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Dear Neil,

Engagement to Provide your Expert Opinion

Recommendation 17 of the Section 25 Review – Crown Melbourne

On behalf of Crown Melbourne Limited (**Crown**), the licensed casino operator, and in accordance with high level discussions you have had to date with the Crown legal team (including our discussions), Crown would like to engage you to review the matters set out below.

Your expert opinion should be marked "legally privileged and confidential" as highlighted above.

Background

We refer to:

- your recent independent review of Crown Melbourne and Crown Perth's Transaction Monitoring Programs (and your consideration of Crown's development of an internal, bespoke transaction monitoring system); and
- our discussions regarding Crown Melbourne's review of its Internal Control Statements (**ICS**) in accordance with Recommendation 17 of the Victorian Commission for Gambling and Liquor Regulation (**VCGLR**) in its Sixth Review of the Casino Operator and Licence of July 2018 (**Section 25 Review** or the **Review**).

We thank you for your independent review of our Transaction Monitoring Programs (including your commentary on our developing bespoke transaction monitoring system) and we have commenced integrating your feedback and recommendations into our draft Joint AML/CTF Program framework.

Purpose of this Letter

As discussed, Recommendation 17 of the Section 25 Review recommends that Crown undertake a robust review of its Internal Control Statements (**ICSs**) to ensure that its anti-money laundering risks are appropriately addressed.

In addressing the Recommendation, Crown has conducted this robust internal review and, as a result of that review, certain changes are proposed to be made to the ICSs, principally to seek to ensure the effective interplay between Crown's comprehensive AML/CTF Program and the relevant ICSs.

As you have completed your review of our Transaction Monitoring Program, we now seek your expert advices, having regard to Crown's existing AML/CTF Compliance Framework, as to:

- 1) Initialism's view on the changes proposed by Crown; and
- 2) any other input or commentary from Initialism regarding the relevant ICSs.

For your information, the VCGLR further recommended that Crown seek input from AUSTRAC in connection with Recommendation 17, which Crown is currently progressing.

The Section 25 Review

The overall conclusion of the Section 25 Review was that Crown remains a suitable person to hold a casino licence.

As part of the Section 25 Review, Crown was requested to provide, and did provide, detailed and extensive information concerning its operations to the VCGLR Review Team, in order for them to investigate and form an opinion of Crown's:

- a) suitability as a casino operator;
- b) compliance with gambling laws;
- c) compliance with various transaction documents relating to the casino and the casino complex; and
- d) suitability to continue to hold a casino licence.

These submissions to the VCGLR included a portion of information concerning Crown's approach to the identification, mitigation and management of money laundering risks, and internal and external assessments of Crown (including AUSTRAC's assessments of Crown) during the Review Period (2013 – 2018). We note however, that our AML/CTF Program, being the fundamental control document which provides Crown's AML Risk Framework, was not requested or reviewed by the VCGLR.

As a result of the Section 25 Review, the VCGLR issued its Section 25 Report reflecting its opinions on the matters listed above, with 20 Recommendations for Crown's consideration. A full copy of the Review is available at the following link:

<https://www.vcglr.vic.gov.au/casino-review>

Crown has largely accepted all of these Recommendations and has been progressing work related to each Recommendation, in accordance with the timeline established with the VCGLR.

Recommendation 17

Recommendation 17 of the Review provides as follows:

“The VCGLR recommends that, by 1 July 2019, Crown undertake a robust review (with external assistance) of relevant internal control statements, including input from AUSTRAC, to ensure that anti-money laundering risks are appropriately addressed.”

To address Recommendation 17:

1. Crown has thoroughly reviewed all ICSs to assess:
 - a) which ICSs are potentially relevant to the assessment and management of money laundering risks (specifically, those ICSs of Business Units directly or indirectly involved in the provision of designated services to patrons); and
 - b) with reference to these relevant ICSs, whether any amendments are appropriate to reflect how Crown identifies, mitigates and manages its money laundering risks under its AML/CTF Program. In so doing, Crown had reference to relevant Internal Control Manuals considered and approved by the NSW Regulator (**Liquor and Gaming NSW**).
2. Further, as required under its AML/CTF Program, Crown has conducted its annual ML/TF risk review of the Crown business. This document provides a register addressing the money laundering risks identified by Crown and the controls in place to mitigate and manage those risks.

