
- 10:34 34 *Provide all other professional advisory services related to*
- 10:34 35 *the above matters as requested by MinterEllison.*
- 10:34 36
- 10:34 37 Bit of a catch-all. I presume that that could, at this point, feasibly
- 10:34 38 have been about the Southbank and Riverbank review; is that
- 10:34 39 right?
- 10:34 40
- 10:34 41 A. Possibly, but it is a general catch-all.
- 10:34 42
- 10:34 43 Q. Thank you.
- 10:34 44
- 10:34 45 There is no need to tender that, Commissioner, because it has
- 10:34 46 been tendered as part of the statement. Sorry, before I move on, I
- 10:34 47 had taken you, Commissioner, and witness, to the email chain 13,

10:34 1 14 October, which INI.0002.0001.1089. I will tender that.

10:34 2

10:34 3 COMMISSIONER: I will describe that as the email chain ending  
10:35 4 in an email from Richard Murphy to Neil Jeans of 14 October  
10:35 5 2020. That will be Exhibit 63.

10:35 6

7

8

**EXHIBIT #RC0063 - EMAIL CHAIN ENDING IN EMAIL  
FROM MR RICHARD MURPHY TO MR NEIL JEANS  
DATED 14 OCTOBER 2020**

10

11

12

10:35 13 MS O'SULLIVAN: Thank you.

10:35 14

10:35 15 Now, there were some limitations on the Southbank and  
10:35 16 Riverbank tasks that Initialism was engaged to report; is that  
10:35 17 right?

10:35 18

10:35 19 A. That is correct, yes.

10:35 20

10:35 21 Q. You mentioned some of the limitations in your witness  
10:35 22 statement?

10:35 23

10:35 24 A. That is correct, yes.

10:35 25

10:35 26 Q. Can we go to INI.0000.005.0001. I might have missed  
10:35 27 a zero, operator. I might have missed a zero there, operator. It  
10:35 28 could be 0005. I will read that out again. INI.000 --- you have it  
10:36 29 --- INI.0000.0005.0001. Operator, can you move to the  
10:36 30 page ending 0004.

10:36 31

10:36 32 Mr Jeans, you can see paragraph 36 there. There you mention  
10:36 33 that:

10:36 34

10:36 35 *The scope of the Riverbank and Southbank investigation*  
10:36 36 *was limited to the Crown Perth operated bank account in*  
10:36 37 *the name of Riverbank Investments Pty Ltd and the Crown*  
10:36 38 *Melbourne operated bank account in the name of*  
10:36 39 *Southbank Investments Pty Ltd.*

10:36 40

10:36 41 So your review was limited to only two bank accounts; is that  
10:36 42 right?

10:36 43

10:36 44 A. Effectively one bank account for Southbank and two bank  
10:36 45 accounts for Riverbank, one in CBA and one at ANZ. The  
10:36 46 Southbank account was at CBA.

10:36 47

10:36 1 Q. I see. Thank you.

10:37 2

10:37 3 So that was the first limitation on the Southbank and Riverbank

10:37 4 review you were asked to conduct; is that right?

10:37 5

10:37 6 A. That is correct, yes.

10:37 7

10:37 8 Q. Paragraph 37, you mention that:

10:37 9

10:37 10 ..... [the] review was limited to information contained  
10:37 11 *within the statements related to the Riverbank and*  
10:37 12 *Southbank bank accounts, supported by the analysis by*  
10:37 13 *Grant Thornton ..... as well as supporting material*  
10:37 14 *provided by Crown in relation to some of the payments .....*

10:37 15

10:37 16 Can you explain to the Commissioner how that formed

10:37 17 a limitation on the investigation or review?

10:37 18

10:37 19 A. It was limited because we relied on the information  
10:37 20 provided by Grant Thornton, or the work done by Grant  
10:37 21 Thornton. So initially they undertook a forensic analysis and  
10:37 22 normalised the data in the bank accounts. As you would  
10:37 23 appreciate, trying to analyse the bank accounts in physical hard  
10:37 24 copy form would have been difficult, of not being able to draw  
10:37 25 links between particular transactions. So we worked with Grant  
10:38 26 Thornton to undertake that forensic analysis and normalise the  
10:38 27 account information into Excel spreadsheet format. We then  
10:38 28 worked with Grant Thornton to run certain queries over that data  
10:38 29 to identify particular typologies or particular activity that we  
10:38 30 thought may or may not exist there, and then we reviewed that  
10:38 31 activity against other information that was provided by Crown to  
10:38 32 see whether there were further indications of potential money  
10:38 33 laundering.

10:38 34

10:38 35 Q. You helpfully described the process of how you went about  
10:38 36 that.

10:38 37

10:38 38 A. Yes.

10:38 39

10:38 40 Q. My question is about limitations. You've expressed this as  
10:38 41 a limitation on the review.

10:38 42

10:38 43 A. Yes.

10:38 44

10:38 45 Q. Perhaps I might ask it this way: was there any other  
10:38 46 information that might have been used for such a review that  
10:38 47 wasn't part of Initialism's remit?

10:38 1

10:38 2 A. Not that I'm aware of, no.

10:38 3

10:39 4 Q. You've said at paragraph 38 that:

10:39 5

10:39 6 *Initialism did not undertake a full end-to-end review of*  
10:39 7 *each payment and the handling by Crown nor have we*  
10:39 8 *investigated the circumstances and origin of each*  
10:39 9 *payment deemed to be indicative of money laundering.*

10:39 10

10:39 11 Can you explain to us how that forms a limitation on the  
10:39 12 Southbank and Riverbank investigation?

10:39 13

10:39 14 A. Well, to fully understand if I was undertaking this as part of  
10:39 15 an investigation inside Crown to decide whether to report  
10:39 16 a suspicious matter, I would look at the origination of the  
10:39 17 payment, why the payment was being made, how the payment  
10:39 18 was being handled all the way through, to establish whether  
10:39 19 obviously there was a suspicion. So we narrowed our scope and  
10:39 20 didn't necessarily follow the payment from end-to-end. And also,  
10:39 21 in addition, we didn't necessarily assess Crown's handling of that  
10:40 22 payment whether it went through their investigative process,  
10:40 23 whether there was a UAR, usual activity report created, and  
10:40 24 whether that resulted in a suspicious matter report.

10:40 25

10:40 26 Q. Yes. So, actually, you've moved on to what you set out in  
10:40 27 paragraph 39, which is, and there you have noted another  
10:40 28 limitation, which is that:

10:40 29

10:40 30 *..... Initialism did not review Crown's identification,*  
10:40 31 *management and mitigation of the money laundering and*  
10:40 32 *terrorism financing risks reasonably faced by Crown.*

10:40 33

10:40 34 If we can look at identification, am I to understand that the scope  
10:40 35 of your task didn't include ascertaining, in respect of instances of  
10:40 36 money laundering, that you had identified whether or not Crown  
10:40 37 itself had identified those indications?

10:40 38

10:40 39 A. That is correct, yes.

10:40 40

10:40 41 Q. Equally, in terms of management, it wasn't part of your task  
10:40 42 to look to see how Crown managed that information or managed  
10:40 43 those indications of money laundering; is that right?

10:40 44

10:40 45 A. That is correct, yes.

10:40 46

10:40 47 Q. Then, in terms of mitigation which you've also raised in

10:41 1 paragraph 39, it wasn't part of your task to ascertain or look into  
10:41 2 how Crown mitigated the risks of money laundering that you had  
10:41 3 identified in your Southbank and Riverbank report; is that right?

10:41 4  
10:41 5 A. That is correct, yes.

10:41 6  
10:41 7 Q. They are all limitations on the extent of the task that you  
10:41 8 were engaged to perform; is that right?

10:41 9  
10:41 10 A. That is correct, yes.

10:41 11  
10:41 12 Q. If I summarise, does that mean essentially that Initialism  
10:41 13 was engaged to look for indications of money laundering on the  
10:41 14 Southbank and Riverbank accounts but didn't assess whether  
10:41 15 Crown itself identified, reported and acted to mitigate those  
10:41 16 matters?

10:41 17  
10:41 18 A. That is correct, yes.

10:41 19  
10:41 20 Q. At the conclusion of Initialism's review, Initialism  
10:41 21 produced a 114-page report dated 16 November 2020 for Crown;  
10:41 22 is that right?

10:41 23  
10:41 24 A. That is correct, yes.

10:41 25  
10:41 26 Q. That report is entitled "Review of Riverbank and  
10:41 27 Southbank for indications of money laundering"?

10:42 28  
10:42 29 A. That is correct, yes.

10:42 30  
10:42 31 Q. That is annexure C of your written statement; is that right?

10:42 32  
10:42 33 A. That is correct, yes.

10:42 34  
10:42 35 Q. In respect of the process, which you've told us a little bit  
10:42 36 about already, Grant Thornton prepared some forensic data  
10:42 37 analysis and set out the results of that forensic data analysis in its  
10:42 38 own Southbank and Riverbank report, that is right, isn't it?

10:42 39  
10:42 40 A. That is correct, yes.

10:42 41  
10:42 42 Q. Then you took that data and some further data and prepared  
10:42 43 your report; is that right?

10:42 44  
10:42 45 A. That is correct, yes.

10:42 46  
10:42 47 Q. When I say "you", it's interchangeable with you or

10:42 1 Initialism, you reviewed the transactions on the Southbank and  
10:42 2 Riverbank accounts; is that right?  
10:42 3  
10:42 4 A. That is correct, yes.  
10:42 5  
10:42 6 Q. And you reviewed associated documents?  
10:42 7  
10:42 8 A. Yes.  
10:42 9  
10:42 10 Q. Sometimes that was necessary because, for example, you  
10:42 11 might have needed to ascertain, in respect of a deposit into the  
10:42 12 Southbank or Riverbank account which didn't nominate the  
10:43 13 patron's account to whom it was to be credited, it was missing so  
10:43 14 you had to look, for example, at other Crown documents to  
10:43 15 ascertain who the money was allocated to; is that right?  
10:43 16  
10:43 17 A. That is correct, yes.  
10:43 18  
10:43 19 Q. The period of bank transactions that were examined as  
10:43 20 a part of your review into Southbank and Riverbank, the period  
10:43 21 was July 2013 to December 2019, is that right?  
10:43 22  
10:43 23 A. Yes.  
10:43 24  
10:43 25 Q. You formed a series of conclusions following your review  
10:43 26 into the Southbank and Riverbank accounts?  
10:43 27  
10:43 28 A. That is correct, yes.  
10:43 29  
10:43 30 Q. One of those conclusions was you formed the opinion that  
10:43 31 the operation of the Southbank and Riverbank accounts resulted  
10:43 32 in a potential vulnerability so that the accounts could be exploited  
10:43 33 for the purposes of money --- sorry, for the purpose of laundering  
10:43 34 the proceeds of crime, that is right, isn't it?  
10:43 35  
10:43 36 A. That is right, yes.  
10:43 37  
10:43 38 Q. You also concluded that there were transactions indicative  
10:43 39 of structuring, smurfing and cuckoo smurfing on both the  
10:43 40 Southbank and Riverbank accounts, is that right?  
10:43 41  
10:43 42 A. That is correct.  
10:43 43  
10:43 44 Q. Each of those matters, being structuring, smurfing and  
10:44 45 cuckoo smurfing, each of those are money laundering techniques,  
10:44 46 is that right?  
10:44 47

10:44 1 A. That is correct, yes.  
10:44 2  
10:44 3 Q. We'll come back to the techniques in a minute. Just to  
10:44 4 finalise the headline conclusions from your investigation into  
10:44 5 Southbank and Riverbank, it was also your opinion, was it not,  
10:44 6 that it was reasonable to assume that any apparent structuring  
10:44 7 through the Riverbank and Southbank accounts would be  
10:44 8 indicative of money laundering?  
10:44 9  
10:44 10 A. That is correct, yes.  
10:44 11  
10:44 12 Q. Now I want to ask you some questions about the extent of  
10:44 13 the indications of money laundering that were identified.  
10:44 14  
10:44 15 We might go, operator, to the report. It is INI.0004.0001.0038.  
10:44 16  
10:44 17 Tab C of your folder, Commissioner.  
10:44 18  
10:44 19 If we can go to the page ending 0052. Perhaps, operator, if you  
10:45 20 can highlight the bottom section of the page, which starts with the  
10:45 21 title "cuckoo smurfing using structured cash deposits". Sorry,  
10:45 22 "structured cash deposits".  
10:45 23  
10:45 24 There, Mr Jeans, you reveal that the analysis by Grant  
10:45 25 Thornton --- sorry, I withdraw that. There you have indicated that  
10:45 26 Initialism's review of the activity identified by Grant Thornton by  
10:45 27 applying indicia against the Crown Riverbank and Southbank  
10:45 28 statements, and Initialism is of the view that there are 117  
10:45 29 instances that are indicative of structuring; is that right?  
10:45 30  
10:45 31 A. That is correct, yes.  
10:45 32  
10:45 33 Q. Was that just using the Grant Thornton forensic data  
10:46 34 analysis that they had included in their Riverbank and Southbank  
10:46 35 reports was that a conclusion that you drew after further analysis?  
10:46 36  
10:46 37 A. That was as a result of further analysis.  
10:46 38  
10:46 39 Q. I see. And was that further analysis obviously in part your  
10:46 40 analysis, but was it also part of the Grant Thornton analysis?  
10:46 41  
10:46 42 A. It was based on the information that Grant Thornton had --  
10:46 43 the data Grant Thornton had provided us. We undertook our own  
10:46 44 separate analysis of that data.  
10:46 45  
10:46 46 Q. And there you've also say that you've identified 53  
10:46 47 instances that are indicative of structuring to avoid the \$10,000



10:46 1 cash reporting threshold through the Southbank bank account, is  
10:46 2 that right?

10:46 3

10:46 4 A. That is correct, yes.

10:46 5

10:46 6 Q. If we can go further down the page, operator, to the section  
10:46 7 headed "Cuckoo smurfing using structured cash deposits".

10:46 8

10:46 9 There, Mr Jeans, you set out that Initialism identified 180  
10:47 10 incidents across the Riverbank and Southbank bank accounts.  
10:47 11 Each represented a series of cash deposits for a customer.

10:47 12

10:47 13 A. That is correct, yes.

10:47 14

10:47 15 Q. You've said towards the bottom that:

10:47 16

10:47 17 *It is Initialism's opinion that the majority of incidents of*  
10:47 18 *structuring identified are indicative of cuckoo smurfing.*

10:47 19

10:47 20 A. That is correct, yes.

10:47 21

10:47 22 Q. Just to clarify, that is the majority of incidents that you had  
10:47 23 identified of structuring that were indicative of cuckoo smurfing;  
10:47 24 is that right?

10:47 25

10:47 26 A. That is correct, yes.

10:47 27

10:47 28 Q. Not necessarily the majority of the instances of structuring  
10:47 29 that Grant Thornton had identified which were reported in the  
10:47 30 Grant Thornton and --- Riverbank and Southbank reports; is that  
10:47 31 right?

10:47 32

10:47 33 A. Sorry, could you repeat the question?

10:47 34

10:47 35 Q. So you said that there it is Initialism's opinion that the  
10:48 36 majority of incidents of structuring identified are indicative of  
10:48 37 cuckoo smurfing.

10:48 38

10:48 39 A. Yes.

10:48 40

10:48 41 Q. So that is ones you had identified?

10:48 42

10:48 43 A. That is correct, yes.

10:48 44

10:48 45 Q. That is not necessarily the ones that --- is it at least in part  
10:48 46 the ones that Grant Thornton itself had identified and reported in  
10:48 47 its Southbank and Riverbank reports?

10:48 1  
10:48 2 A. This analysis is building on Grant Thornton's work, yes.  
10:48 3  
10:48 4 Q. And you identified patterns of electronic funds transfers  
10:48 5 received by the Riverbank and Southbank accounts that you  
10:48 6 believed were indicative of cuckoo smurfing?  
10:48 7  
10:48 8 A. Yes, that's correct.  
10:48 9  
10:48 10 Q. I will ask you some questions within the context of one of  
10:48 11 the examples. We are going to turn to appendix A on page 18 of  
10:48 12 your report, which is the page ending 0056. Just to ask you a  
10:48 13 couple of questions about appendix A, am I right to understand  
10:48 14 you've organised appendix A by customer?  
10:48 15  
10:48 16 A. By customer number, yes, that is correct.  
10:48 17  
10:49 18 Q. You have a series of PID numbers?  
10:49 19  
10:49 20 A. That is the patron ID number.  
10:49 21  
10:49 22 Q. So, really, appendix A sets out your observations in respect  
10:49 23 of individual patron accounts; is that right?  
10:49 24  
10:49 25 A. That is correct, yes.  
10:49 26  
10:49 27 Q. And in appendix A, in respect of each of the patron  
10:49 28 accounts that you have looked at, you are essentially reviewing  
10:49 29 the bank activity and material provided by Crown in respect of  
10:49 30 different patrons, is that right?  
10:49 31  
10:49 32 A. That is correct, yes.  
10:49 33  
10:49 34 Q. If we take the first entry as an example, that was in respect  
10:49 35 of the transaction activity in respect of the Riverbank account; is  
10:49 36 that right?  
10:49 37  
10:49 38 A. That is correct, yes.  
10:49 39  
10:49 40 Q. Are each of the dot point observations you've made  
10:49 41 following a review of the bank account activity and the  
10:49 42 supporting material provided by Crown?  
10:49 43  
10:49 44 A. That is correct, yes.  
10:49 45  
10:49 46 Q. You note there at the top that there were three cash deposits  
10:49 47 for less than \$10,000 each on the same day at three different ANZ

10:49 1 branches or ATMs in central Sydney all within less than 2 km of  
10:50 2 each other. I presume, does that in and of itself indicate  
10:50 3 structuring to you, or do you require more to --  
10:50 4  
10:50 5 A. That is a good indication of structuring. Structuring is  
10:50 6 a technique to avoid the threshold reporting, so all the  
10:50 7 transactions have to be under \$10,000. Obviously the person  
10:50 8 undertaking the structuring is trying to avoid the reporting  
10:50 9 requirement and the identity requirements that go with that.  
10:50 10  
10:50 11 Q. Yes. And the deposit locations you've noted that there are  
10:50 12 different ANZ branches and ATMs in Sydney but you noted that  
10:50 13 they are all within less than 2 km of each other. Tell us, why  
10:50 14 does that require a special observation? What does that tell you  
10:50 15 about this transaction activity?  
10:50 16  
10:50 17 A. Well, ultimately, in the normal course of activity, if I'm  
10:50 18 depositing a large amount of cash, I can't see the logic of actually  
10:50 19 going to three branches and splitting the transaction between  
10:50 20 three branches over a 2 km period if it is a single transaction. So,  
10:51 21 ultimately, that is unusual, I would suggest, that somebody would  
10:51 22 choose to break what appears to be a single transaction into three  
10:51 23 separate transactions and effectively walk from branch to branch  
10:51 24 depositing cash.  
10:51 25  
10:51 26 Q. Yes. So if you are an innocent person who is just  
10:51 27 depositing a big amount of money into the bank, you will take it  
10:51 28 into the bank in one hit, that is right?  
10:51 29  
10:51 30 A. That would be the normal course, yes.  
10:51 31  
10:51 32 Q. And if you are looking to hide from threshold transaction  
10:51 33 report, or not to have to disclose your details in a threshold  
10:51 34 transaction report --  
10:51 35  
10:51 36 A. Yes.  
10:51 37  
10:51 38 Q. --- you just divide the money up into under \$10,000 bundles,  
10:51 39 is that right?  
10:51 40  
10:51 41 A. That is correct, yes.  
10:51 42  
10:51 43 Q. So you've noted here specifically that the --- so that could  
10:51 44 apply to branches all around the country, but here you note  
10:51 45 specifically they are all deposits made within less than 2 km of  
10:51 46 each other.  
10:51 47

- 10:51 1 A. That is correct, yes.
- 10:51 2
- 10:51 3 Q. Why is that meaningful?
- 10:52 4
- 10:52 5 A. Because it seems a lot of effort to deposit a single --- to
- 10:52 6 deposit cash. Why walk from ATM or to branch to branch, when
- 10:52 7 you could have deposited singly into a single deposit? That is, in
- 10:52 8 itself, I believe, unusual.
- 10:52 9
- 10:52 10 Q. In this instance, the account into which the funds were paid
- 10:52 11 was the account of a VIP patron of Crown's Perth casino; is that
- 10:52 12 right?
- 10:52 13
- 10:52 14 A. That is correct, yes.
- 10:52 15
- 10:52 16 Q. And you observed that the person making the deposits was
- 10:52 17 unidentified, is that right?
- 10:52 18
- 10:52 19 A. That is correct, yes.
- 10:52 20
- 10:52 21 Q. You have noted that there is an unexplained correlation
- 10:52 22 between the establishment where the patron plays --- we assume
- 10:52 23 that is Perth --- and the cash deposits in Sydney; is that right?
- 10:52 24
- 10:52 25 A. That is correct, yes.
- 10:52 26
- 10:52 27 Q. You have also noted that the funds were redeemed the
- 10:52 28 following day?
- 10:52 29
- 10:52 30 A. That is correct, yes.
- 10:52 31
- 10:52 32 Q. And by that, you mean they were withdrawn from the
- 10:52 33 patron's deposit account at the casino; is that right?
- 10:52 34
- 10:53 35 A. That is correct, yes.
- 10:53 36
- 10:53 37 Q. And looking at that the second last dot point, you have
- 10:53 38 "Patron present: not available to sign", so is it your understanding
- 10:53 39 that Crown's documents showed that when the funds were
- 10:53 40 released at the casino end from the patron's deposit account, that
- 10:53 41 patron wasn't there to sign for the release or provide
- 10:53 42 identification, or whatever it might be, so that the funds went to
- 10:53 43 that patron; is that right?
- 10:53 44
- 10:53 45 A. That is correct. So within the Crown data there was
- 10:53 46 a "patron present", "patron not present" indicator. Obviously for
- 10:53 47 this example the patron was not present so therefore indicated

10:53 1 that the transactions within Crown occurred without the patron  
10:53 2 being present.

10:53 3

10:53 4 Q. So essentially in this instance, and many others set out in  
10:53 5 appendix A, what has happened is someone has anonymously  
10:53 6 deposited cash into a Crown Riverbank account, that's been  
10:54 7 credited to a particular patron's deposit account, and Crown has  
10:54 8 released that funds at the casino end to someone who isn't the  
10:54 9 patron; is that right?

10:54 10

10:54 11 A. Not --- everything up until the last section of that is correct.  
10:54 12 Some of these transactions were used to repay debts that were  
10:54 13 owed to Crown, so the patron may not have been present, the  
10:54 14 patron may have been --- obviously have moved on. But this was  
10:54 15 ultimately that the patron --- there was no indication the patron  
10:54 16 was present at this point.

10:54 17

10:54 18 Q. Yes, so that strikes me as extraordinary, that someone  
10:54 19 anonymous can put money into a Crown bank account, Crown  
10:54 20 allocates that into a particular patron's deposit account and then  
10:54 21 releases it at the casino end without that patron being present.  
10:54 22 Am I wrong to think that that is extraordinary?

10:54 23

10:54 24 A. I would certainly use the term "unusual", but it is  
10:55 25 an unusual activity. Absolutely.

10:55 26

10:55 27 Q. There are examples of that throughout appendix A to your  
10:55 28 report, is that right?

10:55 29

10:55 30 A. There are many examples of that, yes.

10:55 31

10:55 32 Q. That is a key reason why you identified some of this  
10:55 33 activity as cuckoo smurfing, is that right?

10:55 34

10:55 35 A. That is correct. Why I identified this as a cuckoo smurfing  
10:55 36 was the deposit activity. So the rationale for the deposit activity  
10:55 37 --- for the deposit, the deposit activity that ultimately occurred  
10:55 38 obviously into Crown's bank account, that is the cuckoo smurfing  
10:55 39 element of this.

10:55 40

10:55 41 Q. How is it that people can turn up to the cage at Crown  
10:55 42 Casino and be given money from a patron's account when that  
10:55 43 person is not the patron from whose account the money is being  
10:55 44 released?

10:55 45

10:55 46 A. The indications here --- I don't think I can go to that point.  
10:55 47 Again, we didn't go down to the full transaction history. We

10:55 1 didn't follow it to the ultimate end. We don't know what  
10:56 2 happened --- we know that the transaction was handled without  
10:56 3 the patron being present. We didn't go the to cage and get the slip  
10:56 4 to find out how that money was removed or whether that was  
10:56 5 applied against a debt that was owed to Crown.

10:56 6

10:56 7 Q. I see.

10:56 8

10:56 9 And here you've indicated that the patron is not ordinarily  
10:56 10 domiciled in Australia. Was that another factor which led to your  
10:56 11 conclusion that this was cuckoo smurfing?

10:56 12

10:56 13 A. That is correct, yes.

10:56 14

10:56 15 Q. Now, in respect of the conclusions that you've come to in  
10:56 16 respect of this example, you said that the activity appears  
10:56 17 indicative of structuring, and you have also said the activity may  
10:56 18 be indicative of cuckoo smurfing. I'm just wondering, you have  
10:56 19 used slightly different language for your conclusions about  
10:56 20 structuring to the language you've used about cuckoo smurfing.  
10:56 21 Do you have a greater degree of confidence that it was structuring  
10:57 22 and a slightly lesser degree of confidence that it was cuckoo  
10:57 23 smurfing? Or are they random words that don't have particular  
10:57 24 meaning?

10:57 25

10:57 26 A. I think the data in this matter clearly indicates structuring  
10:57 27 because there are multiple transactions below the threshold,  
10:57 28 which are spread over a series of branches of ANZ over a short  
10:57 29 period of time. Each of those transactions appears to be trying to  
10:57 30 avoid the threshold of structuring. So that's why I'm definitive in  
10:57 31 that case that effectively this is a structuring activity, because  
10:57 32 effectively, as we've discussed previously, that would normally  
10:57 33 you would do one deposit over the \$10,000 which would trigger  
10:57 34 the transaction threshold report requirement, and will trigger the  
10:57 35 identification of the person making the deposit. So that is very,  
10:57 36 very clear, looking at the data that we had. In order to identify  
10:57 37 whether this was cuckoo smurfing or not, there would have to be  
10:58 38 a further level of investigation undertaken to understand why the  
10:58 39 money was being transferred, how the customer was proposing to  
10:58 40 undertake that transaction, and also how that money was  
10:58 41 ultimately applied within the Crown financial system.

10:58 42

10:58 43 We didn't have those elements so, therefore, that is why there is  
10:58 44 a degree of qualification to the cuckoo smurfing element.

10:58 45

10:58 46 Q. Thank you.

10:58 47

10:58 1 I'm going to ask you about one other example.  
10:58 2  
10:58 3 Operator, can we turn to the page ending 0074. In particular, I'm  
10:58 4 looking at the patron whose number ends with the digits 382. We  
10:58 5 looked at this patron yesterday when I was asking questions of  
10:58 6 Ms Shamai, so I'm using the example again today so you can  
10:59 7 compare like with like.  
10:59 8  
10:59 9 There we can see, can we not, Mr Jeans, that in respect of this  
10:59 10 patron's account there were 18 cash deposits of less than \$10,000  
10:59 11 at 18 different branches into the one account to the credit of the  
10:59 12 one patron on the same day?  
10:59 13  
10:59 14 A. That is correct.  
10:59 15  
10:59 16 Q. Yes. And there was a subsequent request to release the  
10:59 17 funds at the cage; is that right?  
10:59 18  
10:59 19 A. That is correct, yes.  
10:59 20  
10:59 21 Q. Your investigation determined that the patron did not sign  
10:59 22 for that release of funds at the cage; is that right?  
10:59 23  
10:59 24 A. That is correct, yes.  
10:59 25  
10:59 26 Q. Your investigation showed that the patron was a VIP patron  
10:59 27 of Crown; is that right?  
10:59 28  
10:59 29 A. That is correct, yes.  
10:59 30  
10:59 31 Q. And the patron didn't live in Australia?  
10:59 32  
10:59 33 A. That is correct, yes.  
10:59 34  
10:59 35 Q. You have said this is indicative of structuring and cuckoo  
10:59 36 smurfing; is that right?  
10:59 37  
10:59 38 A. That is correct, yes.  
10:59 39  
10:59 40 Q. So you've looked at the documents. Looking at the very  
11:00 41 bottom there, you have "Patron present:" I presume that means  
11:00 42 "Patron present, question mark", and the next remarks, you are  
11:00 43 answering the question whether or not the patron was present; is  
11:00 44 that right?  
11:00 45  
11:00 46 A. Exactly.  
11:00 47

11:00 1 Q. You've looked at TA5796. Is that a document that Crown  
11:00 2 provided; is that right?  
11:00 3  
11:00 4 A. That is correct, yes.  
11:00 5  
11:00 6 Q. That told you a number of things, including, am I right, that  
11:00 7 the patron wasn't available to sign?  
11:00 8  
11:00 9 A. That is correct, yes.  
11:00 10  
11:00 11 Q. So that indicated to you that the patron wasn't present in  
11:00 12 Perth?  
11:00 13  
11:00 14 A. That is correct, yes.  
11:00 15  
11:00 16 Q. Does that mean someone other than the client withdrew the  
11:00 17 funds?  
11:00 18  
11:00 19 A. It means the patron wasn't present. Whether somebody else  
11:00 20 signed or whether this money was ultimately credited to a debt  
11:00 21 that was owed by the customer, that is something that obviously  
11:00 22 we didn't get to the bottom of.  
11:00 23  
11:00 24 COMMISSIONER: A debt owed by whom?  
11:00 25  
11:00 26 A. By the patron.  
11:00 27  
11:00 28 COMMISSIONER: To whom?  
11:00 29  
11:00 30 A. To Crown.  
11:00 31  
11:00 32 COMMISSIONER: One question about that.  
11:00 33  
11:01 34 Does the examination you perform or the records you look at  
11:01 35 show whether the money was taken out in cash?  
11:01 36  
11:01 37 A. We didn't look at that stage, no.  
11:01 38  
11:01 39 COMMISSIONER: It was taken out at the cage?  
11:01 40  
11:01 41 A. Well, the patron wasn't present when the transaction was  
11:01 42 processed by Crown --  
11:01 43  
11:01 44 COMMISSIONER: Whoever took the money received it at the  
11:01 45 cage?  
11:01 46  
11:01 47 A. Not necessarily, no.



11:01 1  
11:01 2 COMMISSIONER: I see.  
11:01 3  
11:01 4 MS O'SULLIVAN: You have observed in respect of this  
11:01 5 example that there was a request to release the funds at the cage.  
11:01 6  
11:01 7 A. Yes.  
11:01 8  
11:01 9 Q. You've noted that the patron did not sign. So, in this  
11:01 10 example, do you agree with me that indicates it is an example  
11:01 11 where the funds were released?  
11:01 12  
11:01 13 A. That is correct, yes.  
11:01 14  
11:01 15 Q. And they weren't released to the patron, they were released  
11:01 16 to someone else?  
11:01 17  
11:02 18 A. Well, the patron wasn't asked to sign. Whether it was  
11:02 19 a patron again, that is something we weren't able to ascertain.  
11:02 20  
11:02 21 Q. I see, your conclusion really was that this patron wasn't in  
11:02 22 Perth at the time that there was a request for the funds to be  
11:02 23 released?  
11:02 24  
11:02 25 A. That is correct, yes.  
11:02 26  
11:02 27 Q. So, really, what you are saying is someone other than the  
11:02 28 patron?  
11:02 29  
11:02 30 A. That is correct, yes.  
11:02 31  
11:02 32 Q. Had asked for the funds and got them?  
11:02 33  
11:02 34 A. Yes, that is correct, yes.  
11:02 35  
11:02 36 Q. This is another example of Crown having anonymous  
11:02 37 deposits into its Riverbank bank account, and the deposits being  
11:02 38 allocated to a patron account, and Crown is releasing the funds to  
11:02 39 someone who is not the patron?  
11:02 40  
11:02 41 A. That is correct, yes.  
11:02 42  
11:02 43 Q. Do you have any comments about this practice that you are  
11:02 44 observing about Crown releasing funds at the cage from patron  
11:03 45 accounts to persons other than the patron?  
11:03 46  
11:03 47 A. So, ultimately --- obviously depends on what instructions

11:03 1 Crown have received in relation to --- from the patron, in relation  
11:03 2 to what to do with those funds. But obviously, if they are  
11:03 3 releasing over \$10,000 cash to anybody, they are required by the  
11:03 4 AML/CTF Act to identify that customer. Because that is  
11:03 5 effectively a threshold transaction they are required to report.

11:03 6

11:03 7 Q. They are not doing the step before, which is to make sure  
11:03 8 they are giving the person whose money it is to the person. Isn't  
11:03 9 that right? Isn't that what some of your observations indicate?

11:03 10

11:03 11 A. That is correct, yes.

11:03 12

11:03 13 Q. So is this not inviting money laundering on the Riverbank  
11:03 14 and Southbank accounts?

11:04 15

11:04 16 A. It is indicative that the Riverbank and Southbank accounts  
11:04 17 have been used potentially to launder the proceeds --- to launder  
11:04 18 money.

11:04 19

11:04 20 Q. Is the practice that you have observed on occasions,  
11:04 21 whereby the funds are released by the cage staff to people other  
11:04 22 than the patron, that is not a practice which facilitates money  
11:04 23 laundering?

11:04 24

11:04 25 A. That would be correct, yes.

11:04 26

11:04 27 Q. So it is a practice that facilitates money laundering?

11:04 28

11:04 29 A. Well, ultimately, if you are giving money to somebody  
11:04 30 anonymously, that is potentially can be abused by criminal  
11:04 31 activity.

11:04 32

11:04 33 Q. You've concluded in respect of this example, and many of  
11:04 34 the examples in your report, that the transactions and associated  
11:04 35 documents helped you come to the conclusion that some of these  
11:04 36 instances were cuckoo smurfing.

11:04 37

11:04 38 A. That's correct, yes.

11:04 39

11:04 40 Q. Cuckoo smurfing is obviously a term of art.

11:04 41

11:05 42 A. Yes.

11:05 43

11:05 44 Q. In the context of the example we've just looked at, can you  
11:05 45 tell us plain English language definition of cuckoo smurfing?

11:05 46

11:05 47 A. Cuckoo smurfing is a money laundering technique where

11:05 1 a legitimate transaction or a legitimate payment is basically taken  
11:05 2 over, and the legitimate money is replaced with illegitimate  
11:05 3 money. So the reference to cuckoo relates to the cuckoo bird  
11:05 4 which basically lays its egg on somebody else's nest. That is the  
11:05 5 essence of the cuckoo smurfing. What appears to be happening  
11:05 6 in relation to these accounts, are there are either legitimate  
11:05 7 reasons for the patron to ultimately pay money to Crown, whether  
11:05 8 that is through paying a gambling debt or pre-funding gambling  
11:05 9 activity that may occur in the future. That money is made --- is  
11:06 10 paid by the patron into the financial system, sometimes --- usually  
11:06 11 money remitters --- overseas money remitters. The money  
11:06 12 remitter overseas arranges for the money to be credited to the  
11:06 13 Riverbank or Southbank bank account. However, rather than  
11:06 14 transferring the money that has been provided by the patron, it  
11:06 15 uses funds that are available in Australia to make that credit. It is  
11:06 16 those funds that are potentially the proceeds of criminal activity  
11:06 17 and, therefore, the proceeds that are effectively going to be  
11:06 18 laundered, or are being laundered at that point.

11:06 19  
11:06 20 Effectively, what happens is they swap the credit and debit  
11:06 21 balances, so effectively the criminals or the people that are  
11:06 22 undertaking the money laundering supply the cash in Australia  
11:07 23 into that bank account, and effectively the credit that is overseas  
11:07 24 is obviously attributed to them, and they then have control over  
11:07 25 the credit. That is effectively how the money laundering, cuckoo  
11:07 26 smurfing money laundering system works.

11:07 27  
11:07 28 Q. Thank you.

11:07 29  
11:07 30 As I understand it, at the depositing end you are saying that often,  
11:07 31 for cuckoo smurfing, the person who is paying the money doesn't  
11:07 32 pay it direct into the account, they pay it to a money remitter and  
11:07 33 the money remitter pays it into Crown's account; is that right?

11:07 34  
11:07 35 A. That is correct, yes.

11:07 36  
11:07 37 Q. Is that type of arrangement something you observed when  
11:07 38 you were investigating the Southbank and Riverbank accounts?

11:07 39  
11:07 40 A. That is correct, yes.

11:07 41  
11:07 42 Q. So you were able to identify, in respect of deposits, that  
11:07 43 they were made by money remitters as opposed to an value; is  
11:07 44 that right?

11:07 45  
11:07 46 A. That is correct, yes.

11:07 47

11:08 1 Q. On that analysis, am I right to understand that in some  
11:08 2 instances, the patron whose account is being used for the money  
11:08 3 laundering may be unaware of that; is that right?

11:08 4  
11:08 5 A. That is correct, yes.

11:08 6  
11:08 7 Q. Am I right to understand, therefore, that the cuckoo part of  
11:08 8 the cuckoo smurfing only works if the funds can be taken out at  
11:08 9 the cage at Crown without identification?

11:08 10  
11:08 11 A. No. The cuckoo smurfing bit is the replacement of the  
11:08 12 legitimate funds with the illegitimate funds that are trying to be  
11:08 13 laundered. That is the cuckoo smurfing bit. What happens to the  
11:08 14 transaction or the funds after that to a certain degree is irrelevant,  
11:08 15 whether they are taken out in cash or credited to the customer's  
11:08 16 account and then he uses them to gamble, he or she uses them to  
11:08 17 gamble or obviously to settle a debt.

11:08 18  
11:08 19 Q. How can you be sure that the patron on whose account  
11:09 20 these transactions are happening is not aware of it or in on it?

11:09 21  
11:09 22 A. You can't. On the information we have, you cannot be  
11:09 23 aware of that or confident of that, and that would be some of the  
11:09 24 investigation you would do with the customer to find out how he  
11:09 25 initially proposed the transaction to occur.

11:09 26  
11:09 27 Q. Okay. So when you see this type of activity, you need to --  
11:09 28 and you can't tell, just from what you've looked at, that the patron  
11:09 29 is not in on it, you need to do further investigation; is that right?

11:09 30  
11:09 31 A. That is correct, yes.

11:09 32  
11:09 33 Q. I'm just going to ask you some questions about the timing  
11:09 34 of your report.

11:09 35  
11:09 36 A. Yes.

11:09 37  
11:09 38 Q. On Riverbank and Southbank, or the timing of your  
11:09 39 investigation.

11:09 40  
11:09 41 COMMISSIONER: Before you do that, I have one question just  
11:09 42 to follow the procedure.

11:09 43  
11:09 44 A. Yes, Commissioner.

11:10 45  
11:10 46 COMMISSIONER: At the paying out at the cage end, if it's not  
11:10 47 the patron who is there to sign out his or her funds, the cage

11:10 1 operator, staff, are giving the money to a person. How do they  
11:10 2 know who this person is?  
11:10 3  
11:10 4 A. Because the patron may have provided instructions that  
11:10 5 somebody could collect the funds on their behalf, or there could  
11:10 6 be another patron that they are helping to finance, or again,  
11:10 7 legitimately, this money could have been taken by the cage to pay  
11:10 8 off a debt that was already owed to Crown.  
11:10 9  
11:10 10 COMMISSIONER: Ie, take the cash out of the cage and walk  
11:10 11 over to some other part of Crown and pay the cash back in as  
11:10 12 a debt?  
11:10 13  
11:10 14 A. It's not as physical as that, it is simply a ledger entry.  
11:10 15  
11:10 16 COMMISSIONER: I see. And if the patron is the person who  
11:11 17 has authorised the non-patron to collect the funds, that would  
11:11 18 suggest or that would be an indication that the patron is in on the  
11:11 19 scam?  
11:11 20  
11:11 21 A. That would be a reasonable conclusion, yes.  
11:11 22  
11:11 23 MS O'SULLIVAN: And, therefore, that might be something that  
11:11 24 you investigate; is that right?  
11:11 25  
11:11 26 A. That is correct, yes.  
11:11 27  
11:11 28 Q. But the scope of your remit didn't include that further  
11:11 29 investigation; is that right?  
11:11 30  
11:11 31 A. That is correct, yes.  
11:11 32  
11:11 33 Q. That's because you weren't looking at the way Crown  
11:11 34 managed this risk?  
11:11 35  
11:11 36 A. That is correct. We were simply looking at the data and  
11:11 37 information we had, and trying to identify whether there were  
11:11 38 instances of money laundering or indications of money  
11:11 39 laundering through that activity.  
11:11 40  
11:11 41 Q. In respect of the timing for your investigation, you told us  
11:11 42 earlier that you were formally instructed in October 2020 to  
11:11 43 undertake the Southbank and Riverbank reviews. But it is the  
11:12 44 case, is it not, that you first recommended to Crown that such  
11:12 45 a review be conducted in August 2019; is that right?  
11:12 46  
11:12 47 A. That is correct, yes.

- 11:12 1  
11:12 2 Q. So that is approximately 13 months before you were  
11:12 3 formally instructed to commence the Southbank and Riverbank  
11:12 4 investigation; is that right?  
11:12 5  
11:12 6 A. That is correct, yes.  
11:12 7  
11:12 8 Q. Now, your August 2019 recommendation to Crown to  
11:12 9 conduct a review of the Southbank and Riverbank accounts, was  
11:12 10 that a verbal recommendation?  
11:12 11  
11:12 12 A. It was initially a verbal recommendation which was  
11:12 13 followed up by an introduction to Grant Thornton.  
11:12 14  
11:12 15 Q. Insofar as it was a verbal recommendation, who did you  
11:12 16 make the recommendation to?  
11:12 17  
11:12 18 A. I made the recommendation to Louise Lane.  
11:12 19  
11:12 20 Q. And that was some time ago, but can you recall with any  
11:12 21 precision what you actually said to Louise Lane?  
11:12 22  
11:12 23 A. It was whilst we were --- I was waiting to go into the Crown  
11:12 24 board to give a presentation on my transaction monitoring  
11:13 25 program review, and this was around the time where obviously  
11:13 26 there was a lot of press comment, there was the 60 Minutes  
11:13 27 program regarding the activity. In talking, whilst waiting to go  
11:13 28 into the board meeting, I provided the opinion that it would be  
11:13 29 appropriate for somebody to look at that activity, look at the  
11:13 30 activity in the bank accounts to see whether --- or the extent of the  
11:13 31 activity that was occurring was being alleged in the press  
11:13 32 comments.  
11:13 33  
11:13 34 Q. You just told us you recommended looking into the bank  
11:13 35 accounts. Can you recall whether you used the phrase "bank  
11:13 36 accounts" generally or a more specific phrase like Southbank or  
11:13 37 Riverbank?  
11:13 38  
11:13 39 A. It was bank accounts more generally. We weren't  
11:13 40 necessarily specific around that time. Again, this was  
11:13 41 a conversation while waiting to go into a separate meeting.  
11:13 42  
11:13 43 Q. What, if anything, did Ms Lane say in response?  
11:14 44  
11:14 45 A. To paraphrase and obviously not call it correctly, she  
11:14 46 accepted that that was --- that would be a good idea, and  
11:14 47 something that she would then consider with the management of

11:14 1 Crown.  
11:14 2  
11:14 3 Q. With?  
11:14 4  
11:14 5 A. The management of Crown.  
11:14 6  
11:14 7 Q. Do you know why you weren't instructed shortly thereafter  
11:14 8 to do the investigation that you had recommended to Louise Lane  
11:14 9 be done?  
11:14 10  
11:14 11 A. I do not know. To be clear, it wasn't my intention that we  
11:14 12 would do the investigation. My view was that they actually  
11:14 13 needed some degree of forensic support to understand the activity  
11:14 14 and then obviously ultimately look at the outcome of that forensic  
11:14 15 activity to determine whether there were incidents of money  
11:14 16 laundering. Initially it wasn't my intention that I would be  
11:14 17 involved in that investigation. I was simply introducing them to  
11:15 18 the forensic accountant that I had high regard for.  
11:15 19  
11:15 20 Q. I see. And did you say that to Louise Lane that they needed  
11:15 21 some forensic analysis?  
11:15 22  
11:15 23 A. That is correct, yes. That is what I said and followed up  
11:15 24 with the email introduction.  
11:15 25  
11:15 26 Q. Did you mention to Louise Lane during conversation as you  
11:15 27 were waiting to go into the board meeting that you knew someone  
11:15 28 who could do that very forensic analysis, and that that was Grant  
11:15 29 Thornton? That is something you said?  
11:15 30  
11:15 31 A. That is correct, yes.  
11:15 32  
11:15 33 Q. Was there any response to that part of your conversation  
11:15 34 with Louise Lane?  
11:15 35  
11:15 36 A. Louise Lane obviously said that she would welcome  
11:15 37 an introduction to Grant Thornton, which once I got back to the  
11:15 38 office I made that introduction by email.  
11:15 39  
11:15 40 Q. Okay. Was there any other part of that conversation with  
11:15 41 Louise Lane that you think is relevant? For example, there might  
11:15 42 have been small talk. I'm not interested in that.  
11:15 43  
11:15 44 A. No. I think obviously I was aware or she made me aware  
11:16 45 that Crown were trying to work out the best way to handle the  
11:16 46 allegations and we were just generally talking about obviously the  
11:16 47 press comment, et cetera. So that is really my recollection of

11:16 1 a conversation, a casual conversation that was more than two  
11:16 2 years ago.  
11:16 3  
11:16 4 Q. So you did follow up, didn't you, with an introduction  
11:16 5 between --- you put Crown and Grant Thornton together; is that  
11:16 6 right?  
11:16 7  
11:16 8 A. That is correct, yes.  
11:16 9  
11:16 10 Q. Operator, can you go to document INI.0001.0001.1680.  
11:16 11  
11:16 12 That is at tab 7 of your folder, Commissioner.  
11:16 13  
11:16 14 Mr Jeans, can you confirm that is an email you sent to Louise  
11:17 15 Lane on Tuesday, 20 August 2019?  
11:17 16  
11:17 17 A. That is correct, yes.  
11:17 18  
11:17 19 Q. You've also sent it to Katherine Shamai; is that right?  
11:17 20  
11:17 21 A. That is correct, yes.  
11:17 22  
11:17 23 Q. You said:  
11:17 24  
11:17 25 *Hi Louise and Katherine.*  
11:17 26  
11:17 27 *As discussed with each, it may be that Crown need some*  
11:17 28 *support to forensically analyse internal bank accounts.*  
11:17 29  
11:17 30 *I'll leave you each to make contact.*  
11:17 31  
11:17 32 Then you set out Katherine Shamai's contact details; is that right?  
11:17 33  
11:17 34 A. That is correct, yes.  
11:17 35  
11:17 36 Q. Insofar as you set out Shamai's details, did you copy and  
11:17 37 paste that from her email signature on an email she sent you?  
11:17 38  
11:17 39 A. That is correct, yes.  
11:17 40  
11:17 41 Q. You've referred there to forensically analyse internal bank  
11:17 42 accounts. So that is a reference to bank accounts generally, not  
11:17 43 necessarily just bank accounts of Southbank and Riverbank; is  
11:17 44 that right?  
11:18 45  
11:18 46 A. It is internal Crown bank accounts.  
11:18 47



11:18 1 MS O'SULLIVAN: I tender that email.  
11:18 2  
11:18 3 COMMISSIONER: Exhibit 64. Email from Neil Jeans to Louise  
11:18 4 Lane and Katherine Shamai dated 20 August 2019.  
11:18 5  
11:18 6  
11:18 7 **EXHIBIT #RC0064 - EMAIL FROM MR NEIL JEANS TO**  
11:18 8 **MS LOUISE LANE AND MRS KATHERINE SHAMAI**  
11:18 9 **DATED 20 AUGUST 2019**  
11:18 10  
11:18 11  
11:18 12 MS O'SULLIVAN: So, Mr Jeans, to your knowledge, as at  
11:18 13 August 2019, your recommendation was not acted upon by  
11:18 14 Crown; is that right?  
11:18 15  
11:18 16 A. That is correct, yes.  
11:18 17  
11:18 18 Q. Subsequently you repeated that recommendation; is that  
11:18 19 right?  
11:18 20  
11:18 21 A. That is correct, yes.  
11:18 22  
11:18 23 Q. You repeated that recommendation to both Crown and  
11:18 24 MinterEllison, is that right?  
11:18 25  
11:18 26 A. That is correct, yes.  
11:18 27  
11:18 28 Q. That repeated recommendation to Crown and  
11:18 29 MinterEllison, that was made approximately a year later in  
11:18 30 September/October 2020; is that right?  
11:18 31  
11:18 32 A. That is correct, yes.  
11:18 33  
11:18 34 Q. Starting with Crown, can you recall who did you make the  
11:18 35 recommendation to in September/October 2020?  
11:18 36  
11:18 37 A. That would have been Mr Preston and Mr Barton.  
11:18 38  
11:18 39 Q. Sorry, who was the second name?  
11:18 40  
11:18 41 A. Mr Barton.  
11:18 42  
11:19 43 Q. Was that an oral or written recommendation?  
11:19 44  
11:19 45 A. That was an oral recommendation.  
11:19 46  
11:19 47 Q. Did you make it to them individually or together?

11:19 1  
11:19 2 A. Initially to Mr Preston, and then in a subsequent telephone  
11:19 3 conversation with Mr Barton and MinterEllison.  
11:19 4  
11:19 5 Q. Let's start with Mr Preston. Can you describe the  
11:19 6 circumstances of you --- sorry, starting with Mr Preston, was it  
11:19 7 a telephone call as opposed to a face-to-face meeting?  
11:19 8  
11:19 9 A. Telephone call.  
11:19 10  
11:19 11 Q. Who initiated the telephone call?  
11:19 12  
11:19 13 A. Mr Preston.  
11:19 14  
11:19 15 Q. Why was he calling you?  
11:19 16  
11:19 17 A. Because of the certain circumstances or certain things that  
11:19 18 were occurring in the Bergin Inquiry, and he requested that I  
11:19 19 consider undertaking a transaction monitoring review to look at  
11:19 20 the data sources that they were using for transaction monitoring.  
11:19 21 And as part of that conversation I reiterated the fact that  
11:19 22 obviously I had recommended a review of both the Riverbank  
11:20 23 and Southbank accounts which were obviously featuring large in  
11:20 24 the Bergin Inquiry at that time.  
11:20 25  
11:20 26 COMMISSIONER: You just said that you reiterated the view  
11:20 27 that there should be a --  
11:20 28  
11:20 29 A. I reiterated my view to him. I had spoken to him.  
11:20 30  
11:20 31 COMMISSIONER: You mentioned the Riverbank and  
11:20 32 Southbank accounts.  
11:20 33  
11:20 34 A. That is correct, yes.  
11:20 35  
11:20 36 COMMISSIONER: Back in 2019, did you know that Crown had  
11:20 37 bank accounts in the name of a subsidiary company, Riverbank  
11:20 38 Investments Pty Ltd and another subsidiary company, Southbank  
11:20 39 Investments Pty Ltd?  
11:20 40  
11:20 41 A. That was not part of my knowledge at that time. No.  
11:20 42  
11:20 43 COMMISSIONER: Correct. So you didn't reiterate --  
11:20 44  
11:20 45 A. Sorry, I reiterated my suggestion of an investigation.  
11:20 46 Obviously I had more information at that time.  
11:20 47

11:20 1 COMMISSIONER: Thank you. Do you want to have  
11:20 2 a 10-minute break?  
11:20 3  
11:20 4 MS O'SULLIVAN: Yes.  
11:20 5  
11:20 6 COMMISSIONER: I will adjourn for 10 minutes.  
11:20 7  
11:20 8  
11:20 9 **ADJOURNED** [11:20A.M.]  
11:32 10  
11:32 11  
11:32 12 **RESUMED** [11:32A.M.]  
11:32 13  
11:32 14  
11:32 15 MS O'SULLIVAN: Before the break I was asking the time when  
11:32 16 you repeated your recommendation to Crown that it undertake  
11:32 17 an investigation into its bank accounts. You were starting to tell  
11:32 18 us that you had a conversation with Mr Preston. It was  
11:32 19 a conversation over the phone that he initiated in the context of  
11:32 20 the Bergin Inquiry. Am I right?  
11:32 21  
11:32 22 A. That is correct, yes.  
11:32 23  
11:33 24 Q. He was ringing you because he was looking to engage you  
11:33 25 to undertake a transaction monitoring review, is that right?  
11:33 26  
11:33 27 A. Yes.  
11:33 28  
11:33 29 Q. Am I right to understand that you raised what is a separate  
11:33 30 topic; is that right?  
11:33 31  
11:33 32 A. Yes, to the best of my recollection.  
11:33 33  
11:33 34 Q. Which was a recommendation that Mr Preston undertake  
11:33 35 a Crown review; is that right?  
11:33 36  
11:33 37 A. I think it was more of a question than a recommendation  
11:33 38 style, whether it was like "Yeah, have you undertaken a review",  
11:33 39 as yet, because I was not aware, post my comments to Louise  
11:33 40 Lane, whether any activity had been undertaken yet.  
11:33 41  
11:33 42 Q. Can you remember precisely what question it was you  
11:33 43 posed to Mr Preston?  
11:33 44  
11:33 45 A. I think we were --- obviously the background was the  
11:33 46 Bergin Inquiry occurring at that time. Obviously there were  
11:33 47 allegations that were being made through that regarding both

11:33 1 Riverbank and Southbank bank accounts and their use to launder  
11:33 2 the proceeds of criminal activity. I asked the question, had  
11:33 3 a review been undertaken to which Mr Preston said "No, one  
11:34 4 hadn't" and I expressed the view, based on my experience, that I  
11:34 5 thought that would be a good idea to do.

11:34 6

11:34 7 Q. Did you use that phrase "good idea"?

11:34 8

11:34 9 A. To the best of my recollection, yes.

11:34 10

11:34 11 Q. What response did you get from Mr Preston to your  
11:34 12 recommendation that it would be a good idea to undertake that  
11:34 13 review?

11:34 14

11:34 15 A. He said that obviously there were a lot of things that were  
11:34 16 being considered because obviously the Bergin Inquiry was still  
11:34 17 ongoing, and the key focus would be the transaction monitoring  
11:34 18 initially but there may be wider pieces of work they wanted us to  
11:34 19 be engaged in.

11:34 20

11:34 21 Q. I see. And, are you able to say with any specificity the date  
11:34 22 that that telephone call occurred?

11:34 23

11:34 24 A. I suspect it was somewhere between mid and late August  
11:34 25 from memory.

11:34 26

11:34 27 Q. And that is August 2020; is that right?

11:34 28

11:34 29 A. Yes. August 2020.

11:34 30

11:35 31 Q. Thank you. Am I right to understand you had  
11:35 32 a conversation with Mr Preston and then you subsequently had  
11:35 33 a conversation with Mr Ken Barton? Is that right?

11:35 34

11:35 35 A. That is correct. Sometime later in September I had  
11:35 36 a number of conversations with Mr Barton and MinterEllison,  
11:35 37 and this was one of those. This was a topic we ultimately  
11:35 38 discussed.

11:35 39

11:35 40 Q. I see. And when you say that you had a conversation with  
11:35 41 Mr Barton and MinterEllison, was that separately or together?

11:35 42

11:35 43 A. Together.

11:35 44

11:35 45 Q. So Mr Barton was there and who was there from  
11:35 46 MinterEllison?

11:35 47

- 11:35 1 A. That would be Mr Murphy.  
11:35 2  
11:35 3 Q. Richard Murphy; is that right?  
11:35 4  
11:35 5 A. That is correct, yes.  
11:35 6  
11:35 7 Q. Was that a face-to-face meeting that you had?  
11:35 8  
11:35 9 A. It was a videoconference.  
11:35 10  
11:35 11 Q. Can you tell us about the circumstances of that video  
11:35 12 conference. How did it come that you were having  
11:35 13 a videoconference with Mr Murphy and Mr Barton?  
11:35 14  
11:35 15 A. That was Mr Barton's request because they were obviously  
11:35 16 looking to get some support in relation to anti-money laundering  
11:36 17 and money laundering against the background of the Bergin  
11:36 18 Inquiry.  
11:36 19  
11:36 20 Q. Can I ask you the duration of the video conference; was it  
11:36 21 a short or long one?  
11:36 22  
11:36 23 A. My recollection, probably less than half an hour.  
11:36 24  
11:36 25 Q. What were the topics raised during that video conference?  
11:36 26  
11:36 27 A. Really the question around the transaction monitoring, the  
11:36 28 transaction monitoring review, and really around, obviously, what  
11:36 29 was being said in the Bergin Inquiry regarding the Riverbank and  
11:36 30 Southbank accounts and how Initialism could potentially help  
11:36 31 Crown in addressing some of the issues that were being raised.  
11:36 32  
11:36 33 Q. At the time you had that videoconference, had you been  
11:36 34 following what was occurring in the Bergin Inquiry?  
11:36 35  
11:36 36 A. I had, yes.  
11:36 37  
11:36 38 Q. So Mr Barton and Mr Murphy didn't have to explain to you  
11:36 39 what was happening in the Bergin Inquiry; is that right, you were  
11:37 40 following in any event?  
11:37 41  
11:37 42 A. I was following it.  
11:37 43  
11:37 44 Q. Were you following it in the newspaper and TV or were  
11:37 45 you following it as closely as watching the livestream?  
11:37 46  
11:37 47 A. A mixture of the two. So TV and newspapers, and

11:37 1 obviously for certain key persons that piqued my interest  
11:37 2 particularly around the experts on AML, I tuned in to some of  
11:37 3 their testimony or was reviewing it subsequent to their testimony.

11:37 4  
11:37 5 Q. Were you reviewing that because you were just, you know,  
11:37 6 it was raising matters in your area of professional expertise, or  
11:37 7 were you viewing that material because you were essentially had  
11:37 8 in the near past been engaged by Crown to advise on some AML  
11:37 9 areas?

11:37 10  
11:37 11 A. At that point I hadn't been engaged by Crown to answer  
11:37 12 your second question, but I was reviewing it for general interest,  
11:37 13 but also I had recently been made aware by the Bergin  
11:37 14 Commission that I would be required to produce documents and  
11:38 15 potentially give evidence. So I was preparing myself for that as  
11:38 16 well.

11:38 17  
11:38 18 Q. I see. Mr Barton and Mr Murphy were talking to you about  
11:38 19 engaging you for the purposes of a transaction monitoring  
11:38 20 review?

11:38 21  
11:38 22 A. Yes.

11:38 23  
11:38 24 Q. Am I right --- did you of your own initiative raise the  
11:38 25 separate issue of an investigation into Crown's bank accounts?

11:38 26  
11:38 27 A. I'm not sure whether it was myself or Mr Barton or  
11:38 28 Mr Murphy, but certainly as part of the conversation that topic  
11:38 29 was raised.

11:38 30  
11:38 31 Q. So you can't recall who raised it first?

11:38 32  
11:38 33 A. I can't recall who raised it first.

11:38 34  
11:38 35 Q. Okay, but you can recall that when the topic was raised you  
11:38 36 made a recommendation?

11:38 37  
11:38 38 A. I recommended that clearly with the allegations that have  
11:38 39 been made by the Bergin Inquiry that it would be in my view  
11:38 40 sensible for Crown to understand what activity was occurring  
11:38 41 through those bank accounts.

11:38 42  
11:38 43 Q. When you say "those bank accounts"?

11:38 44  
11:38 45 A. I'm referring to the Riverbank and Southbank bank  
11:38 46 accounts.

11:38 47

11:38 1 Q. What response did you get from either Mr Murphy or  
11:39 2 Mr Barton?  
11:39 3  
11:39 4 A. They acknowledged that that would be potentially  
11:39 5 something that would be useful, but there was no commitment at  
11:39 6 that point to either undertake the activity.  
11:39 7  
11:39 8 Q. I see. And you said that was in late September 2020; is that  
11:39 9 right?  
11:39 10  
11:39 11 A. I would suggest on reflection probably early to  
11:39 12 mid-September 2020.  
11:39 13  
11:39 14 Q. In respect of the analysis that you did perform, the one that  
11:39 15 led to your report of 16 November 2020, you can confirm for me,  
11:39 16 can't you, that that analysis and investigation was limited to two  
11:39 17 bank accounts only; is that right?  
11:39 18  
11:39 19 A. Well, to be correct, three bank accounts, two for Riverbank,  
11:40 20 which was an ANZ, and then a CBA account and one for  
11:40 21 Southbank, which was a CBA account.  
11:40 22  
11:40 23 Q. I see. In respect of the one where there were two accounts,  
11:40 24 that was because there one account was closed and one was  
11:40 25 opened; is that right?  
11:40 26  
11:40 27 A. That is correct, yes.  
11:40 28  
11:40 29 Q. So both of them were AUD accounts, is that right?  
11:40 30  
11:40 31 A. That is correct, yes.  
11:40 32  
11:40 33 Q. Your investigation didn't look at the bank accounts held by  
11:40 34 Riverbank and Southbank in currencies other than AUD; is that  
11:40 35 right?  
11:40 36  
11:40 37 A. That is correct, yes.  
11:40 38  
11:40 39 Q. Originally when this project was being envisaged --  
11:40 40  
11:40 41 A. Yes.  
11:40 42  
11:40 43 Q. --- the scope was that your and Grant Thornton's bank  
11:40 44 account review would include the bank accounts of Crown  
11:40 45 Melbourne Ltd; is that right?  
11:40 46  
11:40 47 A. That is correct, yes.

11:40 1  
11:40 2 Q. And also would include the bank accounts of Burswood  
11:40 3 Nominees Ltd; is that right?  
11:40 4  
11:40 5 A. That is correct, yes.  
11:40 6  
11:40 7 Q. In fact, it got so far as you were actually provided with  
11:41 8 copies of the Crown Melbourne bank accounts dating back to  
11:41 9 January 2013; is that right?  
11:41 10  
11:41 11 A. I wasn't personally provided but certainly Grant Thornton  
11:41 12 were provided, from memory, I think.  
11:41 13  
11:41 14 Q. So you are not sure whether you were provided with them  
11:41 15 but you think Grant Thornton were?  
11:41 16  
11:41 17 A. I'm aware as part of the process we were provided with  
11:41 18 bank accounts for Crown Melbourne, yes.  
11:41 19  
11:41 20 Q. Can I go to document, hearing room only,  
11:41 21 INI.0001.0001.3147.  
11:41 22  
11:41 23 Commissioner, I haven't printed that out for you in the bundle  
11:41 24 because it is a potentially 2000-page document. It is bank  
11:41 25 accounts. I will bring it up on the screen.  
11:41 26  
11:41 27 You can see there, Mr Jeans, there is a document identification in  
11:42 28 the top right-hand corner with INI.0001.0001.3147.  
11:42 29  
11:42 30 Operator, can you gently scroll through the preliminary pages of  
11:42 31 the document so Mr Jeans can see them.  
11:42 32  
11:42 33 A. Yep.  
11:42 34  
11:42 35 Q. You can see, Mr Jeans, can you not, that these are bank  
11:42 36 accounts from Crown Melbourne Ltd dating back to January  
11:42 37 2013? When I say "dating back", you can see these are bank  
11:42 38 account statements for January 2013?  
11:42 39  
11:42 40 A. That is correct, yes.  
11:42 41  
11:42 42 Q. You can confirm that these are documents that you  
11:42 43 provided from Initialism to the Royal Commission; is that right?  
11:42 44  
11:42 45 A. From memory, yes.  
11:42 46  
11:42 47 Q. So, am I right to understand that you were provided with



- 11:43 1 these bank account statements for Crown Melbourne Ltd at some  
11:43 2 point?  
11:43 3  
11:43 4 A. At some point, that would be correct, yes.  
11:43 5  
11:43 6 Q. Do you know whether you were provided with these  
11:43 7 documents from Crown directly or from Grant Thornton or you  
11:43 8 might not be able to recall?  
11:43 9  
11:43 10 A. I can't recall that. I would assume that if I received them,  
11:43 11 I was either copied on an email that was going to Grant Thornton  
11:43 12 or alternatively was given them as separate access.  
11:43 13  
11:43 14 Q. Thank you. Operator. Can I go to another document,  
11:43 15 INI.0001.0001.2464.  
11:43 16  
11:43 17 Tab 8 in your folder, Commissioner.  
11:43 18  
11:43 19 Mr Jeans, you might recall this email from Mr Nick Stokes to you  
11:43 20 of 28 September 2020. Do you recall receiving this?  
11:43 21  
11:43 22 A. I do, yes.  
11:43 23  
11:43 24 Q. And you can confirm for me that you received this email  
11:44 25 prior to Initialism's formal engagement to undertake the  
11:44 26 Southbank and Riverbank review, is that right?  
11:44 27  
11:44 28 A. That is correct, post the conversation with Mr Murphy and  
11:44 29 Mr Barton.  
11:44 30  
11:44 31 Q. If you look at paragraph 1.1 in that email, in respect of  
11:44 32 Crown Perth, am I right to understand that he and Mr Stokes are  
11:44 33 saying that the proposed review of all the relevant Crown,  
11:44 34 including Crown subsidiary, bank accounts will include --- and he  
11:44 35 lists the bank accounts? Is that your understanding of this email?  
11:44 36  
11:44 37 A. That is correct, yes.  
11:44 38  
11:44 39 Q. Concentrating on paragraph 1.1 there, in respect of the first  
11:44 40 account, the Riverbank account in AUD with HSBC during the  
11:44 41 period 1 July 2012 to 31 July 2013, can you confirm for me that  
11:44 42 that bank account was excluded from the Grant Thornton and  
11:44 43 Initialism review?  
11:44 44  
11:44 45 A. It was, yes.  
11:44 46  
11:44 47 Q. That was excluded because the start date was --- it was

11:44 1 determined the start date for the transactions which would be  
11:45 2 reviewed would be July 2013; is that right?  
11:45 3  
11:45 4 A. That is correct, yes.  
11:45 5  
11:45 6 Q. If you look at the fourth account there, letter d, "Burswood  
11:45 7 Nominees Pty Ltd (Crown Perth) AUD bank account with  
11:45 8 HSBC", that was excluded from the review as well; is that right?  
11:45 9  
11:45 10 A. That is correct, yes.  
11:45 11  
11:45 12 Q. And if we look at the account listed at e, Burswood  
11:45 13 Nominees Pty Ltd (Crown Perth) AUD account with ANZ, you  
11:45 14 can confirm for me, can't you, that that was also excluded from  
11:45 15 the Grant Thornton and Initialism investigation; is that right?  
11:45 16  
11:45 17 A. At this point I think it was intended to be included.  
11:45 18  
11:45 19 Q. Yes.  
11:45 20  
11:45 21 A. But subsequently was excluded.  
11:45 22  
11:45 23 Q. Yes. Thank you.  
11:45 24  
11:45 25 Then if we look at paragraph 2.2, am I right to understand if we  
11:45 26 look at the first bank account there, so 2a, the Southbank  
11:46 27 Investments Pty Ltd (Southbank) AUD account with CBA,  
11:46 28 during the period September 2013 to 4 December 2019, that  
11:46 29 account was included in the Grant Thornton and Initialism  
11:46 30 Southbank and Riverbank reviews; is that right?  
11:46 31  
11:46 32 A. That is correct, yes.  
11:46 33  
11:46 34 Q. The second account, which is the Southbank Investments  
11:46 35 Pty Ltd (Southbank) NZD account with ASB, that account was  
11:46 36 excluded from the Grant Thornton and Initialism reviews; is that  
11:46 37 right?  
11:46 38  
11:46 39 A. That is correct, yes.  
11:46 40  
11:46 41 Q. Although at this point it was proposed to be included?  
11:46 42  
11:46 43 A. That is correct, yes.  
11:46 44  
11:46 45 Q. The third account there, an account of Crown Melbourne  
11:46 46 Ltd, AUD account with ANZ, that was excluded from the Grant  
11:46 47 Thornton and Initialism investigation; is that right?

11:46 1  
11:46 2 A. That is correct, yes.  
11:46 3  
11:46 4 Q. In light of the exclusions from the Grant Thornton and  
11:47 5 Initialism terms of reference, which were ultimately confined to  
11:47 6 the three accounts you mentioned earlier, is it not the case that the  
11:47 7 Grant Thornton and Initialism reports likely understate the extent  
11:47 8 of money laundering indications on Crown's bank accounts?  
11:47 9  
11:47 10 A. That is a difficult question to answer without seeing the  
11:47 11 bank accounts, although obviously I was in possession of the  
11:47 12 Crown Melbourne bank accounts, and if there was a similar  
11:47 13 activity on those bank accounts, yes, you would be correct, it  
11:47 14 would be understating.  
11:47 15  
11:47 16 Q. Thank you. I tender that email. Sorry, I believe that email  
11:47 17 was tendered yesterday. I think it is Exhibit 52. I will just check  
11:47 18 that. Yes, it was.  
11:48 19  
11:48 20 COMMISSIONER: It is Exhibit 52.  
11:48 21  
11:48 22 MS O'SULLIVAN: Thank you.  
11:48 23  
11:48 24 Mr Jeans, the email dated 28 September 2020 that we're looking  
11:48 25 at, obviously at some stage between 28 September 2020 and  
11:48 26 when you were engaged formally on 15 October 2020 --  
11:48 27  
11:48 28 A. Yes.  
11:48 29  
11:48 30 Q. --- there was a change to the proposed scope of yours and  
11:48 31 Grant Thornton's investigation. Do you know why yours and  
11:48 32 Grant Thornton's investigation was limited to only the Southbank  
11:48 33 and Riverbank AUD accounts?  
11:48 34  
11:49 35 A. I think there were a number of decisions made during the  
11:49 36 process of the scoping, some of which I was involved in, some of  
11:49 37 which I wasn't involved in. They revolved, obviously, what was  
11:49 38 the focus of the Bergin Inquiry at this time. And also particularly  
11:49 39 a reference to the --- sorry, the NZD account. We were informed  
11:49 40 by Crown that they had done their own work, and there were no  
11:49 41 indications or nothing that was necessarily they felt was required  
11:49 42 further investigation. Therefore, that was excluded by them. But  
11:49 43 effectively it was a conversation between ourselves and Crown  
11:49 44 and their legal advisors to work out where would be the best use  
11:49 45 of our time, bearing in mind we had a very limited time window  
11:49 46 to undertake this piece of work.  
11:49 47

11:49 1 Q. Why did you have a very limited time period to conduct the  
11:49 2 investigation?  
11:49 3

11:50 4 A. Because there was a desire by Crown to provide this to the  
11:50 5 Bergin Inquiry, which was wrapping up in mid-November.  
11:50 6

11:50 7 Q. Wasn't there a limited time frame because Crown had  
11:50 8 delayed in starting the investigation?  
11:50 9

11:50 10 A. Ultimately, yes, they could have started it somewhat earlier,  
11:50 11 I would agree.  
11:50 12

11:50 13 Q. In fact they could have started it 13 months earlier when  
11:50 14 they first recommended it?  
11:50 15

11:50 16 A. That is correct, yes.  
11:50 17

11:50 18 Q. They could have started it back in, say, 2014 when some of  
11:50 19 the first red flags were raised about money laundering on the  
11:50 20 Southbank and Riverbank accounts; do you agree?  
11:50 21

11:50 22 A. If that was the case, yes, I do agree.  
11:50 23

11:50 24 Q. So to the extent that there was a timing problem, it was of  
11:50 25 Crown's own making; do you agree?  
11:50 26

11:50 27 A. Yes, to a certain degree.  
11:50 28

11:50 29 Q. And there was nothing stopping you and Grant Thornton  
11:50 30 from doing your review which you did ultimately on the  
11:50 31 Southbank and Riverbank accounts but including on the Crown  
11:51 32 Melbourne and Burswood Nominees accounts, do you agree?  
11:51 33

11:51 34 A. Nothing stopping us apart from the capacity and time  
11:51 35 element.  
11:51 36

11:51 37 Q. You completed your analysis and investigation into the  
11:51 38 Southbank and Riverbank AUD accounts, and you prepared your  
11:51 39 report dated 16 November 2020. Am I right to understand that  
11:51 40 shortly thereafter, the prospect of doing essentially an equivalent  
11:51 41 analysis on the Crown Melbourne and Burswood Nominees  
11:51 42 accounts was raised; is that right? Or still open?  
11:51 43

11:51 44 A. I think it was still open. I think it was always an intention  
11:51 45 for Crown to do an investigation on the four bank accounts, but  
11:51 46 obviously the Riverbank and Southbank accounts were prioritised  
11:51 47 because of their relevance to the Bergin Inquiry.