This year, in anticipation of the implementation of a Joint AML/CTF Program, Crown has engaged relevant Business Units (including Crown Melbourne and Crown Perth Cage, Table Games, Electronic Gaming Machines, Security, Surveillance, Hotels, IT and VIP) to conduct an assessment of the potential money laundering risks presented by its designated services (and their delivery) and the patrons to whom these services are provided.

This review was conducted over the period of March 2019 – May 2019 and is reflected in an updated ML/TF Risk Register, which is to form part of an AML Operations Manual upon adoption of the Joint AML/CTF Program. A copy of this risk assessment (in draft) is also **enclosed**.

In its ML/TF Risk Register, and as part of its holistic review of Crown’s potential money laundering risks, Crown contemplates risks (and associated measures to mitigate and manage such risks) referable to Junket Operators, Junket Representatives and Junket Players, including in respect of where large cash transactions are witnessed by Crown staff. Where these large cash transactions are conducted with Crown, Crown will both file a Threshold Transaction and, where relevant, a Suspicious Matter Report. As Initialism has now recently completed its review of our TMP, the timing is appropriate to seek your advices in accordance with Recommendation 17.

Review of VCGLR's Observations

Whilst not a requirement of Recommendation 17, Crown has also reviewed the commentary included by the VCGLR in its Section 25 Review in respect of:

- a) Crown's Know Your Customer (**KYC**) processes for Junket Operators and Junket Players;
- b) the transaction monitoring of Junket Players; and
- c) engaging further with Regulators and Law Enforcement Agencies to assist Crown in delivering enhanced training for casino staff.

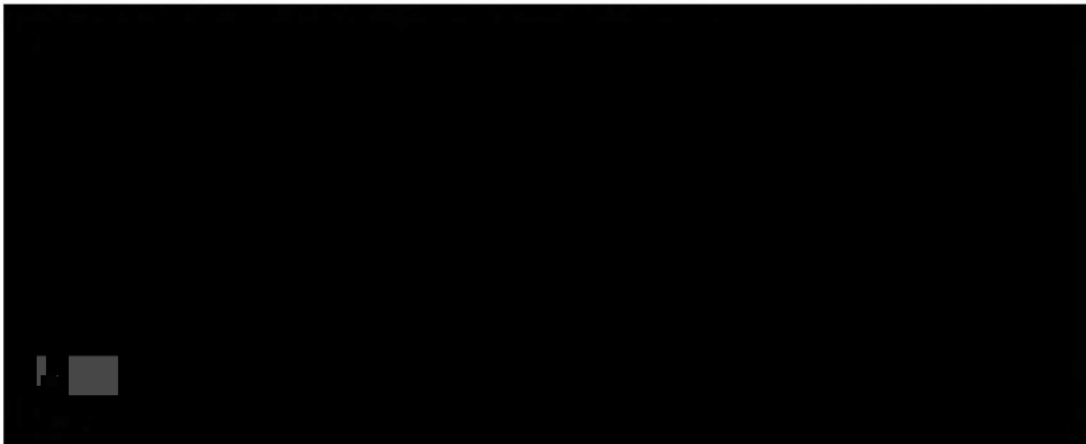
In respect of the commentary, Crown notes as follows (which you may recall from your review of our Transaction Monitoring Programs):

- A. Crown obtains further KYC information for Junket Operators, Junket Representatives and Junket Players in advance of their play. This involves, at a minimum, the collection and recording by Crown of a secondary form of Appropriate ID (Primary ID) for retention at Crown.

Crown conducts Enhanced Customer Due Diligence (**ECDD**) (including through external searches) in respect of Junket Operators. This ECDD will include obtaining the approval of Senior Management in advance of the provision of any designated service to a new Junket Operator in that capacity.



- B. Crown reviews, as part of its Transaction Monitoring Program, the transactions of Junket Operators and Junket Players, including as follows:





As you are aware, having recently reviewed it, our automated monitoring system is in development which will enable the monitoring of transactional activity across its casinos, where possible, in real time.