11:51 1  
11:51 2 Q. So when you say the four bank accounts, you mean  
11:52 3 Southbank --  
11:52 4  
11:52 5 A. Sorry, the four entities, I mean Southbank, Riverbank,  
11:52 6 Burswood Nominees and Crown Melbourne.  
11:52 7  
11:52 8 Q. Okay. So the four entities and they may have multiple bank  
11:52 9 accounts, is that right?  
11:52 10  
11:52 11 A. That is correct, yes.  
11:52 12  
11:52 13 Q. Because they have Australian dollar accounts and bank  
11:52 14 accounts in foreign currencies, is that right?  
11:52 15  
11:52 16 A. We weren't necessarily aware of the bank accounts held by  
11:52 17 those entities.  
11:52 18  
11:52 19 Q. Okay. Can we go to, operator, document  
11:52 20 INI.0001.0001.2424.  
11:52 21  
11:52 22 That's at tab 10 of your folder, Commissioner. You might  
11:52 23 recognise that, Mr Jeans, because it is an email from you to  
11:52 24 Mr Marais at Crown Perth and Mr Stokes at Crown Resorts, and  
11:53 25 some other people at Crown and Allens. Am I right to say  
11:53 26 broadly speaking what you are doing in this email is setting out  
11:53 27 all of your Crown anti-money laundering tasks in a bit of a to-do  
11:53 28 list?  
11:53 29  
11:53 30 A. That is correct, yes.  
11:53 31  
11:53 32 Q. And you are sending this email because you are checking  
11:53 33 on with Crown, "A lot of tasks on my to-do list and I and want to  
11:53 34 know which one should take priority."  
11:53 35  
11:53 36 A. That is correct, yes.  
11:53 37  
11:53 38 Q. Looking at the first one, ML/TF risk assessment, am I right  
11:53 39 to understand that didn't go ahead, by you?  
11:53 40  
11:53 41 A. It didn't go ahead by us. We did some preliminary work but  
11:53 42 no more than that.  
11:53 43  
11:53 44 Q. The second task listed there, which is AML/CTF first and  
11:53 45 second line oversight and testing plan, am I right to understand  
11:53 46 that that didn't go ahead as well?  
11:54 47

11:54 1 A. That is the assurance plan that we provided in draft --  
11:54 2  
11:54 3 Q. I see.  
11:54 4  
11:54 5 A. --- that was subsequently undertaken.  
11:54 6  
11:54 7 Q. I see. The third one there "AML/CTF program  
11:54 8 implementation gap analysis", am I right to understand that didn't  
11:54 9 go ahead?  
11:54 10  
11:54 11 A. That is correct, that did not go ahead.  
11:54 12  
11:54 13 Q. Then the fourth one, you will see "Burswood Nominees and  
11:54 14 Crown Melbourne bank accounts".  
11:54 15  
11:54 16 A. That is correct.  
11:54 17  
11:54 18 Q. "Replicate GT analysis and Initialism review". We'll come  
11:54 19 back to that one in a minute, but let's just finish the list.  
11:54 20  
11:54 21 "Transaction monitoring", that has two parts, you can see there  
11:54 22 two bullet points. The non-identification of potential structuring  
11:54 23 root cause analysis, that didn't go ahead, is that right?  
11:54 24  
11:54 25 A. That didn't go ahead, no.  
11:54 26  
11:54 27 Q. "Review of data sources used for current transaction  
11:54 28 monitoring" that did go ahead, is that right?  
11:54 29  
11:54 30 A. That went ahead in January this year.  
11:54 31  
11:54 32 Q. Back to the fourth heading, Burswood Nominees and  
11:54 33 Crown Melbourne bank accounts, there in the bullet point you say  
11:55 34 "Replicate GF analysis and Initialism review for each account ".  
11:55 35 When you used the words "each account", am I right to  
11:55 36 understand you are referring to the Burswood Nominees and  
11:55 37 Crown Melbourne bank accounts?  
11:55 38  
11:55 39 A. The two AUD accounts that we were aware of, yes.  
11:55 40  
11:55 41 MS O'SULLIVAN: I tender that email.  
11:55 42  
11:55 43 COMMISSIONER: Email from Neil Jeans to Claude Marais and  
11:55 44 others, 20 November 2020. Exhibit 65.  
11:55 45  
11:55 46  
11:55 47 **EXHIBIT #RC0065 - EMAIL FROM MR NEIL JEANS TO**

11:55 1 **MR CLAUDE MARAIS AND OTHERS DATED 20**  
11:55 2 **NOVEMBER 2020**

11:55 3

11:55 4

11:55 5 MS O'SULLIVAN: Mr Jeans, you've talked about replicating the  
11:55 6 Grant Thornton analysis and Initialism review. That replica  
11:55 7 analysis referred to in the email, did that occur?

11:55 8

11:55 9 A. No, it didn't.

11:55 10

11:55 11 Q. Do you know why it didn't occur?

11:56 12

11:56 13 A. I was informed by Crown that they were going to use  
11:56 14 another provider to undertake that work.

11:56 15

11:56 16 Q. So you were instructed not to complete the replica analysis;  
11:56 17 is that right?

11:56 18

11:56 19 A. From what I understand we were not provided with --- Grant  
11:56 20 Thornton were not provided with the full information in order to  
11:56 21 be able to run their assessments and therefore provide the data  
11:56 22 that I could undertake to do the review. So ultimately we weren't  
11:56 23 given the information to be able to undertake the review.

11:56 24

11:56 25 Q. My question was whether you were instructed not to  
11:56 26 undertake the review. Did you actually get an instruction to that  
11:56 27 effect or it was simply you weren't provided with the material to  
11:56 28 undertake the investigation?

11:56 29

11:56 30 A. It was simple: we weren't provided the information to  
11:56 31 undertake the investigation.

11:56 32

11:57 33 Q. But there was nothing in a sense stopping you from doing it  
11:57 34 back then?

11:57 35

11:57 36 A. That is correct, yes.

11:57 37

11:57 38 Q. If it had been done back then, this Commission would  
11:57 39 know whether the money laundering problems evident on the  
11:57 40 Southbank and Riverbank accounts were isolated to those two  
11:57 41 accounts or were more widespread, do you agree?

11:57 42

11:57 43 A. We would have completed the review and therefore drawn  
11:57 44 the conclusions from the data which would have been available to  
11:57 45 this Commission, that's correct, yes.

11:57 46

11:57 47 Q. Thank you.

11:57 1  
11:57 2 In the --- sorry, I will take a step back.  
11:57 3  
11:57 4 Grant Thornton prepared a separate report for each of Southbank  
11:57 5 and Riverbank. Am I right to understand that you've read both of  
11:57 6 those reports?  
11:57 7  
11:57 8 A. I only received interim copies, I did not receive a final  
11:57 9 copy.  
11:57 10  
11:57 11 Q. I see. Okay. Did you read the interim versions that you  
11:57 12 received?  
11:57 13  
11:57 14 A. I did, yes.  
11:57 15  
11:57 16 Q. Do you recall seeing that Grant Thornton had provided  
11:57 17 figures showing the proportion of transactions reviewed which  
11:57 18 met the specified structuring scenarios that had been searched  
11:58 19 for?  
11:58 20  
11:58 21 A. I'm aware of that, yes.  
11:58 22  
11:58 23 Q. Do you recall seeing that Grant Thornton actually put  
11:58 24 a dollar figure on the transactions, which were indicative of  
11:58 25 structuring?  
11:58 26  
11:58 27 A. That is correct, yes.  
11:58 28  
11:58 29 Q. So, in your report, the Initialism report on Southbank and  
11:58 30 Riverbank, do you agree with me that there isn't an equivalent  
11:58 31 quantification, so to speak, of the indications of money  
11:58 32 laundering on these accounts?  
11:58 33  
11:58 34 A. That is correct. Simply because they are indications rather  
11:58 35 than anything more definitive.  
11:58 36  
11:58 37 Q. I see. Is that the reason why you didn't put a dollar figure  
11:58 38 on the transactions which you identified were indicative of  
11:58 39 structuring, smurfing and cuckoo smurfing?  
11:58 40  
11:58 41 A. That was not necessarily part of our scope to quantify the  
11:58 42 dollar value. Our scope was to identify whether they were  
11:58 43 indications of money laundering on those accounts.  
11:58 44  
11:58 45 Q. If it had been in scope, so if you had been instructed, would  
11:58 46 that have been a difficult exercise to quantify the amount of  
11:59 47 money that met these indications that you had identified?



11:59 1  
11:59 2 A. Based on the data that is in the appendices that we've  
11:59 3 provided as part of the report, no, it would not. It would be  
11:59 4 a simple task of going through and adding things up.  
11:59 5  
11:59 6 Q. Operator, can we please go to document --- sorry, before we  
11:59 7 move off this document, I will tender --- sorry, operator, can we  
11:59 8 go to document INI.0002.0001.0809.  
11:59 9  
11:59 10 Tab 5 of your folder, Commissioner.  
11:59 11  
11:59 12 If we can turn to the page ending 0810. In particular, operator,  
11:59 13 can we expand the paragraph which says --- two paragraphs  
12:00 14 starting with "in the first instance" and including the next  
12:00 15 paragraph "the second phase"; yes, thank you.  
12:00 16  
12:00 17 A. Thank you.  
12:00 18  
12:00 19 Q. I will give you an opportunity to have a read of that,  
12:00 20 Mr Jeans.  
12:00 21  
12:00 22 A. Yes, read it.  
12:00 23  
12:00 24 Q. Thank you. So the last sentence there is:  
12:00 25  
12:00 26 *We understand that the identification will be done*  
12:00 27 *primarily by Mr Jeans and then the quantification of it*  
12:00 28 *will be done by Grant Thornton.*  
12:00 29  
12:00 30 You agree with me that originally it was envisaged that at the  
12:00 31 completion of Initialism phase, Grant Thornton would then come  
12:00 32 back in and quantify the indications of money laundering that  
12:00 33 Initialism had identified?  
12:00 34  
12:00 35 A. That's not my understanding of that reference.  
12:00 36  
12:01 37 Q. Okay. So, maybe you tell me what is your understanding.  
12:01 38  
12:01 39 A. My understanding of that reference is that obviously once  
12:01 40 Grant Thornton have undertaken their forensic work and they  
12:01 41 have obviously normalised the data and looked for the structuring  
12:01 42 activity, I would work with them to identify potential other  
12:01 43 typologies that would occur. So that is my identification, "will be  
12:01 44 done by Mr Jeans", the identification of potential other scenarios  
12:01 45 based on the data available, and then they would then, using their  
12:01 46 forensic skills, identify for my benefit whether --- and for my  
12:01 47 report whether there were instances of those within the data.

- 12:01 1  
12:01 2 Q. I see. And was it not envisaged at that point that after that  
12:01 3 process had been concluded, that there would be a quantification  
12:01 4 of the money laundering instances that Initialism had identified in  
12:01 5 its Southbank and Riverbank investigation?  
12:01 6  
12:02 7 A. No.  
12:02 8  
12:02 9 Q. And in any event that didn't occur?  
12:02 10  
12:02 11 A. That didn't occur, that's correct, yes.  
12:02 12  
12:02 13 Q. Notwithstanding that it didn't occur, are you able to  
12:02 14 estimate the dollar figure of the transactions that you have said in  
12:02 15 your report were indicative of structuring, smurfing and cuckoo  
12:02 16 smurfing?  
12:02 17  
12:02 18 A. As a simple estimate, if you identify the total number of  
12:02 19 transactions there were --- I think that is on my report. I would  
12:02 20 probably need to be refreshed on that. If you see there they are all  
12:02 21 just under \$10,000 each for the cuckoo smurfing ones, they  
12:02 22 ultimately --- that would be a figure. For the quick cash activity,  
12:02 23 which was a separate scenario, I estimate --- I think the estimate  
12:02 24 there would be somewhere less than \$10 million.  
12:02 25  
12:02 26 For the wire transfer activity, that was, quite frankly, too  
12:02 27 innumerable to be able to quantify, and some of the transactions  
12:03 28 were substantially --- the third-party transactions were  
12:03 29 substantially larger, a million each plus for a transaction. It  
12:03 30 would be coming up with a single figure, I think, would be, I  
12:03 31 suggest not appropriate given where the work that was required  
12:03 32 to be done by Crown to identify whether those were cuckoo  
12:03 33 smurfing, whether they were structuring and were they obviously  
12:03 34 ultimately money laundering.  
12:03 35  
12:03 36 Q. We're talking about multiples of millions of dollars; is that  
12:03 37 right?  
12:03 38  
12:03 39 A. That is correct, yes.  
12:03 40  
12:03 41 Q. You've just mentioned there the review of the quick  
12:03 42 cash-only deposit incidents.  
12:03 43  
12:03 44 A. Yes.  
12:03 45  
12:03 46 Q. Can you explain to us exactly what it was you were looking  
12:03 47 at there and what the findings were?

- 12:03 1  
12:03 2 A. These were multiple --- these were large cash deposits and  
12:03 3 when I mean "large", I mean over \$10,000, so therefore would  
12:03 4 not be picked up in a structuring scenario because obviously  
12:03 5 structuring by definition is below \$10,000. These were single  
12:04 6 large transactions ranging from \$20,000 up to \$50, \$60,000 that  
12:04 7 were deposited through the banking quick cash facility, which is  
12:04 8 effectively the modern equivalent of the night safe, where  
12:04 9 basically somebody could deposit cash securely into the bank  
12:04 10 branch which would then be counted later on and assigned to  
12:04 11 a bank account. Obviously the degree --- that there is a degree of  
12:04 12 anonymity for the person who is depositing those amounts. So  
12:04 13 the quick cash element is the large cash deposits that were  
12:04 14 recorded on the Riverbank and Southbank bank accounts.  
12:04 15  
12:04 16 Q. And am I right to understand that your review or  
12:04 17 investigation into the quick cash only deposits led to you forming  
12:04 18 a conclusion that there were transaction activity indicative of  
12:05 19 cuckoo smurfing by the quick cash deposit channel?  
12:05 20  
12:05 21 A. That is correct, yes.  
12:05 22  
12:05 23 Q. Yes. Now, in respect of international transfers by  
12:05 24 third-party individuals, that was another area of investigation,  
12:05 25 was it not?  
12:05 26  
12:05 27 A. That is correct, yes.  
12:05 28  
12:05 29 Q. Can you tell us what it was you were looking at when  
12:05 30 looking at the international transfers by third parties?  
12:05 31  
12:05 32 A. We were looking at whether a payment had been received  
12:05 33 on behalf of a patron but not from the patron. So that was either  
12:05 34 from a company that was sending money into --- for a patron ID or  
12:05 35 an individual that wasn't the patron sending money into Crown  
12:05 36 under the patron's ID, and that was both done on an international  
12:05 37 level and also a domestic level within Australia.  
12:05 38  
12:05 39 Q. You identified a series of transactions or deposits via that  
12:05 40 channel into Crown's Riverbank and Southbank accounts, and  
12:06 41 many of them were in the hundreds of thousands of dollars  
12:06 42 and millions of dollars; is that right?  
12:06 43  
12:06 44 A. That is correct, yes.  
12:06 45  
12:06 46 Q. In respect of those international transfers by third parties,  
12:06 47 you again came to the opinion that the transactional activity

- 12:06 1 indicated cuckoo smurfing activity for the purposes of money  
12:06 2 laundering; is that right?  
12:06 3
- 12:06 4 A. That there was a potential for cuckoo smurfing there  
12:06 5 because simply there was somebody else undertaking  
12:06 6 a transaction on behalf of a patron to pay money into Crown; that  
12:06 7 is correct, yes.  
12:06 8
- 12:06 9 Q. In respect of the international transfers, you divided your  
12:06 10 analysis up into international transfers by third party individuals  
12:06 11 and companies; is that right?  
12:06 12
- 12:06 13 A. That is correct, and also by money remitters as a separate  
12:06 14 subcategory of the companies.  
12:06 15
- 12:06 16 Q. Yes, and can you explain to us the rationale of splitting up  
12:06 17 the analysis between individuals, companies and money  
12:06 18 remitters?  
12:07 19
- 12:07 20 A. Ultimately there may be different relationships between the  
12:07 21 patron and those parties. Clearly if it is an individual, there may  
12:07 22 be family relationships or it may be there is a friendship so  
12:07 23 therefore they are supporting the patron to make that payment.  
12:07 24 For companies, ultimately it is a different legal entity type,  
12:07 25 obviously less transparent than individuals making payments, but  
12:07 26 obviously those payments could be companies that were  
12:07 27 potentially owned by the patron or have some connection with the  
12:07 28 patron. Obviously money remitter was a particular focus because  
12:07 29 the money remitters were seen in other cuckoo smurfing  
12:07 30 typologies, and the use of money remitters as a key element in the  
12:07 31 cuckoo smurfing typology had been identified by AUSTRAC for  
12:07 32 cuckoo smurfing, and that's why we had that as a key focus.  
12:07 33
- 12:07 34 Q. Am I right to understand that the money remittance sector  
12:07 35 is considered to be particularly high risk when it comes to money  
12:07 36 laundering?  
12:07 37
- 12:07 38 A. It is considered to be high risk, yes.  
12:07 39
- 12:07 40 Q. That was part of the reason why you were looking at  
12:08 41 deposits into the Southbank and Riverbank bank accounts by  
12:08 42 money remitters, is that right?  
12:08 43
- 12:08 44 A. That is correct, yes.  
12:08 45
- 12:08 46 Q. Again, in respect of money remitters, your investigation  
12:08 47 revealed transaction activity which you said aligned to the indicia

12:08 1 of cuckoo smurfing activity for the purposes of money  
12:08 2 laundering; is that right?  
12:08 3  
12:08 4 A. That is correct, yes.  
12:08 5  
12:08 6 Q. Another part of your analysis was inconsistent payment  
12:08 7 descriptors.  
12:08 8  
12:08 9 A. That is correct, yes.  
12:08 10  
12:08 11 Q. Can you explain why inconsistent payment descriptors are  
12:08 12 of interest when you are looking for money laundering?  
12:08 13  
12:08 14 A. They may be a further attempt to obfuscate the reason for  
12:08 15 the payment. So if somebody is putting a false or inconsistent  
12:08 16 descriptor on the payment, they are clearly trying to conceal the  
12:08 17 origin or the purpose of that payment.  
12:08 18  
12:09 19 Q. Your investigation into the Southbank and Riverbank  
12:09 20 accounts identified a number of instances where payments into  
12:09 21 those accounts were accompanied by a payment descriptors that  
12:09 22 conflicted with the underlying purpose of the payment to Crown;  
12:09 23 is that right?  
12:09 24  
12:09 25 A. That is correct, yes.  
12:09 26  
12:09 27 Q. So that was a bit of a red flag to you; is that right?  
12:09 28  
12:09 29 A. That is a red flag, yes.  
12:09 30  
12:09 31 Q. When I say "red flag", an indicia of money laundering; is  
12:09 32 that right?  
12:09 33  
12:09 34 A. An indicia of money laundering, that is correct, yes.  
12:09 35  
12:09 36 Q. In respect of some of those transactions that you identified  
12:09 37 displayed inconsistent payment descriptors, many of them were in  
12:09 38 the hundreds of thousands of dollars and at least one in  
12:09 39 the millions of dollars; is that right?  
12:09 40  
12:09 41 A. That is correct, yes.  
12:09 42  
12:09 43 Q. Mr Jeans, a separate topic but still on Southbank and  
12:09 44 Riverbank, you will recall earlier we looked at some of the  
12:10 45 matters that you were engaged to undertake, and in particular we  
12:10 46 looked at the dot point that said you would be doing a root cause  
12:10 47 analysis. Perhaps I will take you to annexure E to your statement.

12:10 1  
12:10 2 Operator, that is document INI.0004.0001.0156, and in particular  
12:10 3 the page ending 0158.  
12:10 4  
12:10 5 Mr Jeans, can you see the third dot point. Earlier you told us that  
12:11 6 that in part related to Southbank and Riverbank but was also  
12:11 7 broader than Southbank and Riverbank; is that a fair summary of  
12:11 8 your evidence earlier?  
12:11 9  
12:11 10 A. That is correct, yes.  
12:11 11  
12:11 12 Q. You have described it there as:  
12:11 13  
12:11 14 *Undertake a root cause analysis of the failure to identify*  
12:11 15 *and/or non-escalation of potential structuring to avoid*  
12:11 16 *threshold transaction reporting requirements.*  
12:11 17  
12:11 18 Insofar as you've described that as a failure to identify, can you  
12:11 19 tell us what your understanding was in terms of the failure to  
12:11 20 identify or failure to escalate the potential structuring?  
12:11 21  
12:11 22 A. This was a key issue that was identified by the Bergin  
12:11 23 Inquiry whereby transactions that had been received by cash into  
12:12 24 the bank accounts were not actually being recorded as cash or  
12:12 25 being recorded in an exact way within the SYCO system, the  
12:12 26 Crown system. So, for example, if I had received five payments  
12:12 27 of under \$10,000, those were being rounded up and a single  
12:12 28 transaction was being recorded by the cage and/or the staff at  
12:12 29 Crown. As a result, the threshold transactions --- there was one  
12:12 30 threshold transaction being reported but effectively Crown  
12:12 31 weren't in a position, when they undertook their transaction  
12:12 32 monitoring, to be able to identify that this was a structured  
12:12 33 payment, potentially indicative of money laundering.  
12:12 34  
12:12 35 COMMISSIONER: Is that because a series of payments had  
12:12 36 been aggregated and effectively shown as one payment?  
12:12 37  
12:12 38 A. That is correct, Commissioner, yes.  
12:12 39  
12:12 40 MS O'SULLIVAN: If I can call it the aggregation problem, you  
12:12 41 would happy with that?  
12:12 42  
12:13 43 A. I will be.  
12:13 44  
12:13 45 Q. Am I right to understand that it was an aggregation problem  
12:13 46 because Crown's anti-money laundering team, they weren't  
12:13 47 reviewing the transactions on the Southbank and Riverbank

12:13 1 accounts; rather, they were only reviewing the transactions that  
12:13 2 were entered into the SYCO system; is that right?  
12:13 3  
12:13 4 A. Correct. At that time the monitoring system was purely  
12:13 5 focused on reports drawn from SYCO.  
12:13 6  
12:13 7 Q. Therefore, in a sense, there was a missed opportunity to  
12:13 8 identify potential structuring because there was no review of the  
12:13 9 individual transactions on the Southbank and Riverbank  
12:13 10 accounts?  
12:13 11  
12:13 12 A. There was a missed opportunity. I think that there were  
12:13 13 procedures that were in place, although they were not consistently  
12:13 14 applied, hence why this was a root cause analysis to find out why  
12:13 15 the systems that were put in place to identify these and escalate  
12:13 16 these to the AML team weren't being followed.  
12:13 17  
12:14 18 Q. Can we go to INI.0001.0001.2917.  
12:14 19  
12:14 20 Tab 11 of your bundle, Commissioner.  
12:14 21  
12:14 22 Again, Mr Jeans, you might be familiar with that email because it  
12:14 23 is an email from Matthew Young to you from 2 October 2020.  
12:14 24  
12:14 25 A. Yes.  
12:14 26  
12:14 27 Q. If I can, Mr Jeans, just draw your attention to what is the  
12:14 28 fourth dot point there. It says:  
12:14 29  
12:14 30 *A root cause analysis of the 'aggregation' issue identified*  
12:14 31 *in the Riverbank and Southbank accounts.*  
12:14 32  
12:14 33 Is that the same issue we've been speaking about?  
12:14 34  
12:14 35 A. That is the same issue, yes.  
12:14 36  
12:14 37 MS O'SULLIVAN: I tender that email.  
12:14 38  
12:14 39 COMMISSIONER: Email from Matthew Young to Neil Jeans  
12:14 40 and others, 2 October 2020, Exhibit 66.  
12:15 41  
42  
43 **EXHIBIT #RC0066 - EMAIL FROM MR MATTHEW**  
44 **YOUNG TO MR NEIL JEANS AND OTHERS DATED 12**  
45 **OCTOBER 2020**  
46  
47

12:15 1 MS O'SULLIVAN: Operator, if we can go to document  
12:15 2 INI.0001.0001.2424.  
12:15 3  
12:15 4 Tab 10 of your bundle, Commissioner.  
12:15 5  
12:15 6 Mr Jeans, I did take you to this earlier, but I'm wanting you to  
12:15 7 confirm with me, if you look at the second-last dot point at the  
12:15 8 bottom:  
12:15 9  
12:15 10 *Non-identification of potential structuring root cause*  
12:15 11 *analysis.*  
12:15 12  
12:15 13 Is that the same root cause we've been speaking about?  
12:15 14  
12:15 15 A. That is the same root cause, yes.  
12:15 16  
12:15 17 Q. That was still essentially on your to-do list as at 20  
12:16 18 November 2020; is that right?  
12:16 19  
12:16 20 A. That is correct, yes.  
12:16 21  
12:16 22 Q. Operator, can I go to CRL.768.002.3501.  
12:16 23  
12:16 24 Mr Jeans, do you think you've seen this document before?  
12:16 25  
12:16 26 A. Not to my recollection, no.  
12:16 27  
12:16 28 Q. It might be easiest if you --- I will give you a moment to  
12:16 29 have a read of it. It might be easiest if you do that in the hard  
12:16 30 copy. Otherwise the operator won't know how quickly you read  
12:16 31 to scroll through at the right pace.  
12:16 32  
12:16 33 A. Which tab is that?  
12:16 34  
12:16 35 Q. Tab 12.  
12:16 36  
12:16 37 A. Thank you.  
12:19 38  
12:20 39 Q. Operator, can we go to the page ending 3503.  
12:20 40  
12:20 41 Mr Jeans, you will see at point (b) that it refers to undertaking  
12:20 42 a root cause analysis to determine any process or AML/CTF  
12:20 43 controls failures or weaknesses, and any necessary remediation or  
12:20 44 change to the relevant processes or AML/CTF criminals.  
12:20 45  
12:20 46 Is that the same root cause analysis that was in your 15 October  
12:20 47 terms of engagement and your 20 November 2020 to do list?



12:20 1  
12:20 2 A. It appears to be, yes.  
12:20 3  
12:20 4 MS O'SULLIVAN: Thank you. I tender that letter.  
12:20 5  
12:20 6 COMMISSIONER: Exhibit 67 will be letter from Crown to  
12:20 7 AUSTRAC, 20 August 2020.  
12:20 8  
12:20 9 Can I just ask you some questions about it, not so much about the  
12:20 10 letter but the process which the letter describes.  
12:21 11  
12 12  
13 **EXHIBIT #RC0067 - LETTER FROM CROWN TO**  
14 **AUSTRAC DATED 20 AUGUST 2020**  
15  
16  
12:21 17 A. Yes, Commissioner.  
12:21 18  
12:21 19 COMMISSIONER: I'm a little bit uncertain how the aggregation  
12:21 20 comes about in the cage. Transactions can occur on a daily basis  
12:21 21 for particular patron for successive days, for every three days,  
12:21 22 whatever it might be.  
12:21 23  
12:21 24 A. Yes.  
12:21 25  
12:21 26 COMMISSIONER: Am I right in thinking that the only  
12:21 27 monitoring taking place is transactions that occurred in one single  
12:21 28 day? The only reason I ask that is this letter suggests --- I don't  
12:21 29 know if it's right or wrong, it might be quite wrong --- it suggests  
12:21 30 that there's daily reports into SYCO, and if there's daily reports  
12:21 31 into SYCO and there's aggregation, the only things that will be  
12:21 32 aggregated are monies coming in on a day, because if there are  
12:21 33 daily reports and there are two or three each day, two or three on  
12:22 34 successive days then I can identify them in SYCO. That won't be  
12:22 35 a problem.  
12:22 36  
12:22 37 If I see, on three successive days, deposits under \$10,000, that  
12:22 38 won't work if they are done daily. Is that what you understood  
12:22 39 was the position and problem?  
12:22 40  
12:22 41 A. That is part of the problem, Commissioner. So your  
12:22 42 assumption is correct that obviously there is this daily report from  
12:22 43 SYCO, but effectively it all depends on when the timing of the  
12:22 44 transactions occurred. So, in theory, I could deposit money over  
12:22 45 multiple days and turn up on a subsequent day and say, "I would  
12:22 46 like that money in chips". That would be recorded as  
12:22 47 an aggregated transaction in the SYCO system as if effectively I

12:22 1 had drawn the money that I'd deposited and --- into chips --  
12:22 2  
12:22 3 COMMISSIONER: I'm not sure how that happens because the  
12:22 4 aggregation --- the monies are deposited on, say, successive  
12:23 5 days --  
12:23 6  
12:23 7 A. Yes, correct, yes.  
12:23 8  
12:23 9 COMMISSIONER: --- and they are then reported into SYCO, or  
12:23 10 logged in to SYCO?  
12:23 11  
12:23 12 A. Not necessarily.  
12:23 13  
12:23 14 COMMISSIONER: It says that there are daily reports from  
12:23 15 SYCO. I see --  
12:23 16  
12:23 17 A. So there may be a daily report from SYCO ---  
12:23 18 (overspeaking) ---  
12:23 19  
12:23 20 COMMISSIONER: Okay. So the cage staff, what do they do?  
12:23 21 Do they aggregate every two, three, 7 days, once a month?  
12:23 22  
12:23 23 A. Whenever there is an event that causes an aggregation,  
12:23 24 whether that is the patron coming to the cage and saying "Can  
12:23 25 I have some chips, please", that would trigger --  
12:23 26  
12:23 27 COMMISSIONER: So there is actually an event that triggers the  
12:23 28 aggregation?  
12:23 29  
12:23 30 A. Correct.  
12:23 31  
12:23 32 COMMISSIONER: So until somebody comes to take their  
12:23 33 money out or have it dealt with in a particular way, it is  
12:23 34 unrecorded outside the cage?  
12:23 35  
12:23 36 A. No, it is not recorded in SYCO, Commissioner, yes.  
12:23 37  
12:23 38 MS O'SULLIVAN: So, Mr Jeans, in respect of the root cause  
12:24 39 analysis, am I right to understand that Initialism didn't conduct  
12:24 40 the root cause analysis that we've seen mentioned in the letter to  
12:24 41 AUSTRAC in your letter of engagement and in your 20  
12:24 42 November 2020 to-do list?  
12:24 43  
12:24 44 A. We have not conducted a root cause analysis.  
12:24 45  
12:24 46 Q. Why has that root cause analysis not been conducted?  
12:24 47

12:24 1 A. Primarily because we were initially told there were other  
12:24 2 competing priorities for our time in terms of what Crown required  
12:24 3 us to do, such as the Riverbank, Southbank investigation.

12:24 4  
12:24 5 I think there was also consideration that obviously any root cause  
12:24 6 analysis would require interviewing of staff to find out why they  
12:24 7 didn't or what they did and didn't do and why they didn't do it,  
12:24 8 and it was Crown's view they wanted to take a considered  
12:24 9 approach to that, rather than just a simple root cause analysis that  
12:25 10 we were proposing.

12:25 11  
12:25 12 COMMISSIONER: I simply don't understand what that means.  
12:25 13 More considered than finding out what happened?

12:25 14  
12:25 15 A. Involving the legal department, involving the HR  
12:25 16 department, because obviously there were concerns expressed by  
12:25 17 Crown regarding the rights of the staff.

12:25 18  
12:25 19 MS O'SULLIVAN: Yes, but a root cause analysis which  
12:25 20 involved interviewing staff members could have been undertaken  
12:25 21 with appropriate support persons present for those staff members;  
12:25 22 do you agree?

12:25 23  
12:25 24 A. That is correct, yes.

12:25 25  
12:25 26 Q. It wasn't proposed that Crown was going to hang its staff  
12:25 27 out to dry, was it?

12:25 28  
12:25 29 A. No, not at all.

12:25 30  
12:25 31 Q. So would the investigation --- sorry, would it not have been  
12:25 32 the case that the investigation would have been looking to what  
12:25 33 caused it, and how to remedy that cause, without looking to  
12:25 34 blame any particular individuals; is that right?

12:26 35  
12:26 36 A. That is one process for root cause analysis, yes.

12:26 37  
12:26 38 Q. Do you agree with me that if Crown was genuinely  
12:26 39 committed to understanding and addressing its past failures  
12:26 40 regarding money laundering, including on the Southbank and  
12:26 41 Riverbank accounts, it would have ensured that a root cause  
12:26 42 analysis was conducted?

12:26 43  
12:26 44 A. I think it would be fundamental for a root cause analysis to  
12:26 45 be undertaken to understand what went wrong.

12:26 46  
12:26 47 Q. Do you think in the absence of a root cause analysis there is

12:26 1 a real danger that the problems will be ongoing?  
12:26 2  
12:26 3 A. There is a risk of that, yes.  
12:26 4  
12:26 5 COMMISSIONER: The question was whether there was a real  
12:26 6 danger, not a risk.  
12:26 7  
12:26 8 A. There is a danger, yes.  
12:26 9  
12:26 10 COMMISSIONER: A real danger, a serious danger?  
12:26 11  
12:26 12 A. It is hard to make it a real danger without understanding  
12:26 13 what the root cause was. If the root cause was simply a single  
12:27 14 employee not following the procedure, that is a different situation  
12:27 15 from weak systems and controls and training.  
12:27 16  
12:27 17 COMMISSIONER: Of course it is. But we know this is going  
12:27 18 on for year after year after year --  
12:27 19  
12:27 20 A. Yes.  
12:27 21  
12:27 22 COMMISSIONER: --- so it's not likely to be a single employee  
12:27 23 problem, is it?  
12:27 24  
12:27 25 A. That is correct.  
12:27 26  
12:27 27 COMMISSIONER: So into the field of real danger if it is not  
12:27 28 looked at properly?  
12:27 29  
12:27 30 A. There is a real danger, yes.  
12:27 31  
12:27 32 Q. I now want to ask you some questions about the structuring  
12:27 33 scenarios that Grant Thornton looked for in their forensic data  
12:27 34 analysis. So I'm taking you back, in a sense, to the beginning of  
12:27 35 the Southbank and Riverbank investigation.  
12:27 36  
12:27 37 You told us earlier that Grant Thornton did some preliminary  
12:27 38 forensic data analysis and that was to look for apparent  
12:27 39 structuring; is that right?  
12:27 40  
12:27 41 A. That is correct, yes.  
12:27 42  
12:27 43 Q. So whilst they looked at structuring, you looked at  
12:27 44 techniques in addition to structuring but that Grant Thornton was  
12:28 45 limited to structuring; is that right?  
12:28 46  
12:28 47 A. That is correct, yes.