- C. Over the past 12 months, Crown has performed an extensive review of its corporate risk management framework, ensuring its relevance and effectiveness to Crown. This review was supported by two external reviews, one conducted by PwC in May 2018 in the context of the VCGLR's Section 25 Review, which confirmed that the fundamental elements of a risk management framework were in place and applied across the business. A second external review was conducted in 2019 to confirm all the relevant elements of an effective and robust framework were in place or in development, and to further assist in the design of maturing elements to the Framework.
- D. Crown will shortly adopt a Joint AML/CTF Program at each of its casino entities. This Program will be supplemented by the following documents:
 - a) a Corporate Policy Statement;
 - b) an AML Operations Manual; and
 - c) AML Standard Operating Procedures (or equivalent documents) for relevant Business Units,

which will directly address Crown's obligations under the AML/CTF Act, including in respect of the identification, mitigation and management of ML/TF Risk.

- E. The VCGLR identified the potential benefit of opportunities for Regulators and Law Enforcement Agencies to assist in delivering enhanced AML/CTF training for casino staff. Crown is regularly invited to present to Law Enforcement Agencies and Regulators, and appreciates the benefit of understanding and learning from these organisations, including in respect of current and potential emerging risks.

Documents for Initialism's Review

Further to the above, please find attached:

- Crown's review of the ICSs (**Annexure A**) which provides details on:
 - a) relevant ICSs
 - b) purpose of the ICSs
 - c) whether there is ML/TF Risk
 - d) other AML/CTF matters relevant; and
 - e) recommended amendments.
- A marked-up copy of each relevant ICS, with the contemplated amendments made (**Annexure B**).
- Crown's recent draft ML/TF risk assessment and ML/TF Risk Register (**Annexure C**).

Crown respectfully requests that, as contemplated by Recommendation 17, Initialism:

- a) provide its view on the changes proposed by Crown; and
- b) any other input or commentary regarding the relevant ICSs.

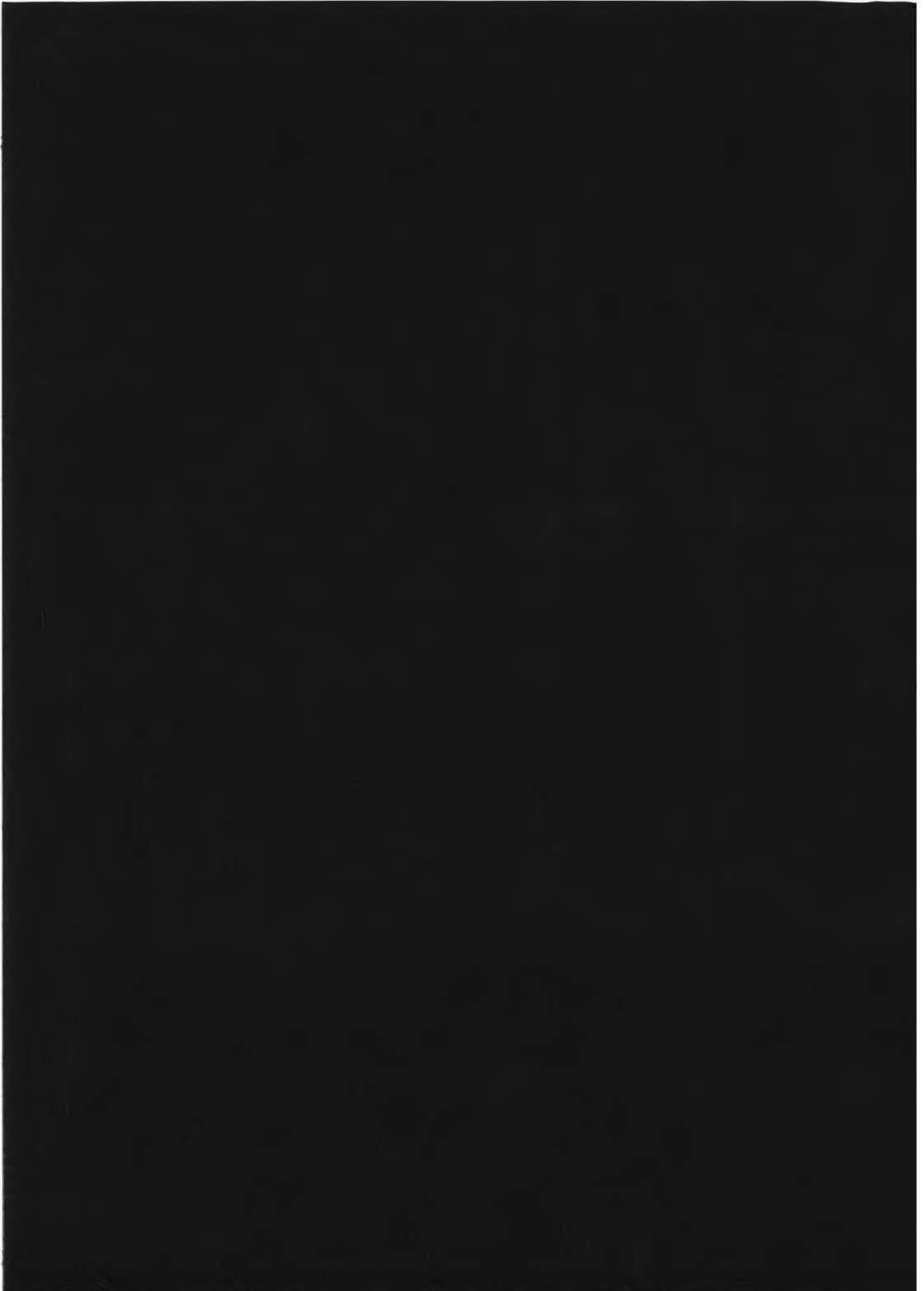
Please let me know if there is any further information that can assist you in providing input to your advice. We appreciate your assistance in progressing this matter.

Yours sincerely



Louise Lane
Group General Manager - AML

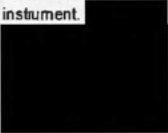
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Name of Internal Control Statement	Date approved by VCGLR	Purpose of Internal Control (from ICS)	Exposed to ML/TF Risk? If so, what?	Other AML/CTF matter(s) relevant?	Recommended amendment(s)	AUSTRAC Comments
Cheque Cashing and Credit Facilities (Incorporating Debt Collection and the Discharge of Patron Debts)	26 October 2016	To ensure that Crown remains free from criminal influence and exploitation.			1. Inclusion of the following language at a new clause 5: <i>Crown is committed to the principles of its AML/CTF Program (Program) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.</i>	
Contracts	27 February 2018	To ensure the practice of good corporate governance and that relevant contractual supply arrangements and associated purchasing activities are adequately assessed, documented and supported.	Not a designated service. Not applicable.	Nil.	ICS reviewed. No change necessary.	
Count Room and Drop Box, Drop Bucket and Note Stacker Collection	13 October 2017	To complete the authorised, systematic collection and the accurate counting, of all cash and cash equivalent items, accumulated during the course of gaming.	Not a designated service. Not applicable.	Nil	ICS reviewed. No change necessary.	

ANNEXURE A

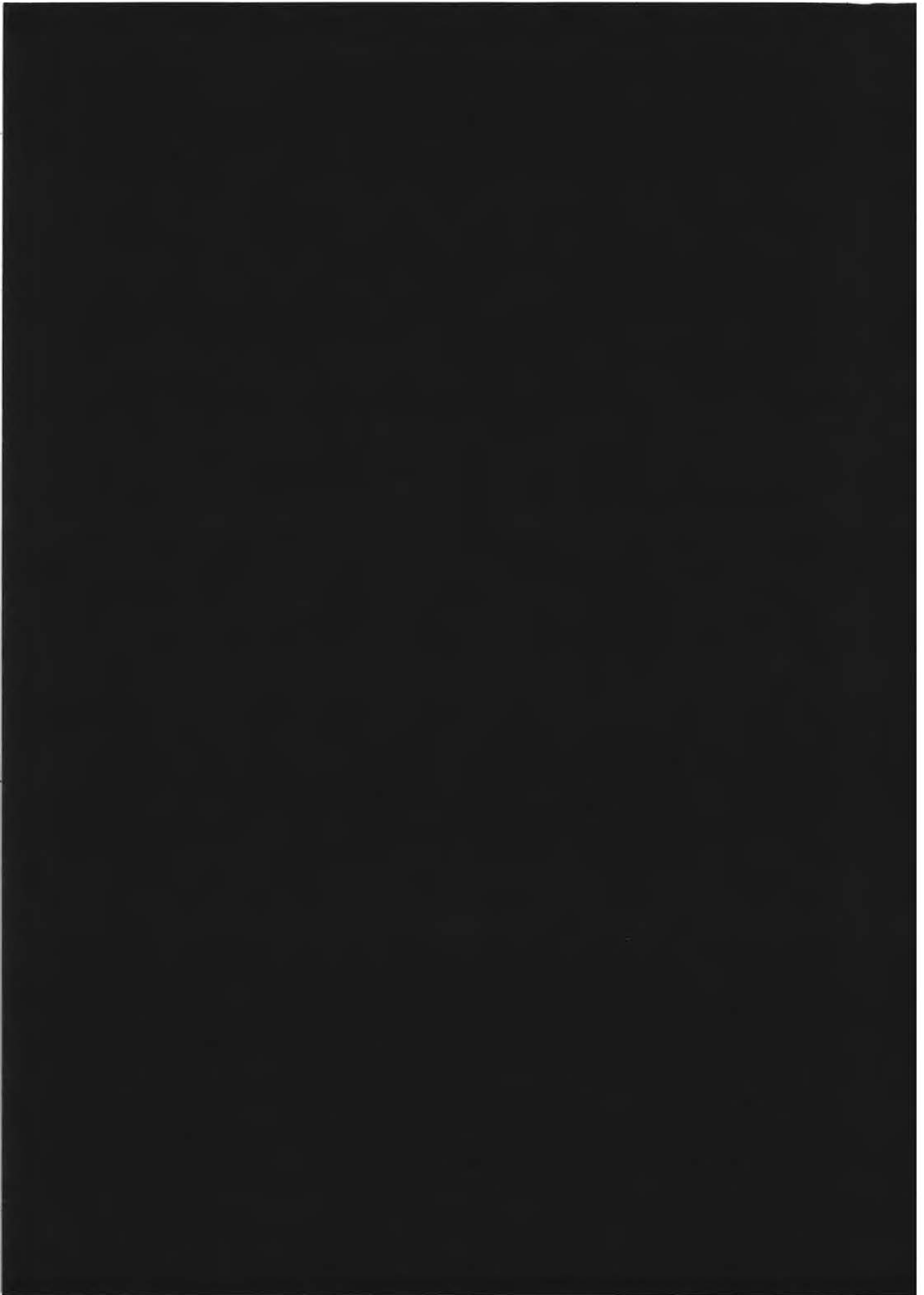
Employee Appointments (Licensed and Unlicensed Positions)	12 April 2017	To ensure effective processes, procedures and reporting (where applicable) for the appointment of licensed and unlicensed employees.	The relevant ML/TF risk is at 23 of Schedule 2 (potential collusion). This is addressed by the ICS (see 3 and 4).	Employee Due Diligence.	ICS reviewed. No change necessary.	
Gaming Equipment	12 July 2018	To ensure the accountability and integrity of gaming equipment.	This is a delivery method for designated services.		1. Inclusion of the following language at a new clause 5: <i>Crown is committed to the principles of its AML/CTF Program (Program) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.</i>	