12:28 1  
12:28 2 Q. Is it your understanding that Grant Thornton built a forensic  
12:28 3 data tool which revealed the transaction data on the Riverbank  
12:28 4 and Southbank accounts for certain specified structuring  
12:28 5 scenarios?  
12:28 6  
12:28 7 A. That is correct, yes.  
12:28 8  
12:28 9 Q. Is it your understanding that they looked for three potential  
12:28 10 structuring scenarios?  
12:28 11  
12:28 12 A. That is correct, yes.  
12:28 13  
12:28 14 Q. We might go to the Riverbank report to look at an example.  
12:28 15 Operator, GTA.0001.0001.6777.  
12:28 16  
12:28 17 That's at tab 18 of your bundle, Commissioner.  
12:28 18  
12:28 19 Mr Jeans, you can see in the second table there --  
12:28 20  
12:28 21 A. Sorry, I haven't got that.  
12:28 22  
12:28 23 Q. Operator, can we bring that up on the screen. GTA --- thank  
12:29 24 you.  
12:29 25  
12:29 26 A. Yes.  
12:29 27  
12:29 28 Q. Mr Jeans, you can see there the scenarios considered for  
12:29 29 analysis. Each of them are two or more cash deposits of less than  
12:29 30 \$10,000 each, totalling \$10,000 or more. The thing that  
12:29 31 differentiates each of the three scenarios is that the first one looks  
12:29 32 at a 24-hour period, the second at a 48-hour period and the third  
12:29 33 at a 72-hour period: is that right?  
12:29 34  
12:29 35 A. That is correct, yes.  
12:29 36  
12:29 37 Q. So the Grant Thornton analysis, after they built the forensic  
12:29 38 tool, it was built to look only for those three scenarios and no  
12:29 39 other; is that right?  
12:29 40  
12:29 41 A. That is correct, yes.  
12:29 42  
12:29 43 Q. Am I right to understand you had originally proposed nine  
12:29 44 possible structuring scenarios that Grant Thornton could have  
12:29 45 built their tool to look for?  
12:29 46  
12:29 47 A. That is correct, yes.

12:29 1  
12:29 2 Q. Operator, can we go to document INI.0002.0001.0901.  
12:29 3  
12:30 4 That is tab 13 of your bundle, Commissioner.  
12:30 5  
12:30 6 If we can start looking at the page ending 0902. You might recall  
12:30 7 this email, Mr Jeans, because it is an email from yourself to  
12:30 8 various people at Crown, and also to Katherine Shamai of Grant  
12:30 9 Thornton, dated 16 October 2020. Can you recall composing and  
12:30 10 sending this email, Mr Jeans?  
12:30 11  
12:30 12 A. I do, yes.  
12:30 13  
12:30 14 Q. You started the email by setting out the definitions of  
12:30 15 structuring; is that right?  
12:30 16  
12:30 17 A. That is correct, yes.  
12:30 18  
12:31 19 Q. What you have done there is set out three different  
12:31 20 definitions of structuring?  
12:31 21  
12:31 22 A. That is correct, yes.  
12:31 23  
12:31 24 Q. The first is from AUSTRAC?  
12:31 25  
12:31 26 A. That is correct, yes.  
12:31 27  
12:31 28 Q. The second is from FinCEN. Is FinCEN short for the  
12:31 29 Financial Crimes Enforcement Network? Is that right?  
12:31 30  
12:31 31 A. That is correct, yes.  
12:31 32  
12:31 33 Q. The third one you set out is the ACAMS definition, and that  
12:31 34 is the entity we were discussing at the beginning of your  
12:31 35 evidence; is that right?  
12:31 36  
12:31 37 A. That is correct, yes.  
12:31 38  
12:31 39 Q. Do you agree that each of AUSTRAC, FinCEN and  
12:31 40 ACAMS, are authoritative bodies in the anti-money laundering  
12:31 41 area?  
12:31 42  
12:31 43 A. Absolutely, yes.  
12:31 44  
12:31 45 Q. That is why you use their definitions as opposed to  
12:31 46 someone else's definitions; is that right?  
12:31 47

12:31 1 A. That is correct, yes.

12:31 2

12:31 3 Q. Would they be the three most authoritative bodies that you  
12:31 4 would look for if you went looking for a definition of structuring?

12:31 5

12:31 6 A. I think there are other bodies but for the purpose of this I  
12:31 7 chose those because they gave different lenses to the structuring  
12:31 8 concept which I thought was helpful to Crown in order to scope  
12:31 9 this review.

12:31 10

12:32 11 Q. So you've taken these definitions, and from these  
12:32 12 definitions you've identified nine possible structuring scenarios  
12:32 13 that could be looked for; is that right?

12:32 14

12:32 15 A. That is correct, yes.

12:32 16

12:32 17 Q. If the first three that are listed --- in fact, operator, can we do  
12:32 18 a split screen --- on the left-hand side we have page 902 and on the  
12:32 19 right-hand side page 903. If you just look on the left-hand side of  
12:32 20 the page there, immediately above where the table starts, you  
12:32 21 wrote:

12:32 22

12:32 23 *Based on these definitions and AUSTRAC typologies, we*  
12:32 24 *suggest the following scenarios be applied to the data.*

12:32 25

12:33 26 And you've listed the nine different scenarios. Can you confirm  
12:33 27 for me that it is the first three on the left-hand page, page 0902,  
12:33 28 that were the ones that were ultimately searched for; is that right?

12:33 29

12:33 30 A. That is correct, yes.

12:33 31

12:33 32 Q. And all of the ones on the right-hand page, the remaining  
12:33 33 six, they were not searched for; is that right?

12:33 34

12:33 35 A. That is correct, yes.

12:33 36

12:33 37 Q. So when Grant Thornton built its forensic data tool to look  
12:33 38 for structuring scenarios, it built it to look for the first three only  
12:33 39 but not the remaining six?

12:33 40

12:33 41 A. That is correct, yes.

12:33 42

12:33 43 Q. In respect of --- if we can look at the first structuring  
12:33 44 scenario on the right-hand side page, 0903, you can see there, is it  
12:33 45 not exactly the same as the first three except that the period is  
12:33 46 longer? Is that right?

12:33 47

- 12:33 1 A. That is correct, yes.
- 12:33 2
- 12:33 3 Q. So the first three, we've got 24, 48 and 72 hours, and this
- 12:33 4 fourth one is a 7-day rolling period; is that right?
- 12:33 5
- 12:33 6 A. That is correct, yes.
- 12:33 7
- 12:33 8 Q. The next one again is similar, sorry, is identical save for the
- 12:34 9 time period that you are looking for; is that right?
- 12:34 10
- 12:34 11 A. That is correct, yes.
- 12:34 12
- 12:34 13 Q. Then in respect of some of the other ones, for example, the
- 12:34 14 second-last scenario that you set out there, two or more deposits
- 12:34 15 of less than \$10,000 each, of which one must be a cash deposit,
- 12:34 16 totalling less than \$10,000 or more in a 48-hour period, am I right
- 12:34 17 to understand that that is identical to what I call the second
- 12:34 18 scenario, except that there you are looking for one cash deposit
- 12:34 19 and one might be, for example, an electronic funds transfer
- 12:34 20 deposit?
- 12:34 21
- 12:34 22 A. That is correct, yes.
- 12:34 23
- 12:34 24 Q. Structuring can occur through electronic funds transfers as
- 12:34 25 well as cash deposits; is that right?
- 12:34 26
- 12:34 27 A. No. Structuring is to avoid the reporting threshold for cash
- 12:34 28 only. So the reason the logic for this scenario is that I'm paying
- 12:34 29 in under the threshold to avoid the reporting requirement, and
- 12:35 30 then providing the rest of the money which is not subject to that
- 12:35 31 reporting requirement because it has come through a wire
- 12:35 32 transfer.
- 12:35 33
- 12:35 34 Q. I see. And so would you agree with me when you look at
- 12:35 35 each of the definitions, the AUSTRAC, FinCEN and ACAMS
- 12:35 36 definitions, that none of them specify essentially a time cap on the
- 12:35 37 period for structuring?
- 12:35 38
- 12:35 39 A. That is correct.
- 12:35 40
- 12:35 41 Q. Yes. So that the definitions themselves don't justify putting
- 12:35 42 a time cap on the structuring scenarios to be searched for?
- 12:35 43
- 12:35 44 A. That is correct, yes.
- 12:35 45
- 12:35 46 Q. Would you agree with me that the FinCEN definition
- 12:35 47 doesn't refer to cash only, its definition would encompass



12:35 1 a combination of cash and electronic funds transfer?  
12:35 2  
12:35 3 A. That is correct, yes.  
12:35 4  
12:35 5 Q. Ultimately, am I right to understand that you had  
12:36 6 a discussion with Stokes from Crown, and as a result of that  
12:36 7 discussion, a decision was made that Grant Thornton would look  
12:36 8 for three only of the nine possible structuring scenarios?  
12:36 9  
12:36 10 A. That is correct, yes.  
12:36 11  
12:36 12 Q. Okay. Perhaps before I ask you the questions I can help  
12:36 13 refresh your memory by, operator, same document, look at the  
12:36 14 page 0901, ending 0901. Thank you.  
12:36 15  
12:36 16 There, you can see, Mr Jeans, that Mr Stokes is notifying the  
12:36 17 MinterEllison lawyers that he and you had had a discussion and  
12:36 18 agreed to limit the scenarios to the three only. Can you tell us  
12:36 19 about that conversation or that discussion you had with  
12:37 20 Mr Stokes? Was that a face-to-face or a telephone discussion?  
12:37 21  
12:37 22 A. This was a telephone discussion.  
12:37 23  
12:37 24 Q. Was that a telephone discussion initiated by Mr Stokes or  
12:37 25 initiated by you?  
12:37 26  
12:37 27 A. From recollection I think it was initiated by Mr Stokes. We  
12:37 28 had regular catch-ups so it was part of an ongoing dialogue we  
12:37 29 had.  
12:37 30  
12:37 31 Q. Yes. Did he telephone you to discuss this precise matter,  
12:37 32 how many scenarios that Grant Thornton would be instructed to  
12:37 33 look for?  
12:37 34  
12:37 35 A. I'm not sure that is within my recollection. I know we were  
12:37 36 having multiple conversations a day at that point on various  
12:37 37 issues. This was part of --- we knew at this point we had to settle  
12:37 38 on a number of scenarios, and obviously that was part of the  
12:37 39 conversations we were having at that time. What scenarios were  
12:37 40 appropriate to be run.  
12:37 41  
12:37 42 Q. I see. So, can I ask, you've looked at the authoritative  
12:37 43 definitions --  
12:37 44  
12:37 45 A. Yes.  
12:37 46  
12:37 47 Q. --- and as a result of them you recommended that there be

12:37 1 nine scenarios.  
12:37 2  
12:37 3 A. That's correct.  
12:37 4  
12:37 5 Q. How did it transpire that only three of the nine scenarios  
12:38 6 were searched for?  
12:38 7  
12:38 8 A. This was a conversation between myself and Nick where  
12:38 9 we discussed the issue that you've raised, which is the time  
12:38 10 sequencing of when a threshold transaction, when a series of  
12:38 11 transactions could appear to be structuring. Obviously Nick  
12:38 12 brought the perspective that over a longer period it becomes less  
12:38 13 likely to be structuring to avoid a threshold, it could simply be  
12:38 14 somebody just deciding to pay cash every Friday or twice a week,  
12:38 15 et cetera, so, therefore, it wasn't necessarily structuring to avoid  
12:38 16 the cash threshold, it's just the way somebody ultimately decides  
12:38 17 to pay for their gaming activity.  
12:38 18  
12:38 19 So it was a conversation around at what point do we draw the line  
12:38 20 in order to be able to get Grant Thornton to continue their work  
12:39 21 and identify what would be clear structuring.  
12:39 22  
12:39 23 Q. Yes, but the authoritative definitions that you've set out,  
12:39 24 they don't compel a cut-off for the time frame in which you might  
12:39 25 look for structuring; you agree?  
12:39 26  
12:39 27 A. That is correct, yes.  
12:39 28  
12:39 29 Q. So are you putting more weight on Mr Stokes's definition  
12:39 30 of structuring?  
12:39 31  
12:39 32 A. No. This was a dialogue between myself and Mr Stokes.  
12:39 33 And ultimately it was for Crown to decide the scope of the work  
12:39 34 that we were doing.  
12:39 35  
12:39 36 Q. Yes.  
12:39 37  
12:39 38 A. At the end of the day we had a conversation and, you know,  
12:39 39 this was the position that Crown settled on post that conversation.  
12:39 40  
12:39 41 Q. Yes. But would you say that that decision was made  
12:39 42 contrary to your recommendation?  
12:39 43  
12:39 44 A. It was made contrary to a recommendation I had previously  
12:39 45 made, but I think we arrived at the point that this was the de  
12:40 46 minimis level that we should --- or scenarios that we should  
12:40 47 undertake. The minimum levels of scenarios that we should

12:40 1 undertake.  
12:40 2  
12:40 3 COMMISSIONER: When you say "de minimis level" --  
12:40 4  
12:40 5 A. The bare minimum.  
12:40 6  
12:40 7 COMMISSIONER: Not what was proper or appropriate or  
12:40 8 sensible, but you couldn't get away with doing less?  
12:40 9  
12:40 10 A. That's correct, yes.  
12:40 11  
12:40 12 MS O'SULLIVAN: What does that tell you about Crown's  
12:40 13 approach to anti-money laundering?  
12:40 14  
12:40 15 A. I don't think it tells me anything about Crown's approach to  
12:40 16 anti-money laundering, I think it tells me an approach about  
12:40 17 getting a piece of work done in a relatively short time scale, and  
12:40 18 making sure the key issues were identified and potentially other  
12:40 19 things which may not have been key were not --- were maybe  
12:40 20 looked at later. And as a result, when we did our analysis, we  
12:41 21 actually ran a number of the longer data scenarios based on the  
12:41 22 Grant Thornton data, and did not discover any other cash  
12:41 23 transactions or other scenarios that would have triggered.  
12:41 24 Because we would include that in our investigation.  
12:41 25  
12:41 26 Q. Where is that precisely in your report?  
12:41 27  
12:41 28 A. It is not because we didn't find any. So as part of the data --  
12:41 29 so when we were given the Grant Thornton data, we actually  
12:41 30 looked for this and said, "Okay, let's roll it forward", and Grant  
12:41 31 Thornton assisted us in doing this and say, "Okay, are there any  
12:41 32 transactions where we run a seven-day time period, and there is  
12:41 33 one and one", and we didn't find that of that nature.  
12:41 34  
12:41 35 COMMISSIONER: But you didn't know that at the time this  
12:41 36 discussion was taking place?  
12:41 37  
12:41 38 A. That is correct.  
12:41 39  
12:41 40 COMMISSIONER: And your recommendation was you should  
12:41 41 look --  
12:41 42  
12:41 43 A. That is correct, yes.  
12:41 44  
12:41 45 COMMISSIONER: --- for the purposes of deciding whether  
12:41 46 something was found or not?  
12:41 47

12:41 1 A. That is correct, yes.  
12:41 2  
12:41 3 COMMISSIONER: I think I heard yesterday from  
12:41 4 Grant Thornton that the additional work required on their account  
12:42 5 to do these other --- carry out the other searches was, to use your  
12:42 6 words, "de minimis" in time and cost.  
12:42 7  
12:42 8 A. That is correct, yes.  
12:42 9  
12:42 10 COMMISSIONER: So the question of delay or further delay was  
12:42 11 not a real issue?  
12:42 12  
12:42 13 A. It was discussed but not necessarily a real issue.  
12:42 14  
12:42 15 MS O'SULLIVAN: Mr Jeans, one of the matters not included in  
12:42 16 your Southbank and Riverbank report dated 16 November 2020 is  
12:42 17 any assessment of Crown's response to the identification of  
12:42 18 structuring and other indications of money laundering on the  
12:42 19 Southbank and Riverbank accounts. And we spoke earlier about  
12:43 20 that. You understood that that was an express limitation on the  
12:43 21 scope of your investigation. Do you agree with me that  
12:43 22 notwithstanding it wasn't part of what you were instructed to do,  
12:43 23 that that could have occurred back in November 2020?  
12:43 24  
12:43 25 A. That is correct, yes.  
12:43 26  
12:43 27 Q. Yes. And do you understand that in fact you were  
12:43 28 expressly permitted, really, in a structural sense to undertake that  
12:43 29 because Crown had applied to AUSTRAC for an exemption to  
12:43 30 the tipping-off provisions in respect of SMRs, and that that  
12:43 31 exemption expressly included Initialism; is that right?  
12:43 32  
12:43 33 A. There was no limitation to be doing that review, that is  
12:43 34 correct.  
12:43 35  
12:43 36 Q. So there was nothing stopping you, back in  
12:43 37 November 2020, from doing the root cause analysis, and also  
12:43 38 doing an investigation into Crown's response to the indications of  
12:43 39 money laundering that were set out in your report with Grant  
12:44 40 Thornton and Riverbank and Southbank reports; is that right?  
12:44 41  
12:44 42 A. That is correct, yes.  
12:44 43  
12:44 44 Q. But you weren't instructed to do that. To your knowledge,  
12:44 45 did Crown instruct anyone else to perform that?  
12:44 46  
12:44 47 A. I have no knowledge of that.

12:44 1  
12:44 2 Q. One matter that I noticed was not in your report was any  
12:44 3 recommendations. Do you agree it is a bit surprising to look at  
12:44 4 a report which reveals indications of a number of different types  
12:44 5 of money laundering indications that there aren't  
12:44 6 recommendations in the report?  
12:44 7  
12:44 8 A. That was not part of the scope of the report. The report was  
12:44 9 to identify whether there were indications of money laundering  
12:44 10 and that report was --- express purpose was to be tendered to the  
12:44 11 Bergin Commission. It was not to assess Crown's response to  
12:44 12 those indications of money laundering. So, therefore,  
12:45 13 recommendations were not, in my view --- certainly they weren't  
12:45 14 within scope and therefore not relevant.  
12:45 15  
12:45 16 Q. I see. You understand that the Riverbank and Southbank  
12:45 17 bank accounts were closed in December 2019; is that your  
12:45 18 understanding?  
12:45 19  
12:45 20 A. That is my understanding, yes.  
12:45 21  
12:45 22 Q. Is there any reason not to think that the same types of  
12:45 23 transactions, as observed and reported on in your report on the  
12:45 24 Riverbank and Southbank accounts, were occurring on other  
12:45 25 Crown accounts over the same period?  
12:45 26  
12:45 27 A. I have no reason doubt that or suspect that.  
12:45 28  
12:45 29 Q. So no reason to doubt but no reason to suspect?  
12:45 30  
12:45 31 A. I simply haven't looked at the bank accounts so I can't form  
12:45 32 an opinion.  
12:45 33  
12:45 34 Q. So you are on the fence on that?  
12:45 35  
12:45 36 A. Well, without looking at the bank statements it would be  
12:45 37 difficult for me to make a determination.  
12:45 38  
12:46 39 Q. After the closure of the Southbank and Riverbank accounts,  
12:46 40 is it your opinion, having completed this review, that the  
12:46 41 transaction activity evident on those accounts is likely to have  
12:46 42 continued but on other Crown bank accounts?  
12:46 43  
12:46 44 A. Yes.  
12:46 45  
12:46 46 Q. And what makes you so sure about that answer?  
12:46 47

- 12:46 1 A. Because at that point Crown did not have any controls in  
12:46 2 place to try and prevent that happening.  
12:46 3
- 12:46 4 Q. Would you agree with me, Mr Jeans, that structuring is not  
12:46 5 a new money laundering technique?  
12:46 6
- 12:46 7 A. It is not a new money laundering technique.  
12:46 8
- 12:46 9 Q. And presumably structuring has been around ever since the  
12:46 10 threshold transaction was introduced; would that be a fair  
12:46 11 assumption?  
12:46 12
- 12:46 13 A. That is correct, yes.  
12:46 14
- 12:46 15 Q. Would you also agree with me that smurfing is not a new  
12:46 16 money laundering technique?  
12:46 17
- 12:46 18 A. It is not a new money laundering technique. No.  
12:46 19
- 12:46 20 Q. Do you agree with me that cuckoo smurfing is not a new  
12:47 21 money laundering technique?  
12:47 22
- 12:47 23 A. That is a slightly newer technique but it's not a new  
12:47 24 technique.  
12:47 25
- 12:47 26 Q. Just on that, I noticed in your report that you quoted  
12:47 27 AUSTRAC as saying in 2011 that cuckoo smurfing had emerged  
12:47 28 as a key money laundering methodology over the past decade.  
12:47 29
- 12:47 30 A. That's right.  
12:47 31
- 12:47 32 Q. So when you say not that old --  
12:47 33
- 12:47 34 A. Unfortunately I've been in anti-money laundering and  
12:47 35 money laundering since 1991, so "old" is a relative context to me.  
12:47 36 So smurfing and that activity structuring had been going on long  
12:47 37 before then, whereas, I think, as AML regimes put increasing  
12:47 38 controls in place, the criminals looked for other avenues. So  
12:47 39 something that is mid-2000 onwards is slightly newer, I would  
12:47 40 suggest, than structuring and smurfing.  
12:47 41
- 12:47 42 Q. But still not new?  
12:47 43
- 12:48 44 A. But still not new.  
12:48 45
- 12:48 46 Q. Why did it take Crown until 2020 to pick up on the  
12:48 47 structuring, smurfing and cuckoo smurfing occurring on the

12:48 1 Southbank and Riverbank accounts?  
12:48 2  
12:48 3 A. I could not answer that question. That is not within my  
12:48 4 knowledge. It is not a question I've asked Crown, why they didn't  
12:48 5 pick it up earlier.  
12:48 6  
12:48 7 Q. Yes. Do you think it is a concern that they didn't pick it up,  
12:48 8 given that these are not new money laundering techniques?  
12:48 9  
12:48 10 A. I think it is a concern and I think it is a factor to answer  
12:48 11 your previous question of not necessarily looking at the bank  
12:48 12 accounts with the anti-money laundering or money laundering  
12:48 13 lens.  
12:48 14  
12:48 15 MS O'SULLIVAN: Commissioner, I'm going to move off the  
12:48 16 Southbank and Riverbank topic on to a new one. Did you have  
12:48 17 any questions?  
12:48 18  
12:48 19 COMMISSIONER: Yes, I do, but completely unrelated.  
12:48 20  
12:48 21 Picking up from the last couple of questions that were put to you,  
12:49 22 how serious a problem, either in Australia or in Australia and  
12:49 23 elsewhere, is money laundering? What is the dimension of the  
12:49 24 problem?  
12:49 25  
12:49 26 A. So the dimension of the problem, obviously it is very  
12:49 27 difficult to quantify, but there are some what I deem to be  
12:49 28 authoritative sources that put the money laundering problem, the  
12:49 29 domestic money laundering problem in Australia somewhere  
12:49 30 around \$15 billion.  
12:49 31  
12:49 32 COMMISSIONER: Five-zero?  
12:49 33  
12:49 34 A. One-five.  
12:49 35  
12:49 36 COMMISSIONER: Per annum?  
12:49 37  
12:49 38 A. Per annum. And the international money laundering issue,  
12:49 39 somewhere around \$1.2 to \$1.3 trillion.  
12:49 40  
12:49 41 COMMISSIONER: Per annum?  
12:49 42  
12:49 43 A. Per annum.  
12:49 44  
12:49 45 COMMISSIONER: And what we are talking about here, without  
12:49 46 putting too fine a point on it, is criminals cleaning money so it  
12:49 47 can be spent?

12:49 1  
12:49 2 A. That is correct. And one of the big challenges for  
12:50 3 criminals, particularly at the lower end, is that most criminal  
12:50 4 activity is conducted in cash. So, therefore, cash needs to get into  
12:50 5 the financial system. They are constantly looking at ways to  
12:50 6 move that cash into the financial system.  
12:50 7  
12:50 8 COMMISSIONER: And if I look at the \$15 billion that is  
12:50 9 laundered in Australia, roughly, but a reasonable estimate --  
12:50 10  
12:50 11 A. Yes.  
12:50 12  
12:50 13 COMMISSIONER: --- assume that I'm the boss of an organised  
12:50 14 crime syndicate and I can decide where I'm going to launder the  
12:50 15 syndicate's money.  
12:50 16  
12:50 17 A. Yes.  
12:50 18  
12:50 19 COMMISSIONER: That has been delegated to me. Once upon  
12:50 20 a time I would go to the race track, right?  
12:50 21  
12:50 22 A. Possibly yes.  
12:50 23  
12:50 24 COMMISSIONER: But not any more, because you can't bet tens  
12:50 25 of thousands of dollars on horse races without getting noticed.  
26  
27 A. Exactly.  
28  
29 COMMISSIONER: I can go to a casino.  
30  
12:50 31 A. You can go to a casino but there are the controls over  
12:50 32 \$10,000 to be identified as well.  
12:50 33  
12:51 34 COMMISSIONER: I understand that, so I have to work out  
12:51 35 ways to get around the controls.  
12:51 36  
12:51 37 A. That's correct, yes.  
12:51 38  
12:51 39 COMMISSIONER: Where else do I go apart from casinos?  
12:51 40 Where else do I find a place in Australia that deals in tens of  
12:51 41 millions of dollars in cash per week?  
12:51 42  
12:51 43 A. That is an increasing problem for the criminal entrepreneur,  
12:51 44 if we can call them that. Obviously a lot of activity that  
12:51 45 AUSTRAC has undertaken over recent years is to try to limit the  
12:51 46 cash channels that are available to the criminal. Effectively one  
12:51 47 of the last cash channels available is the gaming industry. I



12:51 1 would suggest that is not only Crown, but pubs and clubs that  
12:51 2 have EGMs or pokie machines.  
12:51 3  
12:51 4 COMMISSIONER: I see. But there's likely to be a much smaller  
12:51 5 scale or level at the clubs and pubs; if you walk in with a million  
12:51 6 dollars something like that, you'd actually get noticed?  
12:51 7  
12:51 8 A. You would certainly get noticed at any club with over  
12:52 9 a substantial amount, but some of these clubs have very large  
12:52 10 gaming rooms, over 400 to 500 machines, so the opportunity is  
12:52 11 there.  
12:52 12  
12:52 13 COMMISSIONER: So if I'm looking at it as a general problem,  
12:52 14 not a Crown Casino problem --  
12:52 15  
12:52 16 A. Yes.  
12:52 17  
12:52 18 COMMISSIONER: --- it is really the gaming area where the  
12:52 19 criminal element will go as a place of choice to try and launder  
12:52 20 upwards of 15 billion a year?  
12:52 21  
12:52 22 A. It provides particular opportunities for the criminal to do  
12:52 23 that.  
12:52 24  
12:52 25 COMMISSIONER: Sure, but that would be my place of choice.  
12:52 26 I would go there first, try --  
12:52 27  
12:52 28 A. If I was a criminal entrepreneur it would be high on my list  
12:52 29 of channels to use, absolutely.  
12:52 30  
12:52 31 MS O'SULLIVAN: Thank you.  
12:52 32  
12:52 33 Mr Jeans, whilst we are on the topic of looking at structural  
12:52 34 issues, can I ask you this question: does Crown make money  
12:52 35 through money laundering at the casino?  
12:52 36  
12:52 37 A. They make money --- they make money from the gambling  
12:53 38 which may be funded by criminal proceeds but effectively you  
12:53 39 have to understand, you have to identify that they are criminal  
12:53 40 proceeds. So that is a difficult --- the only people that make  
12:53 41 money out of money laundering is money launderers. I don't  
12:53 42 think we are suggesting Crown is a money laundering enterprise  
12:53 43 at this point.  
12:53 44  
12:53 45 COMMISSIONER: No, I think the question is rather directed at  
12:53 46 someone else. If I use the gaming table to make it look like I won  
12:53 47 all this money on a gaming table or a poker machine or something

12:53 1 like that, the casino takes its cut and doesn't have to know where  
12:53 2 my money comes from. It necessarily makes a profit --  
12:53 3  
12:53 4 A. That is correct.  
12:53 5  
12:53 6 COMMISSIONER: --- in the process of organised crime clean  
12:53 7 funds.  
12:53 8  
12:53 9 A. But the laundering process, they don't necessarily want to  
12:53 10 bet and gamble the money. They want to be able to convert the  
12:53 11 reality from cash into chips and then out into cheques or wire  
12:54 12 transfers. So effectively the gaming is not dependent --- the  
12:54 13 laundering process is not dependent on the gaming.  
12:54 14  
12:54 15 COMMISSIONER: There is two ways of looking at it. One is if  
12:54 16 I can get cash in and cash out without going to a gaming table or  
12:54 17 an EGM, then it is at no cost to me.  
12:54 18  
12:54 19 A. Exactly.  
12:54 20  
12:54 21 COMMISSIONER: It might be 5 per cent. The cost of  
12:54 22 laundering my money, cost of 5 per cent, like the cost of doing  
12:54 23 business?  
12:54 24  
12:54 25 A. That is correct, yes.  
12:54 26  
12:54 27 MS O'SULLIVAN: Commissioner, can I tender the mail that we  
12:54 28 were discussing a moment ago, that is INI.0002.001.0901 at tab  
12:54 29 13 of your bundle?  
12:55 30  
12:55 31 COMMISSIONER: Email from Nick Stokes to Alice Waterston  
12:55 32 and copied to others, including Mr Jeans dated 21 October 2020,  
12:55 33 Exhibit 68.  
12:55 34  
12:55 35  
12:55 36 **EXHIBIT #RC0068 - EMAIL FROM MR NICK STOKES**  
12:55 37 **TO MS ALICE WATERSTON COPIED TO OTHERS**  
12:55 38 **INCLUDING MR NEIL JEANS DATED 21 OCTOBER**  
12:55 39 **2020**  
12:55 40  
12:55 41  
12:55 42 MS O'SULLIVAN: Thank you.  
12:55 43  
12:55 44 Mr Jeans, I'm now going to ask you about the October  
12:55 45 2020 Initialism opinion on the design adequacy of part A of  
12:55 46 Crown's AML program. I'm right to understand, aren't I, that in  
12:55 47 October 2020, Initialism reviewed the design adequacy of a new

12:56 1 part A of Crown's AML/CTF program, is that right?

12:56 2

12:56 3 A. That is correct, yes.

4

5 Q. You provided an advice dated 30 October 2020 on the new  
6 draft, is that right?

7

8 A. That is correct, yes.

9

10 Q. And that advice is annexed to your written statement dated  
11 16 April 2021 at annexure J, is that right?

12

13 A. That is correct, yes.

14

12:56 15 Q. Do you agree with me there is a significant distinction

12:56 16 between what is called a design adequacy and, on the other hand,  
12:56 17 operational effectiveness?

12:56 18

12:56 19 A. That is correct, yes.

12:56 20

12:56 21 Q. In fact, you yourself have said it is important not to conflate  
12:56 22 the concepts of design inadequacy and operational effectiveness  
12:56 23 on the other hand; is that right?

12:56 24

12:56 25 A. That is correct, yes.

12:56 26

12:57 27 Q. So when it comes to design adequacy, assessing design  
12:57 28 adequacy involves including those matters which the AML/CTF  
12:57 29 Act requires to be included?

12:57 30

12:57 31 A. The AML/CTF Act and the AML/CTF rules.

12:57 32

12:57 33 Q. Yes, so both the Act and the rules. Can I ask you this,  
12:57 34 Mr Jeans, what is the point of reviewing only the design  
12:57 35 adequacy and not also the operational effectiveness of  
12:57 36 an AML/CTF program?

12:57 37

12:57 38 A. It is usually a matter of sequencing. Effectively you assess  
12:57 39 the design adequacy, and then an organisation goes away and  
12:57 40 implements, and then you then attest the implementation, which is  
12:57 41 effectively the operational effectiveness of that program. So the  
12:57 42 piece of work we were asked to do was to look at the joint  
12:57 43 program that was being put in place, make recommendations for  
12:57 44 adjustment, and then obviously form and then based on the  
12:58 45 adjustments make or provide an opinion on the design adequacy  
12:58 46 only.

12:58 47

12:58 1 Q. Yes, but am I right to understand that you haven't been  
12:58 2 engaged for that further part, which is to assess the operational  
12:58 3 effectiveness of Crown's AML/CTF program?

12:58 4  
12:58 5 A. We have not, no.

12:58 6  
12:58 7 Q. Do you know whether anyone else has been engaged to  
12:58 8 assess the operational effectiveness of Crown's new AML/CTF  
12:58 9 program?

12:58 10  
12:58 11 A. I do not, no.

12:58 12  
12:58 13 Q. So does that mean, in a sense, that Crown has a new  
12:58 14 AML/CTF program which you've given opinion on and said it is  
12:58 15 designed appropriately --

12:58 16  
12:58 17 A. Yes.

12:58 18  
12:58 19 Q. --- but they don't presently know, to your knowledge,  
12:58 20 whether it is operationally effective?

12:58 21  
12:58 22 A. To my knowledge, that is correct, yes.

12:58 23  
12:58 24 Q. Around that time as well, October 2020, you --- by which I  
25 mean Initialism and you --- commenced supporting Crown to  
26 undertake a anti-money laundering and counterterrorism  
27 financing risk assessment for both Crown Melbourne and Crown  
28 Perth, is that right?

12:58 29  
12:58 30 A. That is correct, yes.

12:58 31  
12:58 32 Q. That work wasn't completed, is that right?

12:58 33  
12:58 34 A. That is correct, yes.

12:58 35  
12:58 36 Q. Was it not completed because Initialism didn't finish it, or  
12:58 37 was it not completed at Crown's request?

12:58 38  
12:58 39 A. At Crown's request.

12:58 40  
12:58 41 Q. Did that request come through directly to you, "Please stop  
12:58 42 work on this"?

12:58 43  
12:59 44 A. No, we provided input, provided some drafts but they  
12:59 45 were --- we did not receive a response back from those drafts.

12:59 46  
12:59 47 Q. Okay. So it wasn't the case you got a phone call to say

12:59 1 "Neil, pens down" --  
12:59 2  
12:59 3 A. No.  
12:59 4  
12:59 5 Q. --- there was just non-responsiveness from Crown; is that  
12:59 6 right?  
12:59 7  
12:59 8 A. That is correct, yes.  
12:59 9  
12:59 10 Q. How far through the money laundering and terrorism  
12:59 11 financing risk assessment did you get?  
12:59 12  
12:59 13 A. We had done very much preliminary drafts, which were  
12:59 14 based on our understanding of Crown and the businesses that we  
13:00 15 were engaged in. We were waiting for feedback from Crown on  
13:00 16 those determinations and also for them to provide data that would  
13:00 17 help us more finely hone the risks --- more finely identify the risks  
13:00 18 that were present.  
13:00 19  
13:00 20 Q. And am I right to understand that you didn't get that  
13:00 21 feedback and you didn't get that data?  
13:00 22  
13:00 23 A. We didn't get the feedback or the data, no.  
13:00 24  
13:00 25 Q. Who was your main contact at Crown for the risk  
13:00 26 assessment?  
13:00 27  
13:00 28 A. That would be Mr Stokes.  
13:00 29  
13:00 30 Q. Was it Mr Stokes who was non-responsive in terms of  
13:00 31 giving you the feedback in the data that you had requested; is that  
13:00 32 right?  
13:00 33  
13:00 34 A. I think he delegated to that Mr Sutherland. It was  
13:00 35 Mr Stokes and Mr Sutherland that we were engaging on, on that  
13:00 36 piece of work.  
13:00 37  
13:00 38 Q. Is it the case that you had, for example, emails that were not  
13:00 39 responded to; is that right?  
13:00 40  
13:01 41 A. Yes, I basically sent some emails requesting the data and  
13:01 42 obviously nothing came back.  
13:01 43  
13:01 44 Q. Yes, and do you know why?  
13:01 45  
13:01 46 A. I don't know why, no. I can assume that they were going  
13:01 47 down a different path and taking a more detailed look at the

13:01 1 ML/TF risks. Our piece of work was designed to be a very short  
13:01 2 piece of work and by its nature was relatively limited. I think that  
13:01 3 at that point there was a desire by Crown to take a more detailed  
13:01 4 look at the AML risks.