Gaming Machines Operations	31 December 2018	To ensure that Crown remains free from criminal influence and exploitation. To ensure effective processes and procedures for the operation of EGMs. To ensure segregated approval and verification of key processes and procedures.	This is a delivery method of a Table 3 designated service.		1. Inclusion of the following language at a new clause 5: <i>Crown is committed to the principles of its AML/CTF Program (Program) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.</i>	
Internal Audit	11 November 2008	To ensure the ongoing operation of an effective and independent	The Internal Audit Team will, from time to time, conduct independent reviews of some or all of	The AML/CTF Rules require that any audit conducted by an internal team on Part A of the AML/CTF Program must be	ICS reviewed. No change necessary.	

		Internal Audit function.	<p>AML's functions. Specifically:</p> <ul style="list-style-type: none"> - Independent Reviews of Part A under the AML/CTF Act and Rules; and - Ongoing audits touching upon the AML function as part of its standard practices. 	conducted by an independent reviewer.		
Introductory Chapter	24 December 2016	Defines Crown's system of internal controls	Risk Assessment is addressed under the AML/CTF Program and is satisfactorily covered by section 7 of the Introductory Chapter.	Nil.	ICS reviewed. No change necessary.	
IT Operations	1 May 2019	To ensure data integrity, stability, security, auditability, accountability and recoverability of IT systems.	Not directly relevant to ML/TF Risk, other than, to be aware of the risk, Crown needs to have secure and stable underlying IT systems to enable it to identify unusual or suspicious patterns of behaviour.	<p>Please see the comment at Gaming Machines above.</p> <p>The integrity, stability, security and accountability of IT systems is relevant under the AML/CTF Program to ensure accuracy in reporting and recording of KYC, amongst other matters.</p>	ICS reviewed. No change necessary.	
Revenue Audit and Reporting	1 April 2019	To ensure the integrity of gaming activity and the accurate reporting of monthly GGR for the calculation of taxes and fees payable by Crown. To ensure the	Relevant to ML/TF only to the extent that a gaming cheque is a casino value instrument. 	Nil.	ICS reviewed. No change necessary.	