13:01 5

13:01 6 Q. Are you speculating or do you know that?

13:01 7

13:01 8 A. From conversations, piecing conversations together, that is  
13:01 9 effectively my impression of why Crown did not necessarily --

13:01 10

13:01 11 Q. I see. You said that your work, your risk assessment was  
13:01 12 going to be a short and limited risk assessment.

13:01 13

13:01 14 A. Yes.

13:01 15

13:01 16 Q. Can you tell us, in your understanding how it was limited?

13:01 17

13:01 18 A. It was simply limited by the model that we were using,  
13:02 19 which is an off-the-shelf model, which was not specifically  
13:02 20 designed for casinos. It was designed for smaller organisations,  
13:02 21 but effectively went through a process of assessing the areas that  
13:02 22 are required to by the AML/CTF rules, and that would then at  
13:02 23 least give Crown some degree of insight into the ML/TF risks, or  
13:02 24 an increased insight into the ML/TF risks. Throughout that  
13:02 25 process we discussed with various parties in Crown whether that  
13:02 26 was the right end approach in terms of whether this was just  
13:02 27 a limited piece of work to begin with, and then there will be  
13:02 28 a more detailed piece of work following up, and based on those  
13:02 29 conversations I assume that it was apparent this piece of work  
13:02 30 was going to be a limited piece of work.

13:02 31

13:03 32 Q. You mentioned it was a short piece of work.

13:03 33

13:03 34 A. Yes.

13:03 35

13:03 36 Q. Did you say that because Crown had said to you "We need  
13:03 37 something quite quickly"?

13:03 38

13:03 39 A. That is correct, yes.

13:03 40

13:03 41 Q. Did you understand why they needed something quite  
13:03 42 quickly?

13:03 43

13:03 44 A. My understanding was because whilst they had disparate  
13:03 45 other risk assessments and other parts of risk assessments within  
13:03 46 the organisation, they didn't have a single view of the risk  
13:03 47 assessment in a single document.

13:03 1  
13:03 2 Q. Yes, but why did they need it quickly?  
13:03 3  
13:03 4 A. This was again based on the Bergin Inquiry.  
13:03 5  
13:03 6 Q. So was it your understanding that Crown were looking to  
13:03 7 get something short and sharp from you to present to the Bergin  
13:03 8 Inquiry?  
13:03 9  
13:03 10 A. Or to present after the Bergin Inquiry to ILGA.  
13:03 11  
13:03 12 Q. To?  
13:03 13  
13:03 14 A. ILGA.  
13:03 15  
13:03 16 Q. I see. And that is ILGA; is that right?  
13:03 17  
13:03 18 A. ILGA, the NSW gaming regulator.  
13:03 19  
13:03 20 Q. This risk assessment, the one that we've been speaking  
13:04 21 about that didn't go ahead, was that the only piece of work around  
13:04 22 this time that didn't complete for Crown?  
13:04 23  
13:04 24 A. There were a number around that time that we started,  
13:04 25 produced drafts, and were not subsequently completed.  
13:04 26  
13:04 27 Q. Can you tell me what the other ones were?  
13:04 28  
13:04 29 A. From memory, from the list, I can go through that if you've  
13:04 30 got the list, but certainly the IFTI review, the international funds  
13:04 31 transfer instruction review, the Burswood Nominees and Crown  
13:04 32 Melbourne review of the prohibitions, the bank account review  
13:04 33 based on prohibitions and also the assurance piece of work.  
13:04 34  
13:04 35 Q. Okay. So the assurance piece of work, am I right to  
13:04 36 understand that you were given instructions in November 2020 --  
13:04 37  
13:04 38 A. That's correct.  
13:04 39  
13:04 40 Q. --- to start assisting Crown to develop an AML/CTF  
13:05 41 compliance assurance plan?  
13:05 42  
13:05 43 A. That is correct, yes.  
13:05 44  
13:05 45 Q. So that wasn't completed, you've just told us. But you did  
13:05 46 get to the point of providing a draft report to Crown in November  
13:05 47 2020; is that right?

13:05 1  
13:05 2 A. Yes, a draft for their review and feedback.  
13:05 3  
13:05 4 Q. And is that the report at tab K of your statement?  
13:05 5  
13:05 6 A. I believe it is, yes.  
13:05 7  
13:05 8 Q. Why was that work not completed?  
13:05 9  
13:05 10 A. From my understanding, because there were competing  
13:05 11 priorities within Crown.  
13:05 12  
13:05 13 Q. I see. So there was nothing from your end that meant you  
13:05 14 couldn't complete it; is that right?  
13:05 15  
13:05 16 A. That is correct, yes.  
13:05 17  
13:05 18 Q. And you had got to the point where you prepared a draft  
13:05 19 report?  
13:05 20  
13:05 21 A. That is correct, yes.  
13:05 22  
13:05 23 Q. In respect of that, did you get a call to say "Pens down,  
13:05 24 Mr Jeans", or was it another example of not getting any response  
13:06 25 from Crown to the draft?  
13:06 26  
13:06 27 A. No response from Crown regarding the draft.  
13:06 28  
13:06 29 Q. Did you follow them up to say "You've had my draft for  
13:06 30 a while now"?  
13:06 31  
13:06 32 A. Through verbal conversations.  
13:06 33  
13:06 34 Q. Who were those verbal conversations with?  
13:06 35  
13:06 36 A. Mr Stokes and Mr Sutherland.  
13:06 37  
13:06 38 Q. Yes. I presume you asked them, "Do you have any  
13:06 39 feedback on my draft, can I issue it as final"; is that the type of  
13:06 40 inquiry you did make of them?  
13:06 41  
13:06 42 A. Not necessarily. Effectively we were producing a draft that  
13:06 43 they would then provide commentary on. Obviously their priority  
13:06 44 is their priority. We would obviously then respond to that,  
13:06 45 respond to their feedback and then ultimately provide additional  
13:06 46 commentary as and when that occurred.  
13:06 47



13:06 1 Q. So it strikes me as odd that in November 2020, after the  
13:06 2 revelations that were made in your Southbank and Riverbank  
13:07 3 report, and in the Grant Thornton Riverbank and Southbank  
13:07 4 report, that Crown is saying that an anti-money laundering  
13:07 5 compliance assurance plan is not a priority. Does that strike you  
13:07 6 as extraordinary?  
13:07 7

13:07 8 A. I'm not saying it is not a priority, and it's not the highest  
13:07 9 priority at that time.  
13:07 10

13:07 11 Q. So what was of higher priority at that time from what you  
13:07 12 know from what Mr Sutherland and Mr Stokes were telling you?  
13:07 13

13:07 14 A. They were continuing to evolve the transaction monitoring  
13:07 15 program, they were responding to inquiries from various  
13:07 16 government bodies, they were responding to inquiries from  
13:07 17 AUSTRAC and effectively the sense I got from my engagement  
13:07 18 with them was they simply did not have the capacity to progress  
13:07 19 this any further at that time.  
13:07 20

13:07 21 Q. So if Crown's AML department had been better resourced  
13:08 22 in November 2020, is it likely that this task that you were  
13:08 23 undertaking to assist with the compliance assurance plan could  
13:08 24 have gone ahead and could have reached fruition?  
13:08 25

13:08 26 A. That is correct, yes.  
13:08 27

13:08 28 Q. So it was a lack of resources that meant that this  
13:08 29 engagement wasn't completed; is that right?  
13:08 30

13:08 31 A. That is correct, yes.  
13:08 32

13:08 33 Q. I'm moving to a new topic Commissioner. Is now  
13:08 34 a suitable time?  
13:08 35

13:08 36 COMMISSIONER: Yes. We'll break for lunch. If I say start  
13:08 37 again at 2 o'clock, is that inconvenient to anybody? No negatives.  
13:08 38 Adjourn to 2 o'clock.  
13:08 39  
13:08 40

13:08 41 **ADJOURNED** **[1.08 PM]**  
14:03 42  
14:03 43

14:03 44 **RESUMED** **[2:03P.M.]**  
14:03 45  
14:03 46

14:03 47 COMMISSIONER: Just take a seat for a minute, Ms O'Sullivan.

14:04 1  
14:04 2 I think we are now going to be pretty clear about how the  
14:04 3 hearings are going to have to be conducted from tomorrow on.  
14:04 4 The restrictions come into play at 6.00 pm tonight. This is how  
14:04 5 we are going to have to proceed. Indoors, everybody has to wear  
14:04 6 a mask with the following exceptions; me.  
14:04 7  
14:04 8 A. (Laughs).  
14:04 9  
14:04 10 COMMISSIONER: I'm not sure that is in the Government  
14:04 11 regulation, but, me, my associate, witness, who is in the witness  
14:04 12 box and whoever is either questioning the witness or addressing  
14:04 13 me. But if you can talk between yourselves, you wear masks.  
14:05 14 We have to limit the number of people in the room, so it would be  
14:05 15 best if every group who has leave to appear could limit your  
14:05 16 group to four people. I think four people is a reasonable number  
14:05 17 and everybody else will have to watch virtually. There will be  
14:05 18 a protocol published on the website today, sometime during the  
14:05 19 course, probably before we finish up this afternoon, reminding  
14:05 20 people how the online hearings will go and what needs to be done  
14:05 21 to get login numbers and so on so, that the virtual hearings can  
14:05 22 take place in either counsel's chambers or law firms, offices, or at  
14:05 23 home or wherever you want to do them. But you will have to  
14:06 24 engage in the process to be able to log in to the live hearing.  
14:06 25  
14:06 26 So far as the media are concerned, they have been attending in the  
14:06 27 room next door but they won't be able to attend the building  
14:06 28 anymore. The media will have to do virtual hearings as well as  
14:06 29 anybody outside the four-person team. These are the standard list  
14:06 30 of instructions that you are very familiar with.  
14:06 31  
14:06 32 If anybody has any of the following symptoms, do not come here,  
14:06 33 get tested and go home. You will have to wear masks not only in  
14:06 34 this room but everywhere in the buildings indoors. There will be  
14:07 35 masks, I think, already being made available at a table outside the  
14:07 36 hearing room. There are sanitisers downstairs as you walk into  
14:07 37 the hearing room. That will be available. Physical distancing as  
14:07 38 much as possible. And if everybody can register, there is  
14:07 39 a register on this floor and downstairs. I think there are a few  
14:07 40 locations. We will observe that.  
14:07 41  
14:07 42 A suggestion is regular breaks so you can have a cigarette and  
14:07 43 take a break outside for a walk and get some fresh air. We'll do  
14:07 44 the best we can.  
14:07 45  
14:07 46 I've got my fingers crossed and hope it doesn't get anymore  
14:07 47 severe than that, but nobody knows. If we actually have to move

14:08 1 to virtual hearings, that is outside here, then it will take maybe  
14:08 2 a day or two to get the technology up and running. So we'll  
14:08 3 necessarily have a gap, but (inaudible) I will deal with it in  
14:08 4 consultation with everyone how about best to proceed and how  
14:08 5 we are going to do it. That's if things get worse. At the moment I  
14:08 6 hope that that doesn't. That's all I wanted to say about that.

14:08 7

14:08 8 Thank you, Ms O'Sullivan.

14:08 9

14:08 10 MS O'SULLIVAN: Thank you, Commissioner.

14:08 11

14:08 12 Mr Jeans, I am going to move on to another of Initialism's  
14:08 13 engagement by Crown, and in particular I'm going to ask you  
14:08 14 questions about the 2021 bank account review, which I  
14:08 15 understand is a review that you've conducted very recently; is that  
14:08 16 right?

14:08 17

14:08 18 A. That is correct, yes.

14:08 19

14:08 20 Q. By way of background, it is your understanding, is it, that  
14:09 21 the Southbank and Riverbank accounts were closed in December  
14:09 22 2019?

14:09 23

14:09 24 A. That is correct, yes.

14:09 25

14:09 26 Q. That subsequent to that closure, do you understand Crown  
14:09 27 notified its customers of the closure of those accounts and told  
14:09 28 them to use the Crown Melbourne and Crown Perth accounts  
14:09 29 instead?

14:09 30

14:09 31 A. I'm aware of that, yes.

14:09 32

14:09 33 Q. Am I right to understand that then in response to what was  
14:09 34 revealed in the Grant Thornton and Initialism reports on  
14:09 35 Southbank and Riverbank, Crown made some changes to some of  
14:09 36 its AML controls?

14:09 37

14:09 38 A. That is correct, yes.

14:09 39

14:09 40 Q. And, in particular, is it your understanding that one of the  
14:09 41 changes was that Crown prohibited cash deposits into its bank  
14:09 42 accounts?

14:09 43

14:09 44 A. That is correct, yes.

14:09 45

14:09 46 Q. The second change was that Crown prohibited third-party  
14:09 47 deposits and money remitter deposits into its bank accounts?

- 14:10 1  
14:10 2 A. That is correct, yes.  
14:10 3  
14:10 4 Q. A third change in policy adopted was a return of funds  
14:10 5 policy whereby any transactions which were prohibited, such as  
14:10 6 cash deposits and third-party and money remitter deposits, where  
14:10 7 those occurred the funds would be returned?  
14:10 8  
14:10 9 A. That is correct, yes.  
14:10 10  
14:10 11 Q. Is it your understanding that the policies were roughly  
14:10 12 operational towards the end of last year, 2020?  
14:10 13  
14:10 14 A. That is correct, yes.  
14:10 15  
14:10 16 Q. So is that the relevant context in which you conducted  
14:10 17 a bank account review at the beginning of this year?  
14:10 18  
14:10 19 A. That is correct, yes. I was tasked to undertake a review  
14:10 20 across a number of months' bank account statements to see  
14:10 21 whether the prohibitions were being followed.  
14:10 22  
14:10 23 Q. Sorry, were being honoured, did you say?  
14:10 24  
14:10 25 A. Being followed.  
14:10 26  
14:10 27 Q. Thank you. So the purpose was to have a look at the bank  
14:10 28 accounts to see whether the new policies were being observed  
14:10 29 and implemented; is that right?  
14:10 30  
14:11 31 A. That is correct, yes.  
14:11 32  
14:11 33 Q. I understand it, the way you have described it in your  
14:11 34 statement is that Initialism was undertaking the review to assess  
14:11 35 whether the prohibitions relating to cash payments and third-party  
14:11 36 transfers were being firstly observed by customers and secondly  
14:11 37 enforced by Crown? Is that accurate?  
14:11 38  
14:11 39 A. That is correct, yes.  
14:11 40  
14:11 41 Q. So that involved again reviewing bank statements but in  
14:11 42 this instance it was ANZ bank statements with Crown Melbourne  
14:11 43 and Crown Perth; is that right?  
14:11 44  
14:11 45 A. That is correct, yes.  
14:11 46  
14:11 47 Q. What you did is you analysed them for the transaction types

14:11 1 that had been prohibited; is that right?  
14:11 2  
14:11 3 A. That is correct, yes.  
14:11 4  
14:11 5 Q. I understand that Grant Thornton assisted you with this  
14:11 6 task; is that right?  
14:11 7  
14:11 8 A. That is not correct, no.  
14:11 9  
14:11 10 Q. Oh, I see. So that was a task that you did without Grant  
14:11 11 Thornton?  
14:11 12  
14:11 13 A. We did it on our own, yes.  
14:11 14  
14:11 15 Q. Does that mean you did a manual review of bank  
14:11 16 statements?  
14:11 17  
14:11 18 A. We did a manual review of bank statements, looking at the  
14:12 19 physical copies and going down each transaction.  
14:12 20  
14:12 21 Q. Is it the case that if you are only looking at a very short time  
14:12 22 period it is feasible to manually review the bank statements, but  
14:12 23 when you need to look at years and years you might need some  
14:12 24 computer assistance to ingest the data into a program and then --  
14:12 25  
14:12 26 A. Yes, that's the case, but also because there is a limited  
14:12 27 review, we were looking at a limited set of transaction types and  
14:12 28 trying to identify those transaction type. It was possible to do this  
14:12 29 with effectively a piece of paper and a ruler.  
14:12 30  
14:12 31 Q. And you looked at, is it, two months' worth of data; is that  
14:12 32 right?  
14:12 33  
14:12 34 A. That is correct, yes.  
14:12 35  
14:12 36 Q. Operator, can I have this document brought up into the  
14:12 37 hearing room. INI.0005.0001.0466.  
14:12 38  
14:12 39 Tab 20 of your bundle, Commissioner.  
14:12 40  
14:13 41 Mr Jeans, this email is addressed to you from a few months ago.  
14:13 42 Can you confirm, are they the instructions that you received from  
14:13 43 Allens on behalf of Crown to conduct the bank statement review  
14:13 44 that we've just been speaking about?  
14:13 45  
14:13 46 A. That is correct, yes.  
14:13 47

14:13 1 Q. So the relevant time period there is 1 November 2020 to 16  
14:13 2 February 2021. Am I right to understand there was a slight  
14:13 3 adjustment to that time frame; is that right?

14:13 4  
14:13 5 A. That is correct, yes.

14:13 6  
14:13 7 Q. So, obviously this morning we've been speaking about  
14:13 8 an analysis of the Crown Melbourne and Crown Perth bank  
14:13 9 accounts which is equivalent to the Riverbank and Southbank  
14:13 10 review. But this task here is quite different from that, is that  
14:13 11 right?

14:13 12  
14:13 13 A. Yes, quite different.

14:13 14  
14:13 15 Q. This task is looking for evidence on the bank statements as  
14:13 16 to whether or not the new reforms Crown has put in are being  
14:14 17 observed by customers and enforced by Crown?

14:14 18  
14:14 19 A. That is correct, yes.

14:14 20  
14:14 21 MS O'SULLIVAN: I tender that email.

14:14 22  
14:14 23 COMMISSIONER: Email from Caroline Marshall to Neil Jeans,  
14:14 24 17 February 2021 is 69.

25

26

27 **EXHIBIT #RC0069 - EMAIL FROM MS CAROLINE**  
28 **MARSHALL TO MR NEIL JEANS DATED 17 FEBRUARY**  
29 **2021**

30

31

14:14 32 MS O'SULLIVAN: Operator, INI.0005.0001.0462.

14:14 33

14:14 34 Tab 21 of your folder, Commissioner.

14:14 35

14:14 36 Again, Mr Jeans, you might recall this email. It is a recent email  
14:15 37 from a solicitor at Allens to yourself. Can you confirm, this is  
14:15 38 a slightly more detailed scope of work for the bank account  
14:15 39 review that we've just been speaking about?

14:15 40

14:15 41 A. That is correct, yes.

14:15 42

14:15 43 Q. And you can see in the first dot point there is a slight  
14:15 44 change to the date range across which transactions would be  
14:15 45 reviewed; can you see that?

14:15 46

14:15 47 A. That is correct, yes.

14:15 1  
14:15 2 Q. So ultimately your review was of transactions that were on  
14:15 3 the bank accounts between the dates of 1 December 2020 to 16  
14:15 4 February 2021; is that right?  
14:15 5  
14:15 6 A. That is correct, yes.  
14:15 7  
14:15 8 Q. And that sets out the various scenarios and transactions that  
14:15 9 were to be looked for; is that right?  
14:15 10  
14:15 11 A. That is correct, yes.  
14:15 12  
14:15 13 Q. Thank you. I tender that email.  
14:15 14  
14:16 15 COMMISSIONER: Exhibit 70, email from Caroline Marshall to  
14:16 16 Neil Jeans, 22 February 2021.  
14:16 17  
14:16 18  
14:16 19 **EXHIBIT #RC0070 - EMAIL FROM MS CAROLINE**  
14:16 20 **MARSHALL TO MR NEIL JEANS DATED 22 FEBRUARY**  
14:16 21 **2021**  
14:16 22  
14:16 23  
14:16 24 MS O'SULLIVAN: Mr Jeans, after receiving the detailed  
14:16 25 instructions you went about performing the analysis; is that right?  
14:16 26  
14:16 27 A. That is correct, yes.  
14:16 28  
14:16 29 Q. And you prepared a draft report?  
14:16 30  
14:16 31 A. I did, indeed, yes.  
14:16 32  
14:16 33 Q. Is that draft report at annexure N to your witness statement  
14:16 34 that is dated 16 April 2020?  
14:16 35  
14:16 36 A. I believe it is, yes.  
14:16 37  
14:16 38 Q. Can we have that document brought up to the screen,  
14:16 39 please, operator. INI.0004.0001.0709.  
14:16 40  
14:17 41 That is marked as a draft report. Was a final report prepared?  
14:17 42  
14:17 43 A. No.  
14:17 44  
14:17 45 Q. I've also observed, Mr Jeans, that there is no body to the  
14:17 46 report. It just essentially starts with the appendices. Is that  
14:17 47 because it was --- essentially got to the draft phase and you didn't

14:17 1 get to the phase where you wrote out observations and  
14:17 2 conclusions and so on and so forth?  
14:17 3  
14:17 4 A. That is correct. It was a draft document to provide  
14:17 5 feedback to Crown and their legal advisors of what we'd actually  
14:17 6 found, rather than set out a full report.  
14:17 7  
14:17 8 Q. Okay. So why didn't it get to the stage of being a final  
14:17 9 report?  
14:17 10  
14:17 11 A. We were not asked to finalise this report.  
14:17 12  
14:17 13 Q. Okay. But were you asked to in a sense pause or pens  
14:17 14 down at any stage?  
14:17 15  
14:17 16 A. We were asked --- we were asked to provide this, we  
14:17 17 provided a presentation on this, and we haven't had any request to  
14:18 18 undertake further work on this in this area.  
14:18 19  
14:18 20 Q. Okay. We'll come back to the presentation in a moment.  
14:18 21  
14:18 22 Operator, are we able to look at two pages together, the pages  
14:18 23 ending 0712 and 0713?  
14:18 24  
14:18 25 I will summarise a bit, Mr Jeans, so you can tell me where I get it  
14:18 26 wrong.  
14:18 27  
14:18 28 A. Okay.  
14:18 29  
14:18 30 Q. Am I right to understand that you've identified and listed, in  
14:18 31 appendices B, C and E a series of what might be cash deposits?  
14:18 32  
14:18 33 A. That is correct, yes.  
14:18 34  
14:18 35 Q. And if they were cash deposits, they would be deposits in  
14:18 36 contravention of Crown's new policy not to accept cash deposits;  
14:18 37 is that right?  
14:18 38  
14:18 39 A. If they were cash deposits and weren't subsequently  
14:19 40 returned, that would be correct, yes.  
14:19 41  
14:19 42 Q. I see. But am I right to understand the information that you  
14:19 43 reviewed on the bank statements didn't permit you to conclude  
14:19 44 one way or another whether it was or was not a cash deposit?  
14:19 45  
14:19 46 A. That's correct, the information on the bank statements was  
14:19 47 very limited.



- 14:19 1  
14:19 2 Q. So on that basis, with just the bank account statements, you  
14:19 3 couldn't conclude whether or not the customers were complying  
14:19 4 with the new policy of not permitting cash deposits into its bank  
14:19 5 accounts?  
14:19 6  
14:19 7 A. That is correct, yes.  
14:19 8  
14:19 9 Q. Can we go to page 13 of the report, page ending 0722. This  
14:19 10 is appendix F, Mr Jeans. There I understand that it deals with  
14:19 11 telegraphic deposits from third parties, including money  
14:19 12 remitters, being deposits not from a patron's personal bank  
14:19 13 account.  
14:19 14  
14:19 15 A. That is correct, yes.  
14:19 16  
14:19 17 Q. So this would be a list of transactions which were contrary  
14:20 18 to the new policy; is that right?  
14:20 19  
14:20 20 A. That is correct, yes.  
14:20 21  
14:20 22 Q. I see that there is a number of colours that you've used.  
14:20 23  
14:20 24 A. Yes.  
14:20 25  
14:20 26 Q. We don't have a legend so I am going to ask you essentially  
14:20 27 to tell us what the colours mean. If we can start with what looks  
14:20 28 like light green?  
14:20 29  
14:20 30 A. Light green, so there was evidence that these were returned.  
14:20 31 And the yellow was that we did not have any evidence that these  
14:20 32 were being returned, or we could not source evidence that these  
14:20 33 were returned.  
14:20 34  
14:20 35 Q. On the next page, there is red. What does that signify?  
14:20 36  
14:20 37 A. They appear not to have been returned.  
14:20 38  
14:21 39 Q. Am I right to summarise, there are pages and pages of red?  
14:21 40  
14:21 41 A. There are in relation to one particular customer, yes.  
14:21 42  
14:21 43 Q. Yes, but if we are looking at it in terms of the number of  
14:21 44 transactions, you would agree with me that the vast majority are  
14:21 45 highlighted in red; would you agree?  
14:21 46  
14:21 47 A. That is correct, from this tab, yes.

14:21 1  
14:21 2 Q. So the appendix has a comprehensive listing of all  
14:21 3 telegraphic deposits from third parties, including money  
14:21 4 remitters?  
14:21 5  
14:21 6 A. It is a list of the ones we identified that met the rule. So it  
14:21 7 is the ones that we believed were aligned to the rule, or the  
14:21 8 prohibition that Crown had put in, and we had identified in the  
14:21 9 bank statement. So it's not every transaction that has occurred  
14:21 10 through that bank account, it's every transaction that met the rule.  
14:21 11  
14:21 12 Q. When you say "met the rule" you mean that the rule had  
14:21 13 prohibited in a sense.  
14:21 14  
14:21 15 A. Yes, so the rule was that Crown had, from what we  
14:22 16 understand, engaged with clients and had informed them that they  
14:22 17 were not accepting telegraphic transfers from third parties going  
14:22 18 forward. Effectively, we were tasked to look at the bank  
14:22 19 statements to see whether there were any telegraphic transfers  
14:22 20 from third parties that were evidence in the bank accounts.  
14:22 21  
14:22 22 COMMISSIONER: And if they were, whether they had been  
14:22 23 returned?  
14:22 24  
14:22 25 A. And if they were, whether they had been returned. That's  
14:22 26 correct.  
14:22 27  
14:22 28 COMMISSIONER: Red is they were received but no evidence of  
14:22 29 returning?  
14:22 30  
14:22 31 A. We had no evidence again that they had been returned, yes.  
14:22 32 The bank account didn't evidence they had been returned.  
14:22 33  
14:22 34 MS O'SULLIVAN: This table then will demonstrate both  
14:22 35 instances of transactions that were both contrary to Crown's  
14:22 36 policy but also transactions where Crown wasn't adhering to its  
14:22 37 own policy of returning the funds?  
14:22 38  
14:22 39 A. Potentially, yes.  
14:22 40  
14:23 41 Q. And why do you have the caveat of potentially?  
14:23 42  
14:23 43 A. Because we are purely looking at the bank statements. The  
14:23 44 funds may have been returned in a different way through  
14:23 45 a different bank account, or there may be an explanation for why  
14:23 46 they weren't returned, because there was an exemption policy in  
14:23 47 place, particularly for repaying debts, so ultimately we didn't have

14:23 1 that level of information.  
14:23 2  
14:23 3 COMMISSIONER: I thought you were explaining that the policy  
14:23 4 was that if money came into the account, it was to be returned out  
14:23 5 of the account, and what you are saying is that there is  
14:23 6 a possibility you don't know one way or the other, that if money  
14:23 7 came into the account, say \$100,000 by electronic transfer, it may  
14:23 8 have been paid to the patron from some other Crown account, but  
14:23 9 the actual deposit remains in this account?  
14:23 10  
14:23 11 A. That is correct, yes.  
14:23 12  
14:23 13 COMMISSIONER: Unlikely though? Possible but unlikely --  
14:23 14  
14:23 15 A. Unlikely but possible, but we weren't given the evidence to  
14:24 16 be able to form a view one way or the other.  
14:24 17  
14:24 18 COMMISSIONER: Yes, understand.  
14:24 19  
14:24 20 MS O'SULLIVAN: And presumably you could have requested  
14:24 21 that evidence and obtained it and come to a final conclusion; is  
14:24 22 that right?  
14:24 23  
14:24 24 A. That was our intention for the next phase.  
14:24 25  
14:24 26 Q. Yes, but nonetheless, that hasn't progressed; is that right?  
14:24 27  
14:24 28 A. That is correct, yes.  
14:24 29  
14:24 30 Q. You haven't done that extra investigation to be able to  
14:24 31 conclude definitively one way or another and that is at the request  
14:24 32 of Crown; is that right?  
14:24 33  
14:24 34 A. We haven't undertaken that work simply because we  
14:24 35 haven't been provided that information by Crown and asked to  
14:24 36 take it to the next level.  
14:24 37  
14:24 38 Q. I see. Because originally you weren't instructed to do half  
14:24 39 a report; is that right?  
14:24 40  
14:24 41 A. That is correct, yes.  
14:24 42  
14:24 43 Q. Usually when you receive the instructions, you would  
14:24 44 assume you undertake the task and you report on the task, and  
14:24 45 that the report would end up being a final report?  
14:24 46  
14:24 47 A. That would be my assumption, yes.

14:24 1  
14:24 2 Q. So you've been stopped not quite halfway but partway; is  
14:24 3 that right?  
14:24 4  
14:24 5 A. That is fair representation, yes.  
14:24 6  
14:24 7 Q. So I guess you would say these are provisional results?  
14:24 8  
14:25 9 A. They are interim results, yes, absolutely.  
14:25 10  
14:25 11 Q. And they don't reflect very well on Crown; do you agree?  
14:25 12  
14:25 13 A. There are certain, obviously, transactions that you can see  
14:25 14 require some further investigation to see whether the prohibitions  
14:25 15 are working or not.  
14:25 16  
14:25 17 Q. So you have on the one hand you are looking at whether  
14:25 18 customers are doing what they've been asked to do and on the  
14:25 19 other hand you are looking at whether Crown is doing what it  
14:25 20 said it would do. You can understand that customers might take  
14:25 21 a while to adjust and that there might be the occasional deposit  
14:25 22 which is in violation of the new policy; do you agree?  
14:25 23  
14:25 24 A. That is correct, yes.  
14:25 25  
14:25 26 Q. Would you expect Crown, once it has made the decision, to  
14:25 27 prohibit these types of deposits and enact a policy which says that  
14:25 28 they must be returned, would you not expect Crown would do  
14:25 29 that in every instance?  
14:25 30  
14:25 31 A. I certainly would expect they would do that in every  
14:25 32 instance.  
14:25 33  
14:25 34 Q. And these provisional results suggest they are not doing  
14:25 35 that?  
14:25 36  
14:25 37 A. Based on the information provided, yes.  
14:25 38  
14:25 39 Q. So, can I ask you this: in respect of cash deposits that are  
14:25 40 made into Crown bank accounts under the TTR threshold,  
14:26 41 essentially anonymous deposits, how does Crown return that  
14:26 42 money?  
14:26 43  
14:26 44 A. They would contact the patron I would assume because  
14:26 45 obviously they would be done with a patron number and they  
14:26 46 would be able to contact the patron and obviously make those --  
14:26 47 the money --- return the money to them through whatever means

14:26 1 was agreed with the patron.  
14:26 2  
14:26 3 Q. Yesterday when we spoke to Ms Shamai, she talked about  
14:26 4 the process that she went through in analysing the data, and she  
14:26 5 mentioned that there were obviously a subset of deposits where  
14:26 6 the patron identification was indicated on the deposit and she also  
14:26 7 said that there was another subset of deposits where there was no  
14:26 8 patron identified as being the recipient of the deposit, and she  
14:26 9 explained to us how she had to then go back to Crown and obtain  
14:26 10 information from Crown as to whose account that was deposited  
14:26 11 into. So in respect of cash deposits that are made into these  
14:27 12 accounts that you've identified here, where the depositor is  
14:27 13 anonymous because it is under the \$10,000 transaction threshold,  
14:27 14 and there is no patron identification included in any part of the  
14:27 15 transfer, or the deposit, how does Crown know who to return the  
14:27 16 funds to?  
14:27 17  
14:27 18 A. They would have to wait for the patron to come and claim  
14:27 19 that money, and identify the transaction that they made and then  
14:27 20 follow it back and credit from that point.  
14:27 21  
14:27 22 Q. If no one comes to claim the money, then what, does Crown  
14:27 23 keep it?  
14:27 24  
14:27 25 A. It sits in the account waiting for it to be claimed, basically.  
14:27 26  
14:27 27 Q. Is there a process, to your knowledge, whereby there is  
14:27 28 a report prepared essentially for unclaimed monies?  
14:27 29  
14:27 30 A. Not that I'm aware of, no.  
14:27 31  
14:27 32 Q. You've worked --- sorry, I withdraw that. Mr Jeans, thank  
14:28 33 you. You mentioned earlier that you had given a presentation of  
14:28 34 these results to Crown?  
14:28 35  
14:28 36 A. Yes.  
14:28 37  
14:28 38 Q. Can you tell us when approximately that presentation was  
14:28 39 given?  
14:28 40  
14:28 41 A. I think certainly within --- I think from memory it was some  
14:28 42 time in early February. It was certainly if --- I'm not sure whether  
14:28 43 this document has a date on it, but it would be within a matter of  
14:28 44 days of that.  
14:28 45  
14:28 46 Q. Was that a face-to-face presentation?  
14:28 47

14:28 1 A. It was a videoconference.  
14:28 2  
14:28 3 Q. Videoconference. Who participated in the  
14:28 4 videoconference?  
14:28 5  
14:28 6 A. That was Mr (inaudible) from --- myself and one of my  
14:28 7 colleagues who had done some of the analysis, Mr Christopher  
14:29 8 Pitt, and from a Crown perspective, it was Mr Stokes and  
14:29 9 Mr Blackburn and a number of --  
14:29 10  
14:29 11 Q. Who is the second person?  
14:29 12  
14:29 13 A. Mr Steven Blackburn.  
14:29 14  
14:29 15 Q. Thank you.  
14:29 16  
14:29 17 A. And a number of representatives from Allens were also on  
14:29 18 the call.  
14:29 19  
14:29 20 Q. Yes. And what did you tell them?  
14:29 21  
14:29 22 A. We basically took them through this line by line and  
14:29 23 explained what we had done, and obviously what we had found  
14:29 24 and what we proposed were the next steps to be.  
14:29 25  
14:29 26 Q. What did you propose? What were the next steps?  
14:29 27  
14:29 28 A. The next steps were ultimately to spend more time with  
14:29 29 Crown investigating each of these transactions which we  
14:29 30 identified were maybe --- possibly contrary to the prohibition, and  
14:29 31 to finally determine what Crown had done in relation to these  
14:29 32 transactions. Because simply we were working off the bank  
14:29 33 statements. We had no other knowledge apart from the bank  
14:29 34 statements we were provided.  
14:29 35  
14:29 36 Q. Yes, and you haven't been instructed to engage in the next  
14:29 37 steps; is that right?  
14:29 38  
14:30 39 A. That is correct, yes.  
14:30 40  
14:30 41 COMMISSIONER: And did either of the Crown representatives,  
14:30 42 Mr Stokes or Mr Blackburn say to you lots of the transactions  
14:30 43 which you have marked in red have been paid out of another  
14:30 44 account?  
14:30 45  
14:30 46 A. I think for some of them there could be plausible reasons  
14:30 47 and rationales why the information in the bank accounts wasn't

14:30 1 demonstrating the return of the funds --  
14:30 2  
14:30 3 COMMISSIONER: What was one plausible explanation?  
14:30 4  
14:30 5 A. That effectively that these had been grouped together, and  
14:30 6 there was a larger transfer that had gone out which we necessarily  
14:30 7 hadn't detected. So as part of our analysis, we were saying, well,  
14:30 8 okay, \$15,000 has come in, has \$15,000 been returned? Well,  
14:30 9 maybe 15,000 and 10,000 --- so \$30,000 was returned and we  
14:30 10 couldn't marry the two up.  
14:30 11  
14:30 12 COMMISSIONER: I understand. And that was raised as  
14:30 13 a possibility rather than those pointing out to you that that had  
14:31 14 occurred in one or other of these transactions?  
14:31 15  
14:31 16 A. It was couched as a possibility that we would be able to  
14:31 17 establish subsequent to the further work.  
14:31 18  
14:31 19 COMMISSIONER: Yes.  
14:31 20  
14:31 21 MS O'SULLIVAN: That sounds to me like another version of  
14:31 22 the aggregation problem; do you agree?  
14:31 23  
14:31 24 A. No, because the aggregation problem was around cash and  
14:31 25 therefore limiting the ability to report, and therefore limiting the  
14:31 26 ability to identify structuring. This is simply (inaudible - audio  
14:31 27 distortion) multiple deposits on the same day that simply rather  
14:31 28 than just sending each one back individually it was more efficient  
14:31 29 to ultimately send back one transaction to them.  
14:31 30  
14:31 31 Q. Yes, but I guess I'm suggesting it is a problem because to  
14:31 32 the extent that that is happening, and we don't know, it is just  
14:31 33 being posited as a hypothetical, but to the extent that has been is  
14:32 34 happening, it's not leaving a very good paper trail, is it, to identify  
14:32 35 whether or not these specific transactions or these specific  
14:32 36 deposits are being returned to the depositor; do you agree?  
14:32 37  
14:32 38 A. That's correct. It makes it harder to identify whether they  
14:32 39 have been returned.  
14:32 40  
14:32 41 Q. So it is a weakness in the system; do you agree?  
14:32 42  
14:32 43 A. I wouldn't call it a weakness in the system. It is a weakness  
14:32 44 in demonstrating that the system is working.  
14:32 45  
14:32 46 Q. Yes. During the presentation to Mr Stokes and  
14:32 47 Mr Blackburn, did you give it to them straight and say this doesn't

14:32 1 paint a pretty picture of new Crown?  
14:32 2  
14:32 3 A. No, that was not my recollection. It was simple. We  
14:32 4 presented the facts that we had analysed the bank statements, and  
14:32 5 we had identified transactions that appear to be contrary to the  
14:32 6 prohibitions, and we were unable to identify whether the return  
14:33 7 process or policy had been completed. Whether that doesn't look  
14:33 8 good or not is not part of the conversation we would have had.  
14:33 9  
14:33 10 Q. Yes, I understand that. Did either Mr Stokes or  
14:33 11 Mr Blackburn express any disappointment that there were  
14:33 12 provisional results suggesting that Crown staff themselves  
14:33 13 weren't abiding by the new policies?  
14:33 14  
14:33 15 A. Not that I recollect. My recollection was that they realised  
14:33 16 that this was the first stage in the process and we needed to  
14:33 17 complete the process with further engagement with Crown before  
14:33 18 any particular determination could be made.  
14:33 19  
14:33 20 Q. Yes, but have they deliberately decided not to find out the  
14:33 21 final results of your analysis?  
14:33 22  
14:33 23 A. That is something you would have to ask Mr Blackburn and  
14:33 24 Mr Stokes, with all due respect.  
14:33 25  
14:33 26 Q. I see. Earlier today you told us about a couple of projects  
14:34 27 you started but not commenced, and you said that you understood  
14:34 28 someone else had been instructed to it.  
14:34 29  
14:34 30 A. That's right.  
14:34 31  
14:34 32 Q. But you haven't been told that in respect of this one?  
14:34 33  
14:34 34 A. That is correct, yes.  
14:34 35  
14:34 36 Q. So as far as you know, you presented some, not damning,  
14:34 37 but fairly disappointing results to Crown as a provisional  
14:34 38 analysis, told them that they should complete the analysis and to  
14:34 39 your knowledge that is not going to occur; is that right?  
14:34 40  
14:34 41 A. It hasn't occurred to date, that's correct, yes.  
14:34 42  
14:34 43 Q. Mr Jeans, I am going to again take you to yet another one  
14:34 44 of your engagements by Crown in the anti-money laundering, and  
14:34 45 that is the IFTI Review.  
14:34 46  
14:34 47 A. Yes.



- 14:34 1  
14:34 2 Q. Am I right that IFTI is called IFTI in the industry, is that  
14:34 3 right?  
14:34 4  
14:34 5 A. International funds transfer instruction, yes, that's correct.  
14:34 6  
14:34 7 Q. So I understand that in December last year and January this  
14:34 8 year, Initialism undertook a limited review of the completeness of  
14:34 9 IFTI reports being lodged by Crown with AUSTRAC; is that  
14:34 10 right?  
14:34 11  
14:35 12 A. That is correct, yes.  
14:35 13  
14:35 14 Q. Perhaps we might take a step back. There are, as I  
14:35 15 understand it, five major reporting obligations of a reporting  
14:35 16 entity; is that right?  
14:35 17  
14:35 18 A. That is correct, yes.  
14:35 19  
14:35 20 Q. Some of the obvious ones are the TTRs, the SMRs; is that  
14:35 21 right?  
14:35 22  
14:35 23 A. That is correct, yes.  
14:35 24  
14:35 25 Q. Then we've got the international funds transfer instructions,  
14:35 26 that is one of the major reporting obligations; is that right?  
14:35 27  
14:35 28 A. That is correct, yes.  
14:35 29  
14:35 30 Q. So a reporting entity such as Crown Melbourne has  
14:35 31 an obligation to make these international funds transfer  
14:35 32 instruction reports to AUSTRAC?  
14:35 33  
14:35 34 A. That is correct, so they are providing designated services,  
14:35 35 31 and 32, under the AML/CTF Act so, therefore, are obligated to  
14:35 36 report these as international funds transfer instructions.  
14:35 37  
14:35 38 Q. And Initialism's review involved taking a sample of IFTI  
14:36 39 reports; is that right?  
14:36 40  
14:36 41 A. That is correct, yes.  
14:36 42  
14:36 43 Q. Did you consider that the sample, I mean obviously you can  
14:36 44 take a sample of two and people might say it is not representative,  
14:36 45 were you confident that the sample was large enough to be  
14:36 46 representative of any larger practices, deficiencies, whatever it  
14:36 47 might be?

14:36 1  
14:36 2 A. Yes, so in conversation with Crown, we identified the  
14:36 3 March 2020 month as being representative simply because it was  
14:36 4 pre-COVID so therefore the transaction volumes would be  
14:36 5 a normal level of IFTI reporting that Crown would undertake.  
14:36 6 And because we were simply looking at the completeness of the  
14:36 7 transactions, we believe that would be a reasonable sample.  
14:36 8  
14:36 9 Q. Yes. So obviously that is a single calendar month; did you  
14:36 10 consider a single calendar month was sufficient?  
14:36 11  
14:36 12 A. We did, indeed, yes.  
14:36 13  
14:36 14 Q. You provided a draft report in respect of the IFTI Review;  
14:37 15 is that right?  
14:37 16  
14:37 17 A. That is correct, yes.  
14:37 18  
14:37 19 Q. You provided to Crown via Crown's lawyers; is that right?  
14:37 20  
14:37 21 A. That is correct, yes.  
14:37 22  
14:37 23 Q. Is that draft report at annexure M to your statement?  
14:37 24  
14:37 25 A. That is correct, yes.  
14:37 26  
14:37 27 Q. We might go to annexure M.  
14:37 28  
14:37 29 Tab M, Commissioner.  
14:37 30  
14:37 31 It is document ID INI.0004.0001.0320.  
14:37 32  
14:37 33 This is a really big document, Mr Jeans. It is divided up. You've  
14:37 34 done one into Crown Melbourne and Crown Perth; is that right?  
14:37 35  
14:37 36 A. That is correct, yes.  
14:37 37  
14:37 38 Q. You have a separate report for Crown Melbourne and a  
14:37 39 separate for Crown Perth?  
14:37 40  
14:37 41 A. That is correct, yes.  
14:37 42  
14:37 43 Q. Just looking to understand the process that you undertook --  
14:37 44  
14:37 45 A. Yes.  
14:37 46  
14:37 47 Q. --- to complete the review, you've noted that the review

14:38 1 process was limited to a desktop review; is that right?  
14:38 2  
14:38 3 A. That is correct, yes.  
14:38 4  
14:38 5 Q. And would you say it is appropriate to limit it to a desktop  
14:38 6 review because here you are just looking at completeness?  
14:38 7  
14:38 8 A. That is correct, yes. Ultimately we are looking to see  
14:38 9 whether the transactions that were reported, or the instructions  
14:38 10 that were reported to AUSTRAC contained the correct  
14:38 11 information, so it is a simple review of what was reported --- what  
14:38 12 was required to be reported versus what was actually reported.  
14:38 13  
14:38 14 Q. So you open the rules, AML/CTF rules --  
14:38 15  
14:38 16 A. Yes.  
14:38 17  
14:38 18 Q. --- and you look for the section of IFTIs, and it says these  
14:38 19 are all the things that must be included in the IFTI report, and  
14:38 20 then you take the samples and you see whether all of those  
14:38 21 matters are included in the IFTI report; is that right?  
14:38 22  
14:38 23 A. That is correct, yes, so chapter 17 of the AML/CTF rules  
14:38 24 specifies the information that must be reported when filing  
14:38 25 an IFTI under the IFTI DRA, which is the regime that Crown is  
14:38 26 covered by. That is also supplemented by something we call  
14:39 27 an AUSTRAC schema, which is basically the structure that  
14:39 28 AUSTRAC has developed in order to support the reporting of  
14:39 29 IFTI instructions. And what AUSTRAC have done through that  
14:39 30 schema is basically extended some of the fields.  
14:39 31  
14:39 32 So, for example, in chapter 17 of the rules it said that you must  
14:39 33 report the address of the person making the payment. AUSTRAC  
14:39 34 have split that into house number, street name, city, et cetera,  
14:39 35 et cetera, et cetera, to make it easier for the reporting entity to  
14:39 36 report.  
14:39 37  
14:39 38 Q. I see. And you identified that for Crown Melbourne, out of  
14:39 39 the sample there were 27 instances of under-reporting or  
14:39 40 non-compliant reporting of the mandatory fields; is that right?  
14:39 41  
14:39 42 A. From memory, yes, I believe that is roughly correct, yes.  
14:39 43  
14:39 44 Q. And for Crown Perth, you identified 107 instances of  
14:40 45 under-reporting or non-compliant reporting of the mandatory  
14:40 46 fields; is that right?  
14:40 47

- 14:40 1 A. Sorry, just to clarify, within chapter 17 there are some  
14:40 2 fields which are mandatory and some fields which are "if  
14:40 3 known". So I would need to refresh my memory from the reports  
14:40 4 to confirm those numbers.  
14:40 5
- 14:40 6 Q. I will take you to the relevant pages, Mr Jeans.  
14:40 7
- 14:40 8 A. Thank you.  
14:40 9
- 14:40 10 Q. Can we go to pages 4 and 5, operator.  
14:40 11
- 14:40 12 A. Yes.  
14:40 13
- 14:40 14 Q. Perhaps, Mr Jeans, you could look at the hard copy of the  
14:40 15 report and tell me if I'm going to the wrong part --  
14:40 16
- 14:40 17 A. Yes.  
14:40 18
- 14:40 19 Q. --- but is that essentially the results of --- summary of the  
14:40 20 results of the review?  
14:40 21
- 14:41 22 A. That is correct, yes. That is a summary of the results that  
14:41 23 are contained in the many pages afterwards.  
14:41 24
- 14:41 25 Q. So each of the transaction references in the far right  
14:41 26 column, they are all instances, are they, where the IFTI report in  
14:41 27 respect of that transaction was incomplete or non-compliant; is  
14:41 28 that right?  
14:41 29
- 14:41 30 A. Yes, they are a way that Crown can trace the instruction, so  
14:41 31 the TA numbers are the instructions that they filed with  
14:41 32 AUSTRAC, and obviously we have looked at each of those  
14:41 33 instructions and where we have identified in our opinion a gap,  
14:41 34 we have obviously listed those instructions that had gaps.  
14:41 35
- 14:41 36 Q. And then in the body of the report you set out, by each  
14:41 37 transaction, whether or not in respect of each item that is  
14:42 38 mandatory to be included, whether or not that is to be included or  
14:42 39 not?  
14:42 40
- 14:42 41 A. That is correct, yes.  
14:42 42
- 14:42 43 Q. Again, we have some colour coding. Am I right to  
14:42 44 understand that the light green indicates that that particular item  
14:42 45 which is mandatory to be included, has been included?  
14:42 46
- 14:42 47 A. That is correct, yes.

- 14:42 1  
14:42 2 Q. The red indicates that it had not been included ; is that  
14:42 3 right?  
14:42 4  
14:42 5 A. That is correct, yes.  
14:42 6  
14:42 7 Q. I'm having trouble locating where the conclusions are for  
14:42 8 Crown Perth because my document has printed without the  
14:42 9 document ID. I might come back to that, Mr Jeans, but if I say to  
14:42 10 you it is about 107 instances of under-reporting that you  
14:42 11 identified of mandatory fields for Crown Perth, does that sound  
14:42 12 about right to you?  
14:42 13  
14:42 14 A. Again, I would challenge the word "mandatory reporting".  
14:43 15 There are some things we identified which were required under  
14:43 16 chapter 17 as mandatory, and some that were required "if  
14:43 17 known", so therefore, Crown may or may not have had the  
14:43 18 information and there are some that are part of the AUSTRAC  
14:43 19 schema which, whilst not part of chapter 17, are something that is  
14:43 20 required, basically.  
14:43 21  
14:43 22 Q. Thank you. I might have to come back to you, Mr Jeans,  
14:43 23 on this once I find the specific page.  
14:43 24  
14:43 25 Can I ask you this. This is essentially, am I right, a little bit of a  
14:43 26 tick-the-box exercise, is that right? Check to see whether it's  
14:43 27 included, tick the box?  
14:43 28  
14:43 29 A. That is correct, yes.  
14:43 30  
14:43 31 Q. So what you weren't instructed to look at, and therefore  
14:43 32 what you didn't look at, is whether or not the IFTI reports were  
14:43 33 submitted within the statutory time frame of 10 days; is that right?  
14:43 34  
14:43 35 A. That is correct. That is a separate part of the Act. There  
14:44 36 are two requirements under IFTI reporting, there is section 45(2)  
14:44 37 which requires the instruction to be reported within 10 days, and  
14:44 38 section 45(3) which requires it contain all the information  
14:44 39 specified by chapter 17 of the rules.  
14:44 40  
14:44 41 Q. So you weren't instructed to look at whether or not Crown  
14:44 42 was submitting these reports within the statutory time frame; is  
14:44 43 that right?  
14:44 44  
14:44 45 A. That is correct, yes.  
14:44 46  
14:44 47 Q. That's something you could have looked at but you weren't

14:44 1 instructed to do so?  
14:44 2  
14:44 3 A. That is correct, yes.  
14:44 4  
14:44 5 Q. You weren't instructed to conduct a comprehensive  
14:44 6 end-to-end implementation review of the IFTI reporting, is that  
14:44 7 right?  
14:44 8  
14:44 9 A. That is correct, yes.  
14:44 10  
14:44 11 Q. That is something you could have done but weren't  
14:44 12 instructed to do, is that right?  
14:44 13  
14:44 14 A. That is correct, yes.  
14:44 15  
14:44 16 Q. You also weren't instructed, and therefore didn't check, for  
14:44 17 whether or not there were any international funds transfer  
14:44 18 instructions that were not reported to AUSTRAC; is that right?  
14:44 19  
14:44 20 A. That is correct, yes.  
14:44 21  
14:44 22 Q. That is something you could have done but were not  
14:44 23 instructed to do; is that right?  
14:45 24  
14:45 25 A. That is correct, yes.  
14:45 26  
14:45 27 Q. Rather you just were looking at the ones that were  
14:45 28 submitted to AUSTRAC and seeing if they were complete?  
14:45 29  
14:45 30 A. That is correct, yes.  
14:45 31  
14:45 32 Q. So you weren't able to determine if there were any that were  
14:45 33 missed?  
14:45 34  
14:45 35 A. That is correct, yes.  
14:45 36  
14:45 37 Q. So it wasn't a very comprehensive --- no criticism of you,  
14:45 38 but wasn't a very comprehensive review of Crown's practices in  
14:45 39 respect of international funds; would you agree?  
14:45 40  
14:45 41 A. That's correct. It is a very limited review.  
14:45 42  
14:45 43 Q. Again, a very limited review that you are being asked to  
14:45 44 conduct in respect of AML's Crown processes; would you agree?  
14:45 45  
14:45 46 A. That is correct, yes.  
14:45 47

14:45 1 Q. Do you agree there are examples that we've gone through  
14:45 2 today of reviews that you have been instructed by Crown or  
14:45 3 someone on behalf of Crown to conduct that kept very confined  
14:45 4 terms of reference?

14:45 5  
14:45 6 A. By the nature of the reviews, yes, I agree some of them are  
14:45 7 very limited.

14:45 8  
14:45 9 Q. Your report doesn't include any recommendations; do you  
14:45 10 agree?

14:45 11  
14:45 12 A. That is correct, yes.

14:45 13  
14:46 14 Q. That's because you weren't instructed to provide any report  
14:46 15 and provide any recommendations; is that right?

14:46 16  
14:46 17 A. That is correct, it is simply a factual report of whether they  
14:46 18 had met the chapter 17 requirements.

14:46 19  
14:46 20 Q. But obviously that is something you could have done if you  
14:46 21 were so instructed?

14:46 22  
14:46 23 A. That is correct, yes.

14:46 24  
14:46 25 Q. Is that something you would normally do when you do  
14:46 26 a report which reveals non-compliance, essentially, with AML  
14:46 27 rules? Is it standard that you would include some  
14:46 28 recommendations as to how you might fix this?

14:46 29  
14:46 30 A. Depending on the scope of the review. The vast majority of  
14:46 31 IFTI reviews I've done in the past have been a front and back  
14:46 32 review with potential recommendations for improvement.

14:46 33  
14:46 34 Q. Yes. When you made the presentation to Crown, to  
14:46 35 Mr Stokes and Mr Blackburn, they didn't say to you, "Mr Jeans,  
14:46 36 can you now go away and tell us how we are going to fix this  
14:46 37 problem"?

14:46 38  
14:46 39 A. I didn't give this presentation to Mr Stokes or  
14:46 40 Mr Blackburn. This is a separate piece of work, sorry.

14:46 41  
14:47 42 Q. I apologise, Mr Jeans. You are right.

14:47 43  
14:47 44 Have you given a presentation about the results of the IFTI  
14:47 45 Review to anyone at Crown?

14:47 46  
14:47 47 A. Yes, to Mr Stokes.

14:47 1  
14:47 2 Q. When did that presentation occur?  
14:47 3  
14:47 4 A. Based on the watermark, I would suggest in late January.  
14:47 5  
14:47 6 Q. I see. And was that another one on videoconference or in  
14:47 7 person?  
14:47 8  
14:47 9 A. This would be in videoconference, yes.  
14:47 10  
14:47 11 Q. Was Mr Blackburn the only one there from Crown?  
14:47 12  
14:47 13 A. So Mr Stokes, yes.  
14:47 14  
14:47 15 Q. I beg your pardon?  
14:47 16  
14:47 17 A. (Inaudible).  
14:47 18  
14:47 19 Q. Thank you, Mr Jeans.  
14:47 20  
14:47 21 A. It's all right.  
14:47 22  
14:47 23 Q. He was the only one there from Crown?  
14:47 24  
14:47 25 A. As far as I can recollect, yes.  
14:47 26  
14:47 27 Q. What broadly did you say to him in terms of the headline  
14:47 28 conclusions from the report?  
14:47 29  
14:47 30 A. Well, the headline conclusions are that there are some  
14:47 31 transactions that obviously are not meeting the requirements of  
14:47 32 chapter 17 so therefore are non-compliant with section 45(3) of  
14:47 33 the AML/CTF Act. That was the overarching conclusion.  
14:47 34 Obviously we did not get into why that was occurring, we simply  
14:48 35 said that we had identified a number of cases where mandatory  
14:48 36 fields were not necessarily being completed.  
14:48 37  
14:48 38 We did notice that some of those mandatory fields related to the  
14:48 39 transmitter of the instruction, which is to a certain degree that is  
14:48 40 their banker, ANZ. So, you know, they are recording the ABN of  
14:48 41 ANZ, recording the address of ANZ, recording the name of ANZ,  
14:48 42 those were the --- some of the things that were being missed,  
14:48 43 which, on the scheme of IFTI reporting, aren't necessarily  
14:48 44 towards the worst end of IFTI reporting that we've seen  
14:48 45 previously.  
14:48 46  
14:48 47 Q. Yep. Did you ask Mr Stokes what Crown's AML training



14:48 1 program was like when it came to IFTI reporting? Was that  
14:48 2 discussed?

14:48 3

14:48 4 A. Not at all, no.

14:48 5

14:48 6 Q. And did Mr Stokes, at that meeting, ask you to go away and  
14:48 7 formulate recommendations as to how they could make changes  
14:49 8 or reforms within Crown to make sure that their IFTI reporting in  
14:49 9 the future was totally compliant with the rules?

14:49 10

14:49 11 A. Not at all, no.

14:49 12

14:49 13 Q. So you weren't asked about that?

14:49 14

14:49 15 A. No, we produced the draft and we had the meeting, and that  
14:49 16 was as far as we took this matter.

14:49 17

14:49 18 Q. I see. Did you leave the meeting feeling like things weren't  
14:49 19 completely closed?

14:49 20

14:49 21 A. We had provided our input and insight, and we understood  
14:49 22 that Crown were going to take that on board and take that  
14:49 23 forward. We weren't necessarily anticipating any further work.  
14:49 24 But in addition we also did not conclude the draft. So the  
14:49 25 conversation with Mr Stokes was that he would take this away  
14:49 26 and review, because ultimately they need to go through a check  
14:49 27 and challenge process to make sure we hadn't missed anything,  
14:49 28 and they would then --- obviously we would then have  
14:49 29 a subsequent conversation, potentially conclude the report.

14:49 30

14:49 31 Q. As at today's date, you haven't had that subsequent  
14:50 32 conversation?

14:50 33

14:50 34 A. I have not, no.

14:50 35

14:50 36 Q. And you don't know whether they took your IFTI Review  
14:50 37 and they have done that check and challenge process that you  
14:50 38 have just mentioned?

14:50 39

14:50 40 A. I do not know, no.

14:50 41

14:50 42 Q. All right. Thank you.

14:50 43

14:50 44 I will move to a new topic unless you have questions,  
14:50 45 Commissioner.

14:50 46

14:50 47 Now I will talk about the VCGLR Recommendation 17. I'm

14:50 1 taking you back in time to 2019 --  
14:50 2  
14:50 3 A. Yes.  
14:50 4  
14:50 5 Q. --- one of your earlier engagements for Crown. I think the  
14:50 6 only one that is earlier that we know about at least is the  
14:50 7 2018/2019 transaction monitoring review.  
14:50 8  
14:50 9 A. That's correct.  
14:50 10  
14:50 11 Q. Am I right, therefore, to set the context to understand that  
14:50 12 when you are engaged in June 2019 to provide an opinion in  
14:50 13 respect of Crown's response to Recommendation 17, that was  
14:50 14 about the second engagement you had from Crown in the AML  
14:50 15 area, was that right?  
14:50 16  
14:50 17 A. It was the second engagement, yes.  
14:50 18  
14:50 19 Q. To set some background, you are aware Crown undergoes  
14:50 20 periodic suitability reviews by the VCGLR?  
14:50 21  
14:51 22 A. I am, yes.  
14:51 23  
14:51 24 Q. And you are aware that the latest review, what is called the  
14:51 25 Sixth Review, was completed in June 2018, are you aware of  
14:51 26 that?  
14:51 27  
14:51 28 A. I am now, yes.  
14:51 29  
14:51 30 Q. When you say "I am now" when, did you come to learn  
14:51 31 that?  
14:51 32  
14:51 33 A. As I was engaged.  
14:51 34  
14:51 35 Q. As a result of that review, you know that the VCGLR made  
14:51 36 a number of recommendations to Crown for reform of various  
14:51 37 aspects of Crown's operations; would you agree with that?  
14:51 38  
14:51 39 A. That is correct, yes.  
14:51 40  
14:51 41 Q. The way you've described it in your statement is you said  
14:51 42 that in June 2019, Initialism was asked by Crown to provide  
14:51 43 an opinion on Crown's risk management framework in response  
14:51 44 to a Recommendation 17 from the VCGLR resulting from  
14:51 45 a review under the Casino Control Act. That is --- when you are  
14:51 46 referring to the review under the Casino Control Act there you are  
14:51 47 talking about the periodic review; is that right?

14:51 1  
14:51 2 A. Number 6, yes.  
14:51 3  
14:51 4 Q. A copy of your opinion is at annexure I of your statement;  
14:52 5 is that right?  
14:52 6  
14:52 7 A. That is correct, yes.  
14:52 8  
14:52 9 Q. We'll move to annexure I, INI.0004.0001.0284. I will start  
14:52 10 by asking you questions about the timing, Mr Jeans.  
14:52 11  
14:52 12 A. Yes.  
14:52 13  
14:52 14 Q. You are aware that the VCGLR recommendation was made  
14:52 15 in June 2018; are you aware of that?  
14:52 16  
14:52 17 A. I am, yes.  
14:52 18  
14:52 19 Q. Are you aware that the VCGLR gave Crown 12 months to  
14:52 20 implement the --- sorry, and then one of those recommendations  
14:52 21 was Recommendation 17; is that right?  
14:52 22  
14:52 23 A. Yes, I'm aware of that.  
14:52 24  
14:52 25 Q. That was the only VCGLR recommendation that you were  
14:52 26 asked about, is that right?  
14:52 27  
14:52 28 A. That is correct, yes.  
14:52 29  
14:52 30 Q. You understand that VCGLR gave Crown 12 months to  
14:52 31 implement the recommendation; is that your understanding?  
14:52 32  
14:52 33 A. That is my understanding reading the report, yes.  
14:52 34  
14:52 35 Q. Yes. So your opinion here at annexure I is dated 21 June  
14:53 36 2019; is that right?  
14:53 37  
14:53 38 A. That is correct, yes.  
14:53 39  
14:53 40 Q. So, no criticism of you, but do you agree that that is leaving  
14:53 41 it very late?  
14:53 42  
14:53 43 A. I was only instructed on 4 June. So, yes, by definition, that  
14:53 44 is late.  
14:53 45  
14:53 46 Q. Yes, that was going to be my next question.  
14:53 47

- 14:53 1 A. Sorry.
- 14:53 2
- 14:53 3 Q. That's fine. I wanted to know as I observed the letter of  
14:53 4 instruction was undated and I wanted to know what the date of  
14:53 5 instruction was.
- 14:53 6
- 14:53 7 On your assessment then, Crown has waited 11 months, 11 out of  
14:53 8 the 12 months, before it instructed you to provide an opinion on  
14:53 9 Recommendation 17; is that right?
- 14:53 10
- 14:53 11 A. That is correct. I was first contacted on 30 May by  
14:53 12 telephone by Ms Louise Lane. Unfortunately I wasn't able to take  
14:53 13 that call so we had a subsequent call on Friday, 31 May, and I  
14:53 14 subsequently received the instruction on 4 June.
- 14:53 15
- 14:54 16 Q. That sounds like a very precise recollection. Is that  
14:54 17 something you happen to recall or in the days leading up to today  
14:54 18 have you been refreshing your memory by looking at documents?
- 14:54 19
- 14:54 20 A. I have been refreshing my memory looking at documents.
- 14:54 21
- 14:54 22 Q. So 30 May 2019 was the first call you received from Louise  
14:54 23 Lane about Recommendation 17?
- 14:54 24
- 14:54 25 A. That is correct, yes.
- 14:54 26
- 14:54 27 Q. And then the subsequent call was 31 May?
- 14:54 28
- 14:54 29 A. Yes, so we had a call the day after, that is correct, yes.
- 14:54 30
- 14:54 31 Q. I presume you were made aware of the deadline that Crown  
14:54 32 had to get back to the VCGLR; is that right?
- 14:54 33
- 14:54 34 A. That is correct. They wanted the report by the end of the  
14:54 35 month, yes.
- 14:54 36
- 14:54 37 Q. I see. So on 4 June they said you have less than a month; is  
14:54 38 that right?
- 14:54 39
- 14:54 40 A. That is correct, yes.
- 14:54 41
- 14:54 42 Q. Did that give you sufficient time to give a proper and  
14:54 43 considered opinion?
- 14:54 44
- 14:54 45 A. Based on the scope that I was asked to undertake, yes, it  
14:55 46 was a very limited piece of work.
- 14:55 47

- 14:55 1 Q. Can you tell me how it was limited?  
14:55 2
- 14:55 3 A. I was asked to simply review the documents provided as  
14:55 4 part of the instruction and provide my opinion based on those.  
14:55 5
- 14:55 6 Q. If I can just ask you to have a look at the letter you have up  
14:55 7 on the screen there, which is your letter dated 21 June 2019.  
14:55 8 You've opened the letter by setting out the context, have you not,  
14:55 9 being the VCGLR Recommendation 17?  
14:55 10
- 14:55 11 A. That is correct, yes.  
14:55 12
- 14:55 13 Q. At the bottom of the page there you have says in the second  
14:55 14 last paragraph:  
14:55 15
- 14:55 16 *Since receiving the Review, I am aware that Crown has*  
14:55 17 *performed an extensive review of its corporate risk*  
14:56 18 *management framework, ensuring its relevance and*  
14:56 19 *effectiveness to Crown.*  
14:56 20
- 14:56 21 As I understand it, Recommendation 17 was about internal  
14:56 22 control statements?  
14:56 23
- 14:56 24 A. (Nods head).  
14:56 25
- 14:56 26 Q. So that paragraph strikes me as not relevant to the internal  
14:56 27 control statements. Can you explain how the review of the  
14:56 28 corporate risk management framework was at all relevant to the  
14:56 29 internal control statements?  
14:56 30
- 14:56 31 A. Well, ultimately the risk management framework  
14:56 32 effectively is the thing that gives life to the control statements.  
14:56 33 So effectively it is part and parcel of the control statements. So it  
14:56 34 is almost --- the framework is the implementing, or is aligned or  
14:56 35 attached to the ICSs, the internal control statements.  
14:56 36
- 14:56 37 Q. But the internal control statement are a specific part of that;  
14:56 38 do you agree?  
14:56 39
- 14:56 40 A. I completely agree.  
14:56 41
- 14:56 42 Q. Is it a bit like saying "I know they have reviewed the  
14:56 43 corporate governance", generally?  
14:57 44
- 14:57 45 A. That is correct, that's what I'm saying.  
14:57 46
- 14:57 47 Q. So it is not really specifically tailored to the direct question

14:57 1 which was about internal control statements; do you agree?  
14:57 2  
14:57 3 A. I completely agree, yes.  
14:57 4  
14:57 5 Q. Now, looking at the letter, and if you need time to review it  
14:57 6 again, just let me know, but I have observed that in multiple  
14:57 7 occasions in the letter, you've used the phrase "I understand  
14:57 8 that"?  
14:57 9  
14:57 10 A. Yes.  
14:57 11  
14:57 12 Q. Is that reflective of something where you are indicating to  
14:57 13 the reader of the letter that those are your instructions, but you  
14:57 14 haven't independently observed that matter; is that right?  
14:57 15  
14:57 16 A. No, it's me indicating that I have been provided  
14:57 17 information, but I have not investigated that or validated that  
14:57 18 separately than the information that was provided to me as part of  
14:57 19 my instructions.  
14:57 20  
14:57 21 Q. Yes. So when you say "I understand that", you are really  
14:57 22 saying "I'm told that" or "I'm instructed that"?  
14:58 23  
14:58 24 A. Or I have been provided documents that told me this, yes.  
14:58 25  
14:58 26 Q. Yes, but you hadn't done a independent investigation or  
14:58 27 verification of that?  
14:58 28  
14:58 29 A. That is correct, absolutely.  
14:58 30  
14:58 31 Q. Now, can I go to the letter of instruction, which is  
14:58 32 CRW.514.001.0001.  
14:58 33  
14:58 34 That's at tab 24, Commissioner.  
14:58 35  
14:58 36 I will ask the court operator to bring up two documents  
14:58 37 simultaneously, if that's okay. So the letter of instruction that  
14:58 38 we've just brought up, and then Mr Jeans' letter of opinion,  
14:58 39 which is INI.0004.0001.0285. In respect of the document on the  
14:59 40 right, operator, can we move to the page ending 0827? Thank  
14:59 41 you. In respect of the document on the left, can we move to the  
14:59 42 page ending 0004.  
14:59 43  
14:59 44 Mr Jeans, I will give you an opportunity to compare and contrast,  
14:59 45 mostly compare these two documents. But before I ask you  
14:59 46 questions about it, I will give you an opportunity to read both of  
14:59 47 those pages.

15:00 1  
15:00 2 A. Yes, I'm familiar with these documents.  
15:00 3  
15:00 4 Q. Do you agree with me that there is a striking similarity  
15:00 5 between the words set out there in the letter of instruction to you  
15:00 6 and then the words that you have set out in your letter of opinion  
15:00 7 back to Crown?  
15:00 8  
15:00 9 A. That is correct, yes.  
15:00 10  
15:00 11 Q. So have you essentially, with some minor word changes,  
15:00 12 essentially copied what was in the letter of instruction to you into  
15:00 13 your letter of opinion back to Crown?  
15:00 14  
15:00 15 A. I have, yes.  
15:00 16  
15:00 17 Q. It is a bit of an echo chamber in a sense, do you agree?  
15:00 18  
15:01 19 A. Yes, I agree.  
15:01 20  
15:01 21 Q. I noted there in respect of your letter of opinion back to  
15:01 22 Crown, which is on the right there, you've pre-phased the matters  
15:01 23 at (a) and (b) with the words.  
15:01 24  
15:01 25 Based on my work with Crown, regarding VCGLR's  
15:01 26 *commentary I am pleased to confirm the following .....*  
15:01 27  
15:01 28 I noticed you didn't use the phrase "I am instructed that", which  
15:01 29 you had used in frequent occasions in the past.  
15:01 30  
15:01 31 A. Yes.  
15:01 32  
15:01 33 Q. Is that because you had made these particular observations  
15:01 34 independently of them having been told to you as instructions?  
15:01 35  
15:01 36 A. Some of them, particularly as they relate to transaction  
15:01 37 monitoring, because I had previously done the transaction  
15:01 38 monitoring review.  
15:01 39  
15:01 40 Q. Some, but not all of them?  
15:01 41  
15:01 42 A. Not all of them, absolutely, yes.  
15:02 43  
15:02 44 Q. The approach you took to Recommendation 17 was the  
15:02 45 subject to criticism last week in the Commission by Mr Cremona  
15:02 46 of the VCGLR. In particular, he said that your opinion letter was  
15:02 47 not a proper response to Recommendation 17 and did not address

15:02 1 the substance of Recommendation 17. Is there any response you  
15:02 2 would like to make to that?

15:02 3

15:02 4 A. Mr Cremona is correct. That was not the scope of the work  
15:02 5 I was asked to do. I was asked to simply do a limited review of  
15:02 6 documents provided to me, to then provide an opinion to Crown.  
15:02 7 That review was limited in the fact that I actually did not provide  
15:02 8 a statement of work, I did not issue a proposal in relation to this  
15:02 9 piece of work and actually did not charge Crown for this piece of  
15:03 10 work. That is because the work was very limited. This was  
15:03 11 literally less than half a day's work that I undertook for them to  
15:03 12 produce this letter.

15:03 13

15:03 14 Q. So do you feel that Crown was borrowing your reputation  
15:03 15 to get back to the VCGLR to satisfy one of the VCGLR's  
15:03 16 recommendations?

15:03 17

15:03 18 A. That could be one interpretation of it.

15:03 19

15:03 20 Q. Is that an interpretation you agree with?

15:03 21

15:03 22 A. Yes.

15:03 23

15:03 24 Q. And --- thank you. Do you agree with this proposition that  
15:03 25 this process of instructing you on Recommendation 17 was very  
15:03 26 confined and limited terms of reference was really Crown  
15:03 27 engaging in some window dressing to convey a sense of reform  
15:03 28 in circumstances where no real reform was complemented?

15:03 29

15:03 30 A. I can't possibly comment what was in the mind of Crown's  
15:04 31 people at that point. It is my opinion that they asked me to  
15:04 32 produce a report and may have pretended that report was more  
15:04 33 than it actually was.

15:04 34

15:04 35 Q. You say that they "may have pretended it was more than  
15:04 36 what it was". What makes you think that?

15:04 37

15:04 38 A. Well, based on the transcripts that I was provided by the  
15:04 39 Commission earlier last week, and the comments from the  
15:04 40 VCGLR parties that gave evidence last week.

15:04 41

15:04 42 Q. All right. Can you remember in particular what it was that  
15:04 43 you read in the transcript last week that led you to come to the  
15:04 44 conclusion you've just expressed?

15:04 45

15:04 46 A. It was the commentary regarding how Crown had  
15:04 47 positioned this report with the VCGLR around August 2019.



15:05 1  
15:05 2 Q. Yes. How do you think that differed to the reality?  
15:05 3  
15:05 4 A. Well, the reality was I was asked to review the ICSs with  
15:05 5 an AML lens and provide commentary on those. That was the  
15:05 6 scope of the work I was to do.  
15:05 7  
15:05 8 Q. Do you feel that Crown didn't faithfully represent that to the  
15:05 9 VCGLR?  
15:05 10  
15:05 11 A. It appears so.  
15:05 12  
15:05 13 Q. Now I will take you to another topic. We are getting  
15:05 14 there --  
15:05 15  
15:05 16 A. Yes.  
15:05 17  
15:05 18 Q. --- but the topic I'm taking you to now is your first  
15:05 19 transaction monitoring review for Crown --  
15:05 20  
15:05 21 A. Yes.  
15:05 22  
15:05 23 Q. --- which I understand you told me earlier was the very first  
15:05 24 engagement you had for Crown.  
15:05 25  
15:05 26 A. That was the first engagement I have ever had for Crown,  
15:05 27 yes.  
15:05 28  
15:05 29 Q. That was an engagement commencing in late 2018?  
15:05 30  
15:05 31 A. Yes.  
15:05 32  
15:05 33 Q. You were engaged by Crown Resorts to undertake a review  
15:06 34 of the design adequacy of Crown's transaction monitoring  
15:06 35 program?  
15:06 36  
15:06 37 A. That is correct, yes.  
15:06 38  
15:06 39 Q. So again, you understood that to be design adequacy only  
15:06 40 and not operational effectiveness; is that right?  
15:06 41  
15:06 42 A. That is correct, yes.  
15:06 43  
15:06 44 Q. Again, what is the real point of asking someone to review  
15:06 45 the design adequacy of a transaction monitoring program which is  
15:06 46 in place as opposed to a new one that has been proposed? What  
15:06 47 is the point of looking at a design adequacy only of an in-place

- 15:06 1 transaction monitoring program and not also the operational  
15:06 2 effectiveness of that program?  
15:06 3
- 15:06 4 A. The purpose of design adequacy is to establish whether the  
15:06 5 documented program and the activity within that program meets  
15:06 6 the requirements as set out by, in this case, section 36 of the  
15:06 7 AML/CTF Act and the relevant sections of the AML/CTF rules.  
15:06 8
- 15:06 9 Q. Again, you are looking at the Act and the rules?  
15:07 10
- 15:07 11 A. Yes.  
15:07 12
- 15:07 13 Q. And you are taking the transaction monitoring program,  
15:07 14 which is presumably in written documentary form?  
15:07 15
- 15:07 16 A. That is correct, yes.  
15:07 17
- 15:07 18 Q. You are checking to see everything the Act and rules say  
15:07 19 must be in a transaction monitoring program is in their written  
15:07 20 documentation; correct?  
15:07 21
- 15:07 22 A. That is correct, yes.  
15:07 23
- 15:07 24 Q. Without at all looking to see if the transaction monitoring  
15:07 25 program, as it is enacted in the practices of the casino, is actually  
15:07 26 working; is that right?  
15:07 27
- 15:07 28 A. To a certain degree, part of the work I that undertook was  
15:07 29 to look at the reports that Crown were extracting from SYCO,  
15:07 30 and how they were also actually being subsequently used by  
15:07 31 Crown staff to monitor activity. So it wasn't the full  
15:07 32 implementation and front to back review, but it was a little more  
15:07 33 than simply "Yes, you have the right words within the AML/CTF  
15:07 34 program."  
15:07 35
- 15:07 36 Q. I see. In terms of it being a transaction monitoring  
15:08 37 program, the transactions that can be monitored are varied; do  
15:08 38 you agree?  
15:08 39
- 15:08 40 A. That is correct, yes.  
15:08 41
- 15:08 42 Q. So here we're not just talking about transactions on bank  
15:08 43 accounts or patrons, are we?  
15:08 44
- 15:08 45 A. That is correct, yes.  
15:08 46
- 15:08 47 Q. We are talking about the full range of transactions the

15:08 1 casino might have with its customers?  
15:08 2  
15:08 3 A. That is correct, yes.  
15:08 4  
15:08 5 Q. That could include transactions, for example, on the gaming  
15:08 6 floor?  
15:08 7  
15:08 8 A. That is correct, yes.  
15:08 9  
15:08 10 Q. Am I right to understand that your task was to look at the  
15:08 11 transaction monitoring program to see whether it included  
15:08 12 appropriate systems and controls to address the requirements of  
15:08 13 the AML/CTF rules and the Act?  
15:08 14  
15:08 15 A. That is correct, yes.  
15:08 16  
15:08 17 Q. At that time, Crown had two reporting entities, is that right?  
15:08 18  
15:08 19 A. That is correct, yes.  
15:08 20  
15:08 21 Q. Those reporting entities were Crown Melbourne and Crown  
15:08 22 Perth?  
15:08 23  
15:08 24 A. Yes.  
15:08 25  
15:08 26 Q. And they each had a separate transaction monitoring  
15:08 27 program?  
15:08 28  
15:08 29 A. Yes.  
15:08 30  
15:08 31 Q. And you reviewed both, is that right?  
15:08 32  
15:08 33 A. Yes.  
15:08 34  
15:08 35 Q. You produced a 28-page report, is that right?  
15:08 36  
15:08 37 A. That is correct, yes.  
15:08 38  
15:08 39 Q. And is that report at annexure B to your statement?  
15:08 40  
15:09 41 A. Yes, it is.  
15:09 42  
15:09 43 Q. Operator, can you bring up INI.0004.0001.0008.  
15:09 44  
15:09 45 COMMISSIONER: Ms O'Sullivan, I think we need to tender the  
15:09 46 documents that just went off the screen.  
15:09 47

15:09 1 MS O'SULLIVAN: Yes.  
15:09 2  
15:09 3 COMMISSIONER: There is the Crown letter of instruction to  
15:09 4 Mr Jeans dated, it is almost impossible to read, undated. I was  
15:09 5 going to mark that exhibit 71.  
15:09 6  
15:09 7  
15:09 8 **EXHIBIT #RC0071 - CROWN LETTER OF**  
15:09 9 **INSTRUCTION TO MR JEANS (UNDATED)**  
15:09 10  
15:09 11  
15:09 12 COMMISSIONER: And I think the other is from his annexure  
15:09 13 so that doesn't need to be separately marked.  
15:09 14  
15:09 15 MS O'SULLIVAN: Yes, thank you for prompting me,  
15:09 16 Commissioner. I've just been prompted also to tender  
15:10 17 INI.0004.0001.0285.  
15:10 18  
15:10 19 Operator, could you bring that up so I can identify which one that  
15:10 20 is? That is part of --- thank you. That is part of the statement that  
15:10 21 has already been tendered, so sorry.  
15:10 22  
15:10 23 COMMISSIONER: Okay, thanks. Sorry about that.  
15:10 24  
15:10 25 MS O'SULLIVAN: Not at all. Thank you for reminding me.  
15:10 26  
15:10 27 If we can go back, operator, to annexure B and can we move to  
15:10 28 page 1, which is the page ending 0010.  
15:10 29  
15:10 30 There, Mr Jeans, if I can turn your attention to the third paragraph  
15:10 31 where you set out the purpose of the review, that that is in slightly  
15:10 32 different words to how you described it for me. Perhaps you can  
15:11 33 have a read of that and confirm that is, indeed, the purpose of the  
15:11 34 review that you were asked to conduct.  
15:11 35  
15:11 36 A. That is correct, yes.  
15:11 37  
15:11 38 Q. In terms of the process you adopted to complete the review,  
15:11 39 it is correct, is it not, that you firstly reviewed the documented  
15:11 40 monitoring approach and processes for monitoring customer and  
15:11 41 gaming transactional activity?  
15:11 42  
15:11 43 A. That is correct, yes.  
15:11 44  
15:11 45 Q. That is looking at the documents and see what they say?  
15:11 46  
15:11 47 A. Looking at the program and the underpinning procedures,

15:11 1 yes.  
15:11 2  
15:11 3 Q. Then you did some onsite testing in Crown Melbourne?  
15:11 4  
15:11 5 A. Yes.  
15:11 6  
15:11 7 Q. This was pre-COVID; is that right?  
15:11 8  
15:11 9 A. This was December 2018 and through part of 2019, so, yes,  
15:11 10 well before COVID.  
15:11 11  
15:11 12 Q. You also identified some opportunities to refine and adjust  
15:11 13 activity monitoring; is that right?  
15:11 14  
15:11 15 A. That is correct, yes.  
15:11 16  
15:11 17 Q. So there were limitations to the review that was undertaken;  
15:12 18 is that right?  
15:12 19  
15:12 20 A. The review was limited to design adequacy of the process,  
15:12 21 yes.  
15:12 22  
15:12 23 Q. In addition to that, am I right to think that another limitation  
15:12 24 to the review was it was done on a test basis?  
15:12 25  
15:12 26 A. That is correct, yes.  
15:12 27  
15:12 28 Q. What does that mean, to do a review on a test basis?  
15:12 29  
15:12 30 A. Well, we take samples and ultimately it has --- we're not  
15:12 31 going through the entire process front to back. We are picking  
15:12 32 particularly focuses and testing those elements. And  
15:12 33 understanding what was being done at those various points.  
15:12 34  
15:12 35 Q. Thank you.  
15:12 36  
15:12 37 Operator, can I have this document brought up,  
15:12 38 CRW.0001.022.6540.  
15:12 39  
15:12 40 Commissioner, I don't have a copy of this but you will have seen  
15:12 41 this document last week.  
15:12 42  
15:13 43 Mr Jeans, have you seen this document before?  
15:13 44  
15:13 45 A. No, never.  
15:13 46  
15:13 47 Q. Thank you.

15:13 1  
15:13 2 You can take that document down, thank you, operator.  
15:13 3  
15:13 4 I want to ask you about some of the conclusions you came to in  
15:13 5 your transaction review monitoring in Q4/2018 and Q1/2019?  
15:13 6  
15:13 7 A. That was when the substantive work was done, yes.  
15:13 8  
15:13 9 Q. At the time of your review of Crown's transaction  
15:13 10 monitoring program in both Melbourne and Perth, it was  
15:13 11 a manual program, is that right?  
15:13 12  
15:13 13 A. That is correct, yes.  
15:13 14  
15:13 15 Q. Indeed I think you described it previously as a highly  
15:13 16 manual program; is that right?  
15:13 17  
15:13 18 A. That is correct, yes.  
15:13 19  
15:13 20 Q. At that time it was a highly manual transaction monitoring  
15:13 21 program?  
15:13 22  
15:13 23 A. That is correct, yes.  
15:13 24  
15:13 25 Q. By manual, you mean it was done by people as opposed to  
15:13 26 computers?  
15:13 27  
15:13 28 A. That is correct, yes.  
15:13 29  
15:13 30 Q. You formed the opinion that Crown would benefit from  
15:13 31 moving to an automated and systemised approach to transaction  
15:14 32 monitoring, is that right?  
15:14 33  
15:14 34 A. That is correct, yes.  
15:14 35  
15:14 36 Q. One of the features of Crown's manual program that you  
15:14 37 identified was that it was heavily reliant on the reviewer's  
15:14 38 experience and knowledge; is that right?  
15:14 39  
15:14 40 A. That is correct, yes.  
15:14 41  
15:14 42 Q. And you observed in this review that the monitoring was  
15:14 43 being conducted by Crown's AML team and where relevant the  
15:14 44 business units; is that right?  
15:14 45  
15:14 46 A. That is correct, yes.  
15:14 47

- 15:14 1 Q. And when you say "business" --- when I say business units,  
15:14 2 although this is a term you used in your report, do you mean that  
15:14 3 the staff who are undertaking the gaming activities and so on?  
15:14 4
- 15:14 5 A. Predominantly the cage staff, so people that were reviewing  
15:14 6 the transactions as part of their normal activity rather than people  
15:14 7 on the floor that were dealers or other parties.  
15:14 8
- 15:14 9 Q. Yes, but would you expect dealers and other staff on the  
15:14 10 floor to be reviewing their transactions with customers for money  
15:14 11 laundering risks?  
15:14 12
- 15:14 13 A. Certainly. They should be alive to that, but that is to  
15:15 14 a certain degree a different approach to transaction monitoring  
15:15 15 than I was ultimately looking at.  
15:15 16
- 15:15 17 Q. I see, so your focus was more on the cage staff and AML  
15:15 18 staff?  
15:15 19
- 15:15 20 A. That is correct, yes.  
15:15 21
- 15:15 22 Q. You concluded because the manual review to identify  
15:15 23 triggers is based and heavily reliant on the reviewer's experience  
15:15 24 and knowledge, you concluded that the transaction monitoring  
15:15 25 was not consistent and not standardised and enterprise level; is  
15:15 26 that right?  
15:15 27
- 15:15 28 A. That is correct, they are effectively different approaches to  
15:15 29 monitoring between Perth and Melbourne.  
15:15 30
- 15:15 31 Q. That is why you say it wasn't standardised at an enterprise  
15:15 32 level, correct?  
15:15 33
- 15:15 34 A. Yes, and also developed their own approach and processes.  
15:15 35
- 15:15 36 Q. Yes, so in addition to the --- I will call that a siloing issue,  
15:15 37 silo between Melbourne and Perth --  
15:15 38
- 15:15 39 A. Yes.  
15:15 40
- 15:15 41 Q. --- but in addition to that, which you observed, I should  
15:16 42 pause to say do you agree with that summary, that there was  
15:16 43 an issue information silo between Melbourne and Perth?  
15:16 44
- 15:16 45 A. Yes, there was an issue between the two venues, yes.  
15:16 46
- 15:16 47 Q. But my question is not only to that issue of a lack of

15:16 1 standardisation across the two casinos, my question was also  
15:16 2 about whether the manual review meant that things were being  
15:16 3 done inconsistently. Do you agree that was one of your --

15:16 4

15:16 5 A. Yes, ultimately you were relying on the person reviewing  
15:16 6 the reports to draw conclusions based on their experience and  
15:16 7 knowledge, and react accordingly.

15:16 8

15:16 9 Q. Am I right to think another feature of having a highly  
15:16 10 manual program is that it can be subject to human error?

15:16 11

15:16 12 A. That is correct, yes.

15:16 13

15:16 14 Q. Finally, you did express some concerns, did you not, about  
15:16 15 the sustainability of the transaction monitoring program at that  
15:16 16 time because it was manual; is that right?

15:16 17

15:16 18 A. That is correct. It ultimately relied on one person in  
15:16 19 Melbourne and one person in Perth reviewing reports.

15:16 20

15:17 21 Q. So at that time you had one person in Melbourne doing it  
15:17 22 and only one person in Perth; is that right?

15:17 23

15:17 24 A. As far as I understood, yes.

15:17 25

15:17 26 Q. So, in respect of this issue about not being standardised at  
15:17 27 enterprise level and having information siloed in Melbourne and  
15:17 28 then siloed in Perth, what were the dangers of having systems  
15:17 29 where you had information that was not being shared between the  
15:17 30 two casinos?

15:17 31

15:17 32 A. Obviously one of the key risks is if you had a patron across  
15:17 33 both entities, was gaming at both entities, you may not pick them  
15:17 34 up and understand a consolidated view of their gaming activity  
15:17 35 and whether that was unusual or potentially suspicious. Also,  
15:17 36 there were different approaches in the way that things were  
15:17 37 managed in terms of case management, so ultimately in Perth,  
15:17 38 things were documented in the CURA system in terms of  
15:17 39 outcome of the monitoring, whereas in Crown it was --- in  
15:17 40 Melbourne it was very manual and note-taking by the operator,  
15:18 41 the handwritten note taken by the operator, so therefore, you  
15:18 42 couldn't necessarily repeat the activity that had been done or  
15:18 43 understand at a later date what monitoring had taken place.

15:18 44

15:18 45 Q. Now, operator, can we move to that document at the  
15:18 46 page ending 0012. And if you can enlarge the section, the  
15:18 47 paragraphs which appear under the heading "Current TMP



15:18 1 activity". Mr Jeans, if I can draw your attention to the third  
15:18 2 paragraph under that heading, you've given some advice there  
15:19 3 about Crown's transaction monitoring program record keeping.  
15:19 4 You observed, did you not, that their current transaction program  
15:19 5 record keeping was both manual and fragmented; is that right?

15:19 6  
15:19 7 A. That is correct, yes.

15:19 8  
15:19 9 Q. What are the dangers of having a transaction monitoring  
15:19 10 system which is manual and fragmented?

15:19 11  
15:19 12 A. As I described just recently, just previously, effectively you  
15:19 13 would not be able to recreate the monitoring that was done or  
15:19 14 understand the decision that was undertaken or be able to  
15:19 15 demonstrate any monitoring was done or undertaken.

15:19 16  
15:19 17 Q. Thank you. Do you recall, obviously this is not one of your  
15:19 18 more recent jobs for Crown, but do you recall sending a draft of  
15:19 19 this report to Crown?

15:19 20  
15:19 21 A. Yes.

15:19 22  
15:19 23 Q. Do you recall Crown getting back to you and asking you to  
15:20 24 make a few revisions to the strengthen the language in your  
15:20 25 report?

15:20 26  
15:20 27 A. That is correct, yes.

15:20 28  
15:20 29 Q. Can you tell the Commission exactly what happened there?  
15:20 30

15:20 31 A. Effectively, it is a normal part of the process, the check and  
15:20 32 challenging. If the client feels that I've misstated something or  
15:20 33 they want slightly different wording because internally certain  
15:20 34 words have different triggers, that is something I take onboard  
15:20 35 and I determine whether that is appropriate and whether --- my  
15:20 36 position is obviously I will reject that if that weakens my report or  
15:20 37 materially alters my report, but ultimately I'm open to assisting  
15:20 38 the client to receive a report that is digestible within the  
15:20 39 organisation.

15:20 40  
15:20 41 Q. Operator, can we turn to page 5 of the report, which is the  
15:20 42 page ending 0014. If we can bring up the paragraphs appearing  
15:21 43 under the heading "findings".

15:21 44  
15:21 45 Mr Jeans, I will take you to paragraph 5. There are no paragraph  
15:21 46 numbers so you will have to count down.

15:21 47

- 15:21 1 A. "Based upon", yes.  
15:21 2  
15:21 3 Q. It says:  
15:21 4  
15:21 5 *Based upon Initialism's review, Crown is to be meeting .....*  
15:21 6  
15:21 7 Obviously you will agree with me that that is grammatically  
15:21 8 incorrect?  
15:21 9  
15:21 10 A. That is correct, yes, there should be "appears to be  
15:21 11 meeting", yes.  
15:21 12  
15:21 13 Q. Is that an example where originally you had Crown  
15:21 14 "appears to be meeting" and Crown asked you to change that to  
15:21 15 "Crown is meeting"?  
15:21 16  
15:21 17 A. That is correct, yes.  
15:21 18  
15:21 19 Q. Do you agree that is asking you to strengthen the language  
15:21 20 of your report?  
15:21 21  
15:21 22 A. That is correct, yes.  
15:21 23  
15:21 24 Q. And can you look at the next paragraph "Crown also"?  
15:21 25  
15:21 26 A. Yes.  
15:21 27  
15:21 28 Q. It says there:  
15:21 29  
15:21 30 *Crown also is to be meeting .....*  
15:21 31  
15:21 32 A. That is correct, yes.  
15:21 33  
15:21 34 Q. Would you say that is grammatically incorrect?  
15:22 35  
15:22 36 A. Yes.  
15:22 37  
15:22 38 Q. Is it the case that the original draft of this said "Crown also  
15:22 39 appears to be meeting"?  
15:22 40  
15:22 41 A. That is correct, yes.  
15:22 42  
15:22 43 Q. And you were asked by Crown to change that to --  
15:22 44 (inaudible - audio distorted), is that correct?  
15:22 45  
15:22 46 A. That is correct, yes.  
15:22 47

- 15:22 1 Q. So you've gone in and substituted "appears to" with "is"?
- 15:22 2
- 15:22 3 A. That is correct, yes.
- 15:22 4
- 15:22 5 Q. You will agree that that is strengthening the wording that
- 15:22 6 you've set out here?
- 15:22 7
- 15:22 8 A. That is correct. I mean, I tend to use the word "appears to"
- 15:22 9 as a degree of qualification because my work is invariably limited
- 15:22 10 to the information provided to me. Obviously Crown obviously
- 15:22 11 wanted the language stronger.
- 15:22 12
- 15:22 13 Q. Yes, because it is far more definitive to say Crown is
- 15:22 14 meeting certain requirements --
- 15:22 15
- 15:22 16 A. Yes.
- 15:22 17
- 15:22 18 Q. --- than it is to say Crown appears to be meeting.
- 15:22 19
- 15:22 20 A. That is correct, and this was part of a conversation I had
- 15:22 21 with Louise Lane in relation to the specific wording around
- 15:22 22 section 36 of the AML/CTF Act, which is very limited, and again
- 15:23 23 the section within the rules which is again very limited. In this
- 15:23 24 juncture, I was comfortable to remove that "appears".
- 15:23 25
- 15:23 26 Q. Did you feel leant upon to change the wording in your
- 15:23 27 report?
- 15:23 28
- 15:23 29 A. Not leant upon. This was an open dialogue between myself
- 15:23 30 and Louise Lane.
- 15:23 31
- 15:23 32 Q. But your original drafting had used the phrase "appears to
- 15:23 33 be meeting"; is that right?
- 15:23 34
- 15:23 35 A. That is correct, yes. That is my common use of that word,
- 15:23 36 yes.
- 15:23 37
- 15:23 38 Q. Operator, can we move to the page ending 0011.
- 15:23 39
- 15:23 40 Here, Mr Jeans, you will see the executive summary and in
- 15:23 41 particular I would like you to look at the first and second
- 15:23 42 paragraphs, and there we have the words "Crown is meeting" --
- 15:23 43
- 15:23 44 A. Yes.
- 15:23 45
- 15:23 46 Q. --- its obligations --
- 15:23 47

- 15:23 1 A. Yes.
- 15:23 2
- 15:23 3 Q. --- under section 36 of the AML Act in the first paragraph.
- 15:23 4
- 15:23 5 A. That's correct.
- 15:23 6
- 15:23 7 Q. In the second paragraph it says "Crown is meeting the
- 15:24 8 requirements of chapter 15".
- 15:24 9
- 15:24 10 A. That's correct.
- 15:24 11
- 15:24 12 Q. That instance where you have "is" there, was that in the
- 15:24 13 original drafting or was that after you had spoken to Ms Louise
- 15:24 14 Lane where she asked the phrase "appears to be" to be changed to
- 15:24 15 "is"?
- 15:24 16
- 15:24 17 A. Difficult to recall but I would think it was in my original
- 15:24 18 drafting. I would have to refer to the drafts.
- 15:24 19
- 15:24 20 Q. Okay. Thank you.
- 15:24 21
- 15:24 22 Were there any other occasions over the last three or four years in
- 15:24 23 the various engagements that you've undertaken for Crown in
- 15:24 24 AML area, where staff or someone from Crown or on behalf of
- 15:24 25 Crown has asked you to strengthen the language you've used in
- 15:24 26 your reports about Crown?
- 15:24 27
- 15:24 28 A. Well, on the basis that I didn't do any work other than this
- 15:24 29 and the VCGLR work until very recently, no. There is always
- 15:24 30 a request by clients to ask for clarification, and if I have --- as I
- 15:25 31 think potentially in this case I've said "are meeting" in one section
- 15:25 32 and "appears to be meeting" in another section, obviously the
- 15:25 33 client would prefer to have that level of clarity.
- 15:25 34
- 15:25 35 Q. Yes. I'm less interested in clients generally and more
- 15:25 36 interested in Crown specifically.
- 15:25 37
- 15:25 38 A. Yes.
- 15:25 39
- 15:25 40 Q. You did some work in 2018/2019 for Crown --
- 15:25 41
- 15:25 42 A. Yes.
- 15:25 43
- 15:25 44 Q. --- and in the middle of 2019 for Crown --
- 15:25 45
- 15:25 46 A. Yes.
- 15:25 47

15:25 1 Q. --- and then a lot of work starting at the end of last year?

15:25 2

15:25 3 A. That is correct, yes.

15:25 4

15:25 5 Q. In respect of all of that work, other than in this instance,

15:25 6 were there any other occasions where someone on behalf --

15:25 7 someone from Crown or on behalf of Crown asked you to

15:25 8 strengthen the language that you used in your reports about

15:25 9 Crown?

15:25 10

15:25 11 A. Not that I can recollect.

15:25 12

15:25 13 Q. Thank you, Mr Jeans.

15:25 14

15:25 15 Commissioner, I'm about to move to a part of the examination

15:25 16 that is going to look in detail at a document in respect of which

15:25 17 there is a non-publication order, and that order has been made

15:25 18 because we are looking at some of Crown's present

15:25 19 vulnerabilities. There is a risk that that information might be

15:26 20 exploited by those seeking to launder money. I'm proposing we

15:26 21 have a short break and resume.

15:26 22

15:26 23 COMMISSIONER: Adjust the technology accordingly.

15:26 24

15:26 25 MS O'SULLIVAN: Adjust the technology, and resume the

15:26 26 remainder of this examination.

15:26 27

15:26 28 COMMISSIONER: I think five minutes probably should do it.

15:26 29 What will happen then is we won't broadcast the documents.

15:26 30 You will bring the documents up on the screen in here --

15:26 31

15:26 32 MS O'SULLIVAN: Yes.

15:26 33

15:26 34 COMMISSIONER: --- and they won't be broadcast live.

15:26 35

15:26 36 MS O'SULLIVAN: That's right.

15:26 37

15:26 38 COMMISSIONER: All right. I'll stand down for five minutes.

15:26 39

15:26 40

15:26 41 **ADJOURNED**

**[3:26P.M.]**

15:31 42

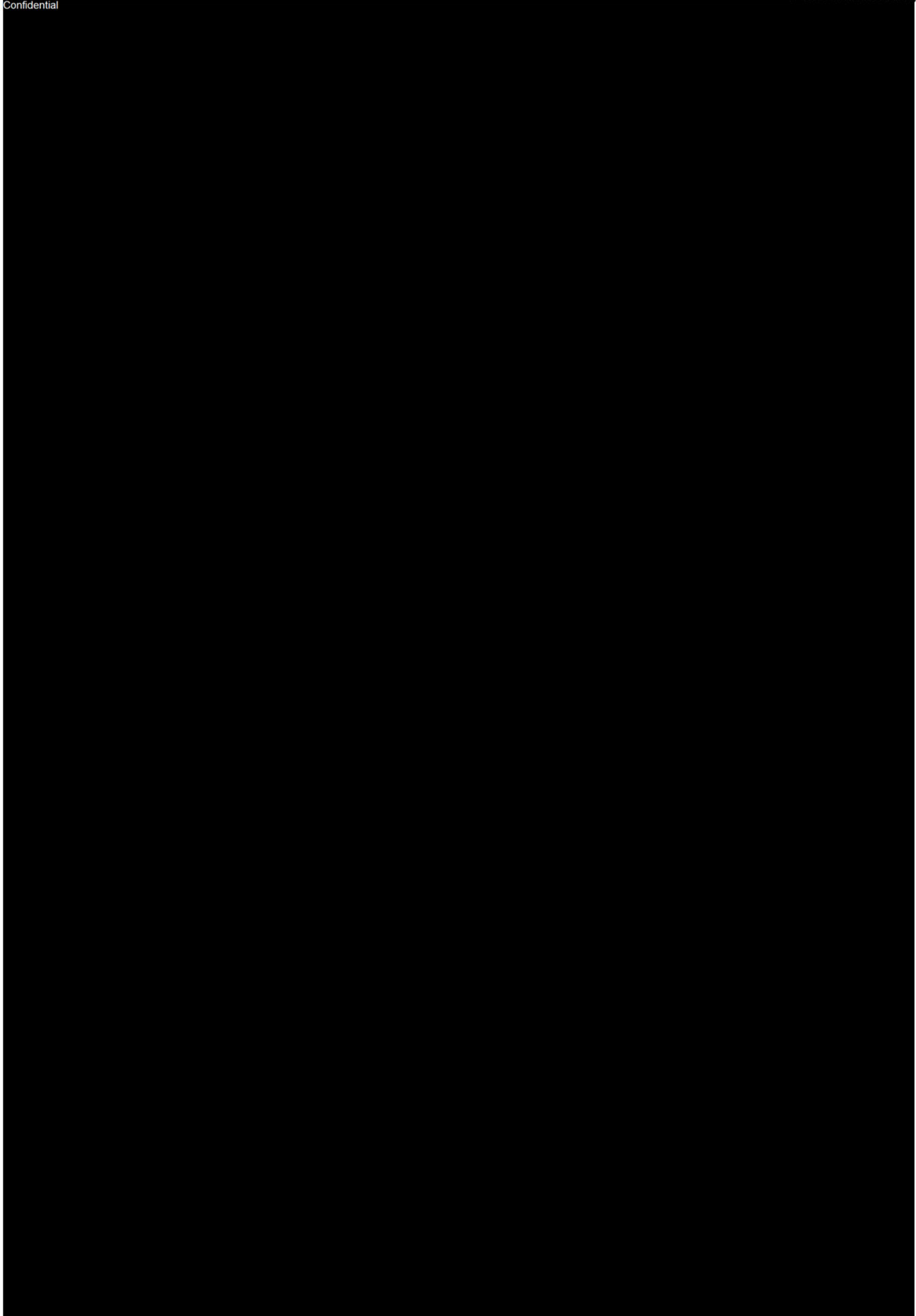
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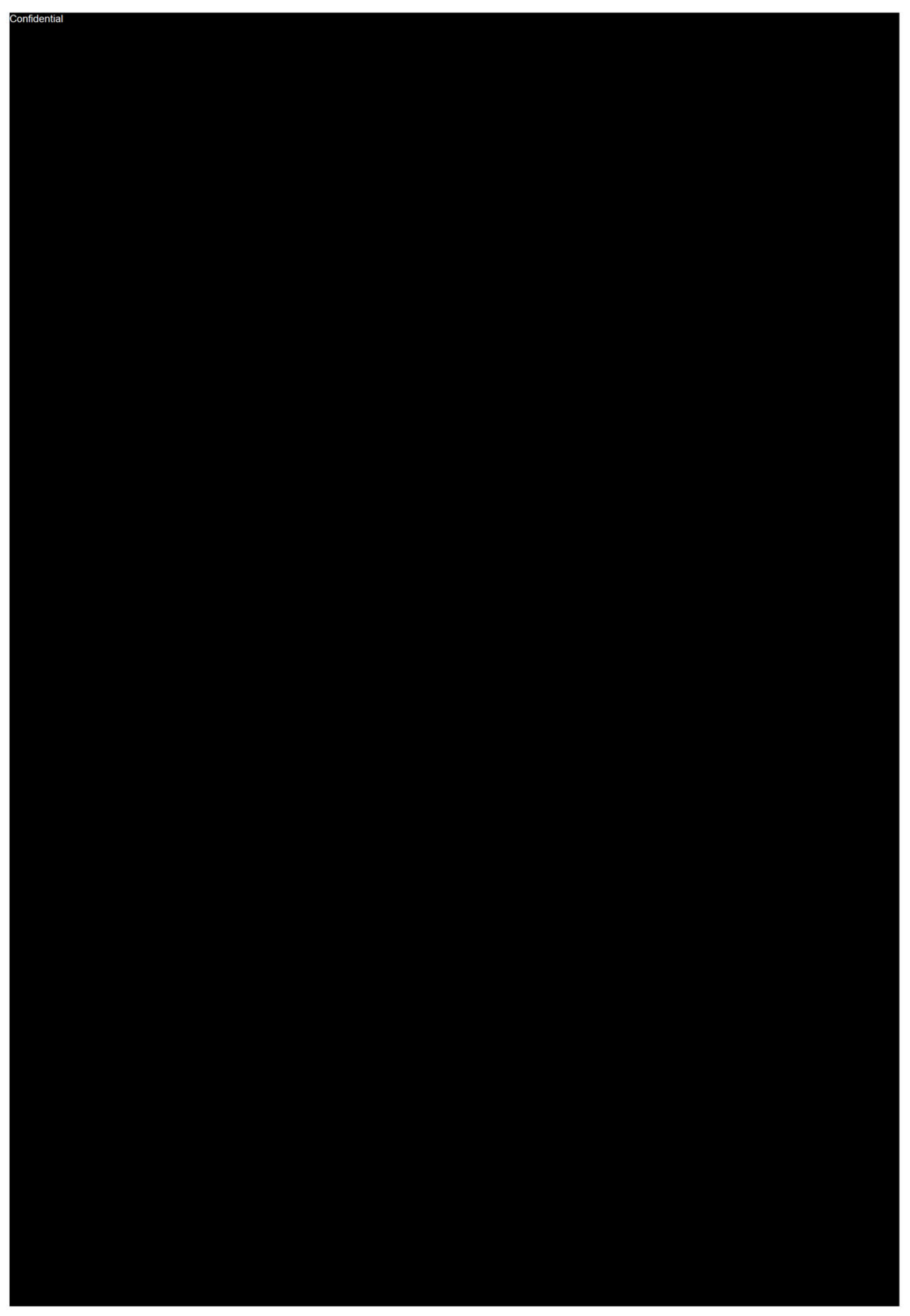
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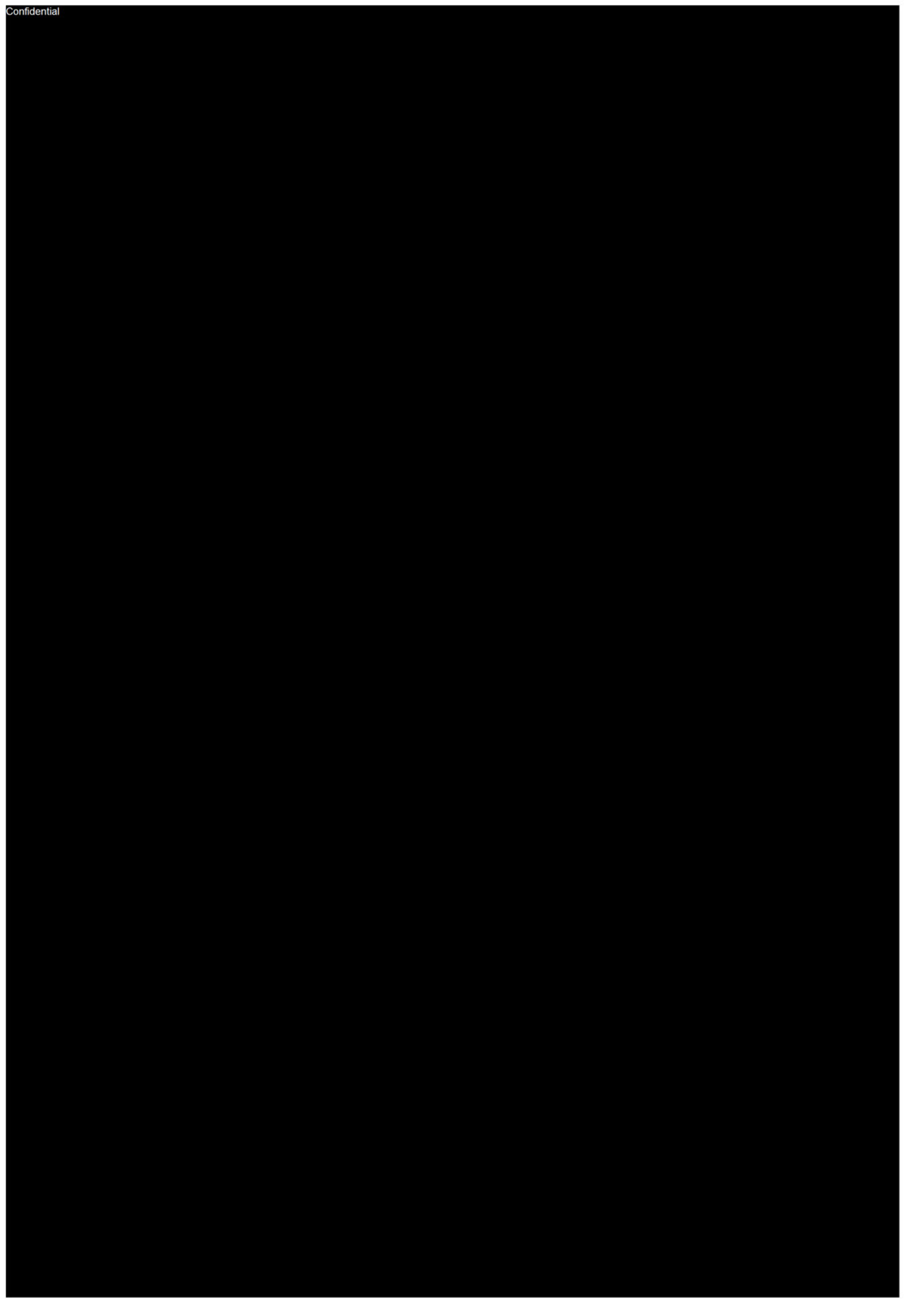


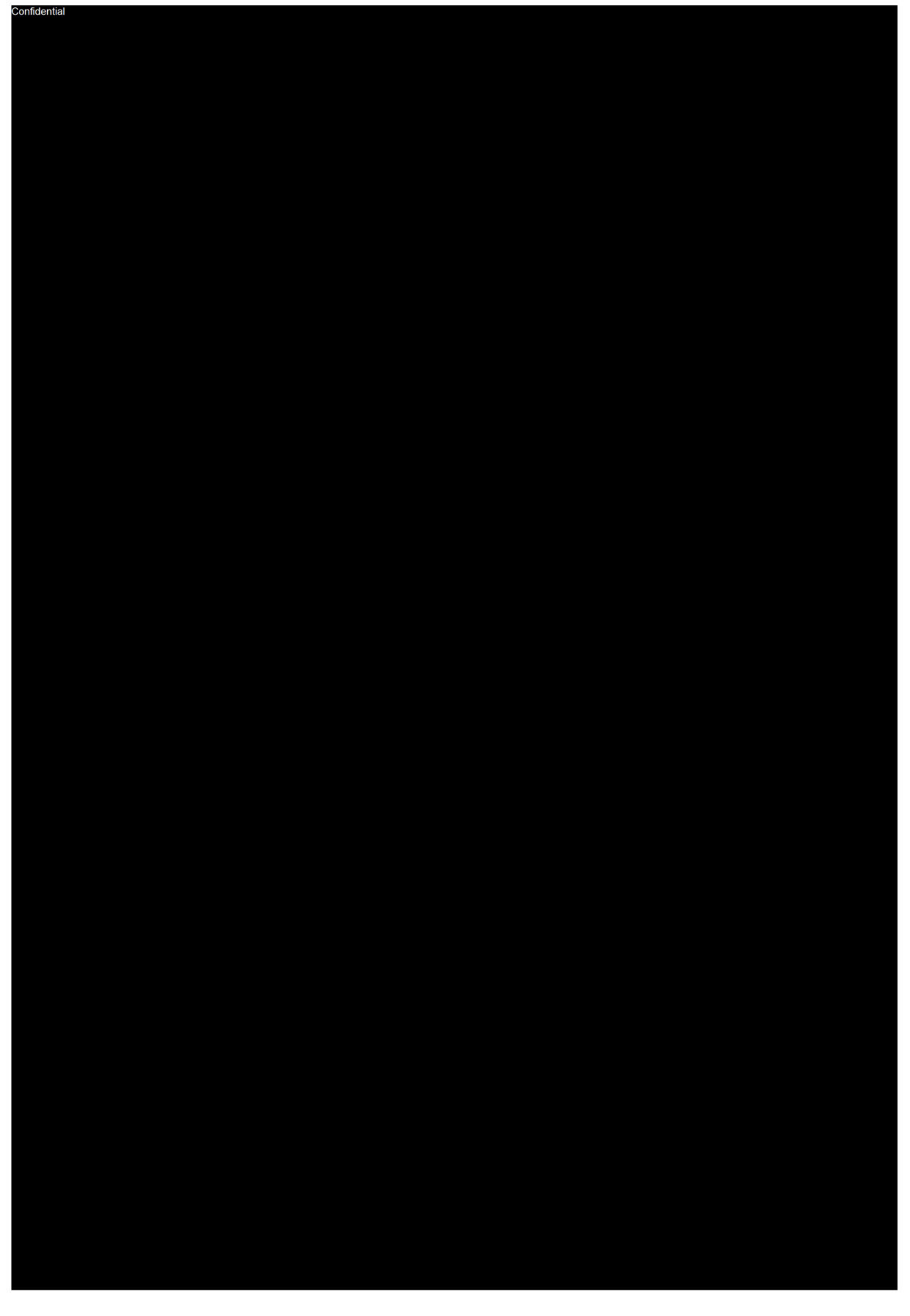


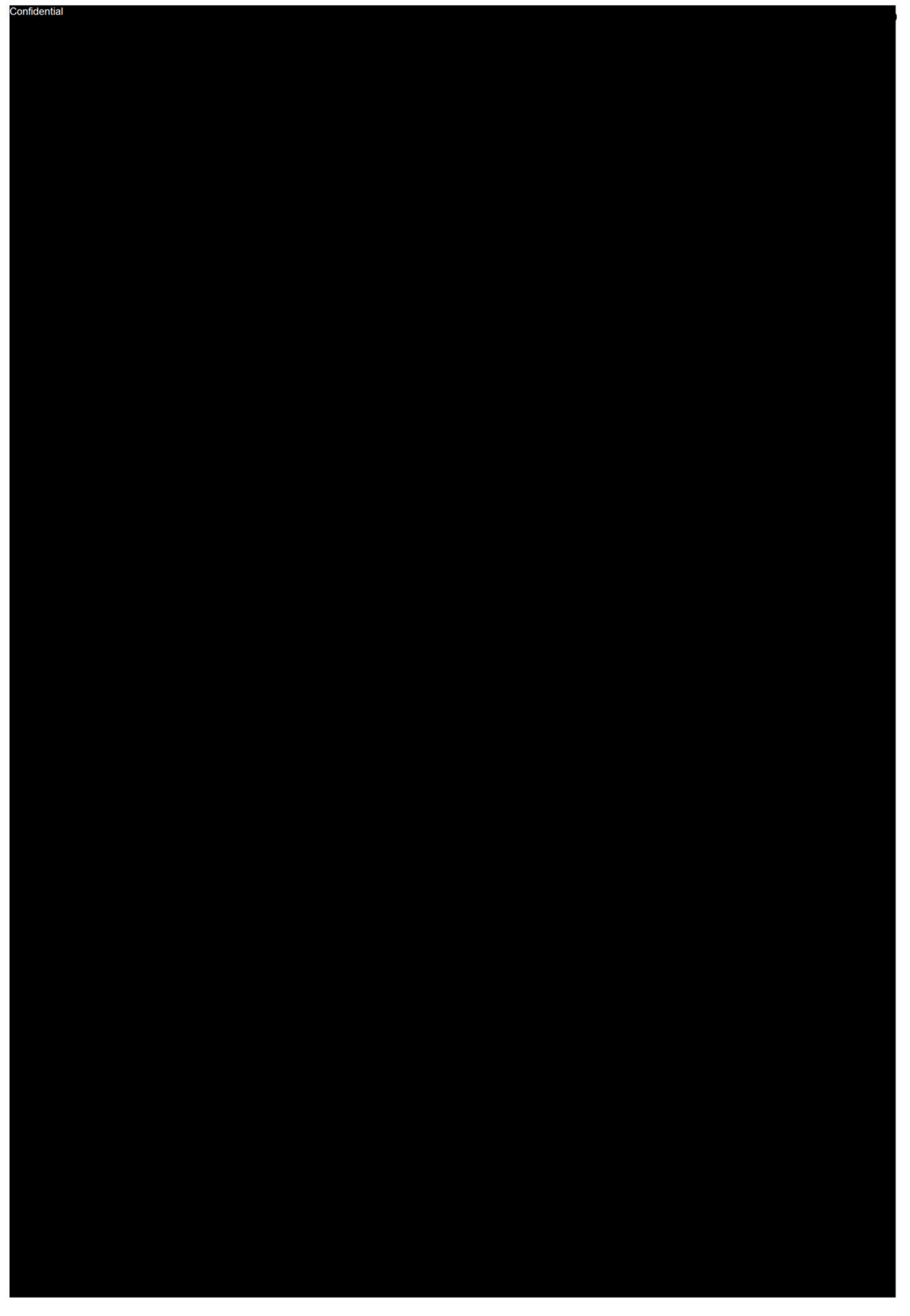


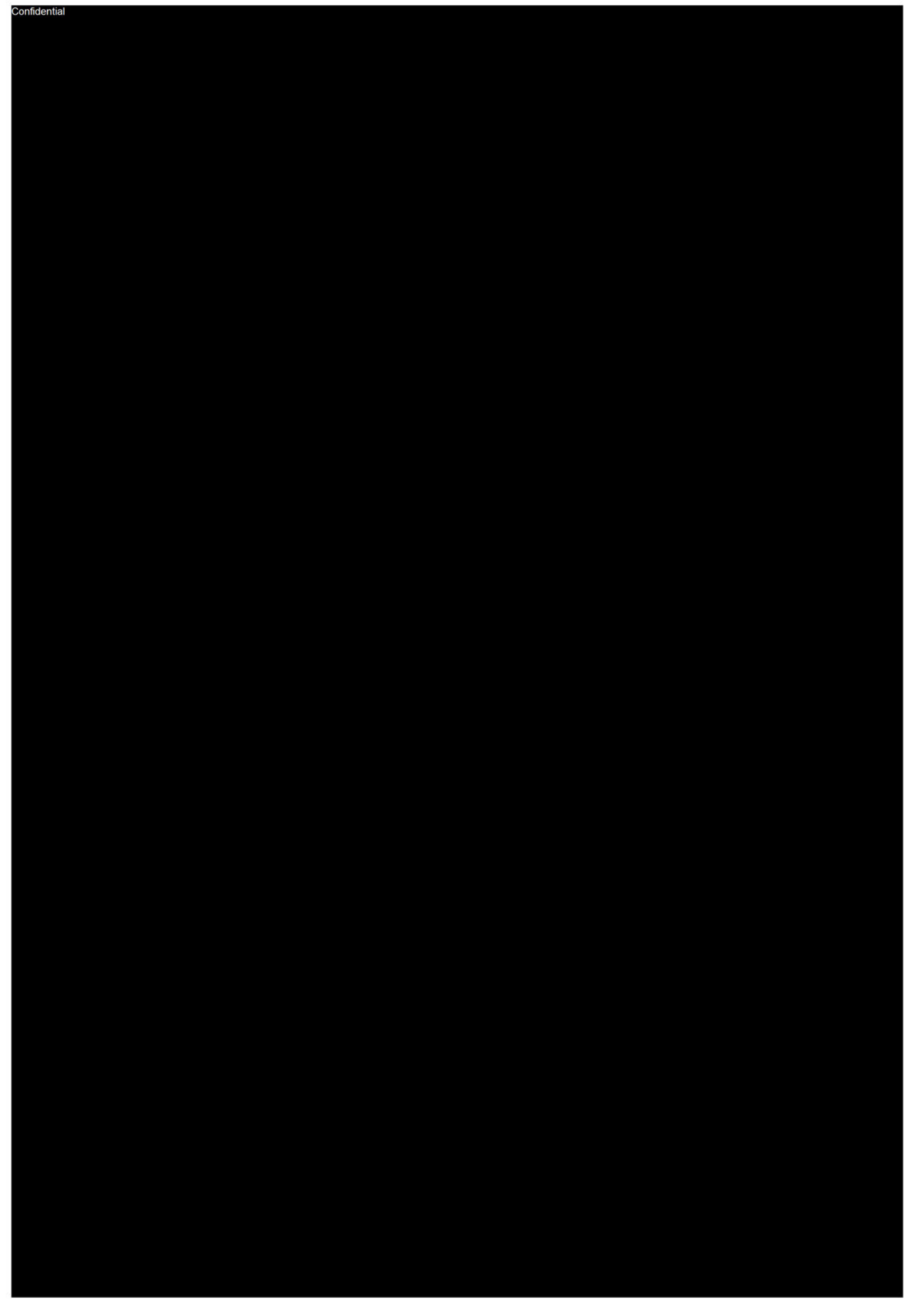




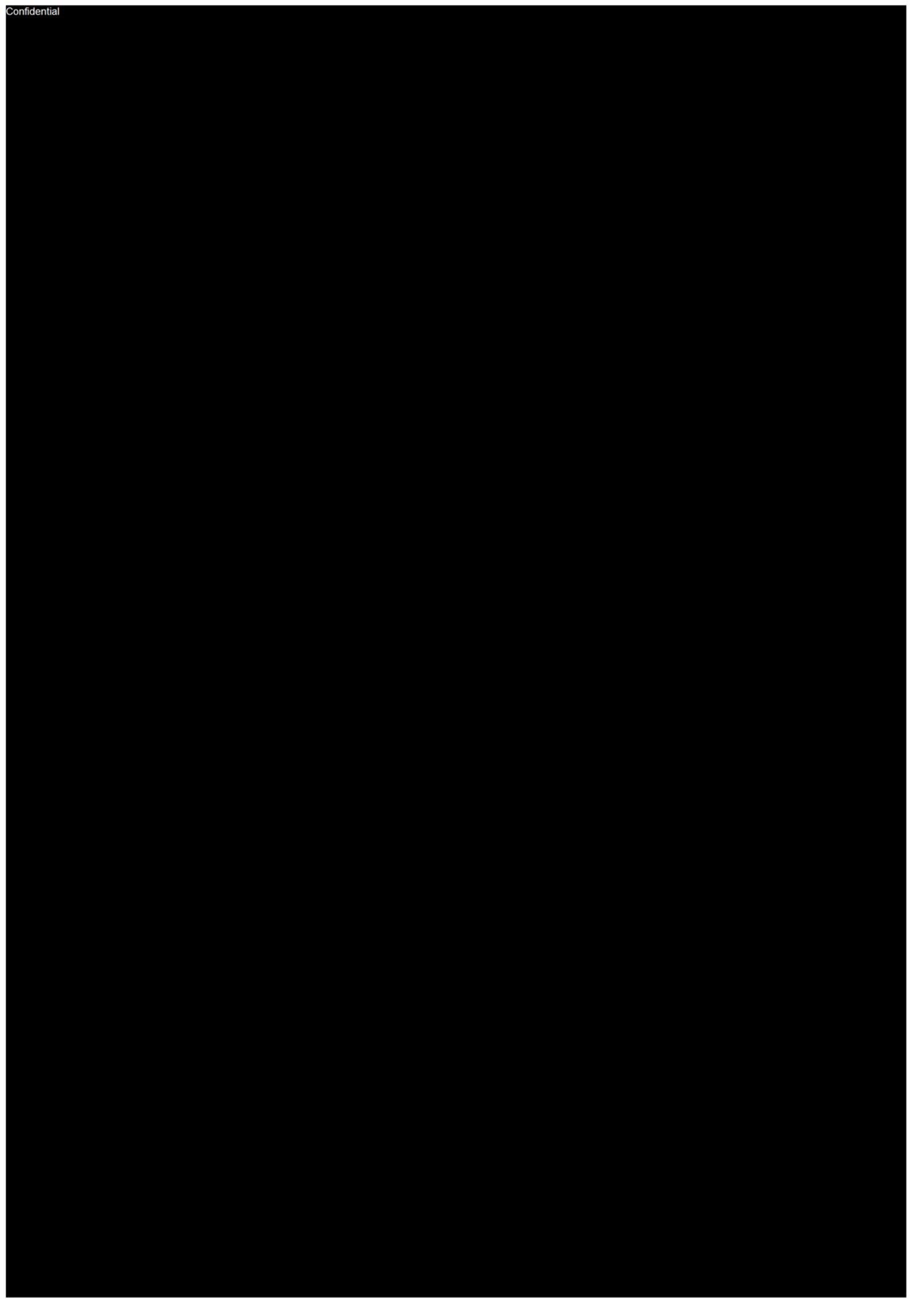






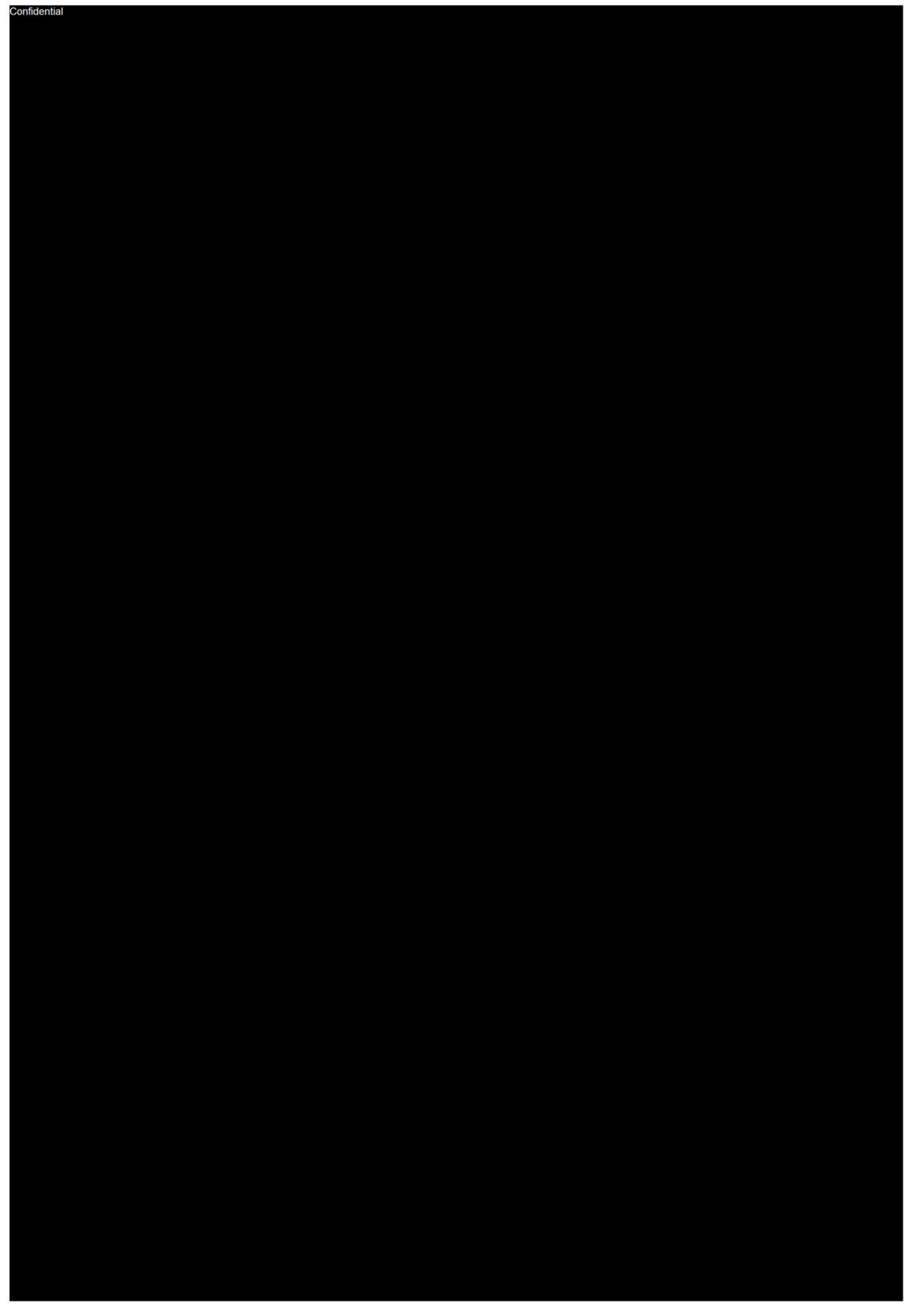








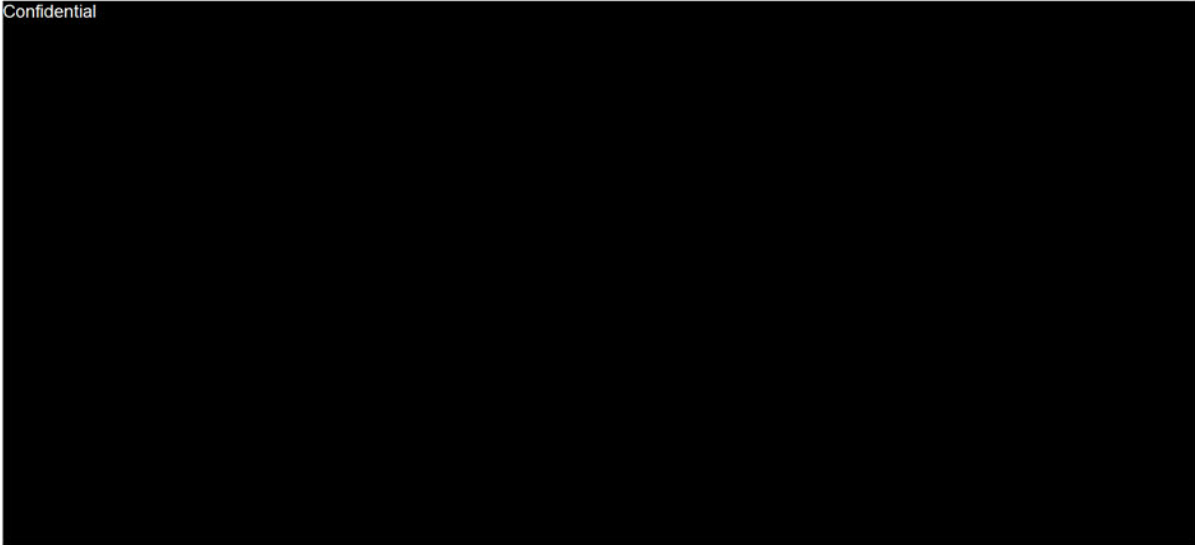








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16:04 15 Q. Could the operator bring up INI.0004.0001.0038. And  
16:04 16 move down to identify for Mr Jeans the report that we are looking  
16:04 17 at. This is your 16 November Riverbank and Southbank report?

16:05 18  
16:05 19 A. That is correct, yes.

16:05 20  
16:05 21 Q. If I ask the operator to go to what is actual page 14 of the  
16:05 22 report. We have different versions and the codes get mixed up.  
16:05 23 I think it should be 0052. Can you see a heading up the top  
16:05 24 "CONCLUSIONS FROM REVIEW"?

16:05 25  
16:05 26 A. Yes, I can.

16:05 27  
16:05 28 Q. If the operator can blow up the second paragraph from the  
16:05 29 bottom, do you see there you have recorded in your summary of  
16:05 30 conclusions from review that in your opinion "the majority of  
16:05 31 [instances] of structuring identified are indicative of cuckoo  
16:05 32 smurfing"; do you see that?

16:05 33  
16:06 34 A. That is correct, yes.

16:06 35  
16:06 36 Q. Do you agree that in undertaking the work that Initialism  
16:06 37 undertook it was the conclusion that you reached that they were  
16:06 38 indicative of cuckoo smurfing in the majority and that on that  
16:06 39 basis the patrons were likely innocent?

16:06 40  
16:06 41 A. That is correct, yes.

16:06 42  
16:06 43 Q. Could the operator go just to 0055. I want to clear  
16:06 44 something up about inconsistent payment descriptors. When you  
16:06 45 gave evidence before lunch you said that inconsistent payment  
16:06 46 descriptors were a red flag for money laundering; do you recall  
16:06 47 that?

- 16:06 1  
16:06 2 A. Yes, I do. Yes.  
16:06 3  
16:06 4 Q. Can I just ask you to clarify your opinion because that is  
16:06 5 somewhat divergent from what you set out in your report because  
16:07 6 what you set out in your report is to the effect that an inconsistent  
16:07 7 payment descriptor by itself is not an indicator of money  
16:07 8 laundering. That is, I think you describe it as a secondary check  
16:07 9 or secondary contributor?  
16:07 10  
16:07 11 A. That is correct. So, based on the question I was asked by  
16:07 12 Counsel Assisting, it is a red flag if somebody is changing or not  
16:07 13 necessarily being open and transparent about the purpose of the  
16:07 14 transaction, but also it is used as a secondary element. So in their  
16:07 15 own --- simply putting a misleading descriptor on a payment in  
16:07 16 itself is not indicative of money laundering.  
16:07 17  
16:07 18 Q. I think as you explain in your report, one reason for that is  
16:07 19 that these descriptors can be inserted or described by  
16:07 20 intermediaries in the payment chain?  
16:07 21  
16:07 22 A. That is correct, exactly.  
16:07 23  
16:07 24 Q. So the patron may not have given any instruction to call it  
16:08 25 anything particular?  
16:08 26  
16:08 27 A. That is correct, yes.  
16:08 28  
16:08 29 Q. I want to go back to a discussion you had with Counsel  
16:08 30 Assisting and the Commissioner about the root cause work that  
16:08 31 you were going to do.  
16:08 32  
16:08 33 A. Yes.  
16:08 34  
16:08 35 Q. Am I correct to understand that at the time that this work  
16:08 36 was being discussed in relation to the Riverbank and Southbank  
16:08 37 reports, it had emerged that aggregation was occurring?  
16:08 38  
16:08 39 A. That is correct. Through the Bergin Inquiry I think  
16:08 40 Mr Preston had given that evidence.  
16:08 41  
16:08 42 Q. So the root cause analysis that were you potentially going to  
16:08 43 undertake was to dive deeper than that and to work out why  
16:08 44 people had been aggregated and this morning you spoke about the  
16:08 45 idea of perhaps having to interview staff?  
16:08 46  
16:08 47 A. That is correct, yes.



16:08 1  
16:08 2 Q. Now you are aware, and I think Counsel Assisting took to  
16:09 3 you some of these matters straight after lunch, that since that time  
16:09 4 third-party transactions have been banned by Crown?  
16:09 5  
16:09 6 A. That is correct, as far as I understand.  
16:09 7  
16:09 8 Q. You are aware that includes money remitters?  
16:09 9  
16:09 10 A. Yes.  
16:09 11  
16:09 12 Q. You are also aware that Crown issued directives to its cage  
16:09 13 staff not to engage in aggregation?  
16:09 14  
16:09 15 A. Yes, I'm aware of that.  
16:09 16  
16:09 17 Q. Are you aware that the instruction was issued to the Perth  
16:09 18 cage on 24 September 2020?  
16:09 19  
16:09 20 A. I'm not familiar with the date but I believe it was last year.  
16:09 21  
16:09 22 Q. I will bring that up so the Commissioner has it.  
16:09 23 CRW.512.025.0970. You can see there is an email from David  
16:09 24 Brown, 24 September 2020, to "Cage-PER-Management". It is  
16:10 25 headed "Cash Deposits to Accounts". Can you see in the second  
16:10 26 dot point this directive bans cash deposits?  
16:10 27  
16:10 28 A. That's correct, yes.  
16:10 29  
16:10 30 Q. And then at the very last dot point it prohibits aggregation?  
16:10 31  
16:10 32 A. That is correct, yes.  
16:10 33  
16:10 34 Q. So you accept that around the same time that you were  
16:10 35 discussing this root cause review with Crown, Crown was taking  
16:10 36 steps to ban aggregation?  
16:10 37  
16:10 38 A. That is correct, yes.  
16:10 39  
16:10 40 Q. I tender that email, Commissioner.  
16:10 41  
16:10 42 COMMISSIONER: Exhibit 74. Can I have a look at the top of  
16:10 43 the page, please. Email from David Brown to cage management  
16:10 44 staff.  
16:10 45  
16:10 46 MS BUTTON: That will be an adequate descriptor.  
16:10 47

16:10 1 COMMISSIONER: Dated 24 September 2020.

16:11 2

16:11 3

16:11 4 **EXHIBIT #RC0074 - EMAIL FROM DAVID BROWN TO**  
16:11 5 **CAGE MANAGEMENT STAFF DATED 24 SEPTEMBER**  
16:11 6 **2020**

16:11 7

16:11 8

16:11 9 MS BUTTON: Similarly, there was a directive issued to the  
16:11 10 Melbourne cage operations on 12 November 2020. Were you  
16:11 11 aware of that one?

16:11 12

16:11 13 A. I was aware an instruction had been issued but not  
16:11 14 necessarily the timing of that.

16:11 15

16:11 16 Q. I bring that up, CRW.512.025.0972. This is an email of  
16:11 17 Stephen Hancock, who is the general manager cage and account,  
16:11 18 to cage Melbourne operations and management, et cetera. Can  
16:11 19 you see:

16:11 20

16:11 21 *As discuss during your return to work training, if Crown*  
16:11 22 *receives multiple deposits into our bank accounts for the*  
16:11 23 *same customer they are not [underscore and bold] to be*  
16:11 24 *aggregated into one Telegraphic Transfer .....*

16:11 25

16:11 26 You see that?

16:11 27

16:12 28 A. Yes.

16:12 29

16:12 30 COMMISSIONER: I will mark that Exhibit 75, email from  
16:12 31 Stephen Hancock to cage operations managers and others, 12  
16:12 32 November 2020.

16:12 33

16:12 34

16:12 35 **EXHIBIT #RC0075 - EMAIL FROM MR STEPHEN**  
16:12 36 **HANCOCK TO CAGE OPERATIONS MANAGERS AND**  
16:12 37 **OTHERS DATED 12 NOVEMBER 2020**

16:12 38

16:12 39

16:12 40 MS BUTTON: Are you aware that in fact Crown was taking  
16:12 41 steps to ban third-party payments from as early as April 2020?

16:12 42

16:12 43 A. I'm not aware of that, no.

16:12 44

16:12 45 Q. May I ask the operator to bring up CRW.512.027.1026.  
16:12 46 We have here a memorandum from Barry Felstead of 8 April  
16:12 47 2020 to a range of individuals. If the operator could blow up the

16:12 1 second paragraph. It states:

16:12 2

16:12 3 *..... please be advised effective immediately Crown will no*

16:13 4 *longer make or receive payments to or from third parties.*

16:13 5 *.... [This is said to apply] to all local, domestic and*

16:13 6 *international customers who should be advised*

16:13 7 *accordingly.*

16:13 8

16:13 9 You see that?

16:13 10

16:13 11 A. I do, yes.

16:13 12

16:13 13 Q. And in the last paragraph Mr Felstead asks for the email to

16:13 14 be distributed by recipients to their teams and take necessary

16:13 15 steps to ensure relevant processes are implemented in accordance

16:13 16 with this practice.

16:13 17

16:13 18 A. I see that, yes.

16:13 19

16:13 20 COMMISSIONER: Can I mark that as Exhibit 76.

16:13 21 Memorandum from Barry Felstead, 8 April 2020.

16:13 22

16:13 23

16:13 24 **EXHIBIT #RC0076 - MEMORANDUM FROM MR BARRY**  
16:13 25 **FELSTEAD DATED 8 APRIL 2020**

16:13 26

16:13 27

16:13 28 MS BUTTON: Now, do you agree with me then that in

16:13 29 circumstances where Crown had put a stop to aggregation,

16:13 30 banned cash deposits into its bank accounts, stopped receiving --

16:13 31 accepting third-party payments, that the series of circumstances

16:14 32 that led to the Riverbank and Southbank issues had been

16:14 33 addressed or stopped by Crown?

16:14 34

16:14 35 A. I would agree that the activity that had occurred had been

16:14 36 attempted to be stopped, yes.

16:14 37

16:14 38 Q. Had been?

16:14 39

16:14 40 A. Attempted to be stopped.

16:14 41

16:14 42 Q. You say "attempted" because you would want to be sure

16:14 43 that it had been effectively stopped, that it was working?

16:14 44

16:14 45 A. Absolutely, yes.

16:14 46

16:14 47 Q. Do you agree then that when you were asked about whether

16:14 1 the failure to undertake a root cause analysis, and I think the  
16:14 2 Commissioner may have asked words around "real danger" or  
16:14 3 something of that kind, that in fact there was no continuing real  
16:14 4 danger, assuming these controls were properly implemented, of  
16:14 5 the Southbank and Riverbank events being repeated?

16:14 6  
16:14 7 A. Assuming that these were implemented, it certainly would  
16:15 8 have reduced the danger, yes.

16:15 9  
16:15 10 COMMISSIONER: Is that now convenient? I assume you still  
16:15 11 have a while to go.

16:15 12  
16:15 13 MS BUTTON: A little while, yes, Commissioner.

16:15 14  
16:15 15 COMMISSIONER: All right. We will adjourn to tomorrow at  
16:15 16 10.00.

16:15 17

18

19 **HEARING ADJOURNED AT 4.15 PM UNTIL**

20 **WEDNESDAY, 26 MAY 2021 AT 10.00 AM**

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