		security and accountability of gaming cheques and gaming vouchers through the operation of an efficient and effective revenue audit function.				
Security	8 December 2009	To ensure safety, to safeguard property and assets, to detect and prevent unacceptable behaviours within the complex and to support all gaming activity conducted within the casino complex (and other activities as required).	Security is a named control under the AML/CTF Program. The processes and procedures outlined in the ICS (including that highlighted left) are sufficient to address potential misuse of designated services for potential ML/TF activity.	Nil.	ICS reviewed. No change necessary.	
Surveillance	4 April 2018	To provide integrated surveillance operations across the casino complex.	Surveillance is a named control under the AML/CTF Program.	Nil.	1. Inclusion of the following language at a new clause 5: <i>Crown is committed to the principles of its AML/CTF Program (Program) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.</i>	
Table Games Operations	8 March 2016	To ensure the integrity and continuity of table games	Delivery method of designated services.	KYC. AUSTRAC Reporting (TTR, SMR).	1. Inclusion of the following language at a new clause 5:	

		operations in accordance with regulatory requirements.			<i>Crown is committed to the principles of its AML/CTF Program (Program) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.</i>	
Cage Operations	2 March 2015	To ensure the integrity and continuity of Cage Operations through processes and procedures which ensure all transactions relating to the conduct of gaming at the casino are accounted for and correctly reported via the operation of the Cage.	Delivery method and direct provision of designated services.	KYC. AUSTRAC Reporting (TTR, IFTI, SMR).	1. Inclusion of the following language as a new clause 6: <i>Crown is committed to the principles of its AML/CTF Program (Program) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.</i>	
Internal Control Statement - Junket and Premium Player Programs (including VIP Telephone Betting and the Introduction of Players)	24 December 2015	Ensure that Crown remains free of criminal influence and exploitation through the application of effective processes and the maintenance of detailed and accurate information relating to Junket and Premium Player Program activity, the introduction of players and VIP	Junket Operators, Junket Players and Premium Players are all "Customers" for the purposes of the AML/CTF Program. These Customers will be provided with designated services from time to time. These behaviours will be identified either by trained staff at the point of the transaction, or through Crown's transaction monitoring program. The transaction monitoring program focuses on identified ML/TF risks referable to the designated services we provide.	KYC. AUSTRAC Reporting (TTR, IFTI, SMR).	1. Inclusion of the following language at a new clause 5: <i>Crown is committed to the principles of its AML/CTF Program (Program) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.</i>	

		International Telephone betting.				
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ANNEXURE B



Crown Melbourne Limited

Internal Control Statement
Cage Operations



Internal Control Statement Cage Operations

1. **This Internal Control Statement (ICS) and Risk Assessment Matrix are approved under sections 121 and 122 of the *Casino Control Act 1991*.**

2. **Core Principles**

The objectives and outcome of this ICS are to ensure the integrity and continuity of Cage Operations through processes and procedures which ensure all transactions relating to the conduct of gaming at the Melbourne Casino are accounted for and correctly reported via the operation of the Cage.

3. **Minimum Standards & Controls**

The Minimum Standards & Controls are intended to manage risks identified in the Risk Assessment Matrix. The Minimum Standards & Controls are the responsibility of Crown and are to be expressed through the implementation of Standard Operating Procedures (SOPs) for each component of Cage operations as outlined in the **ICS**. The SOPs will include at a minimum:

- 3.1 Structured duties and responsibilities **that must** be maintained for Cage employees.
- 3.2 **Segregation of duties relating to the initiation and subsequent processing of all Cage transactions and transaction requests. This will include how high to medium risk transactions, as outlined in the matrix, will be addressed through appropriate sign off and reporting processes and procedures.**
- 3.3 The minimum number of employees for core integrity functions and processes, including but not limited to, approvals, transfers, verification and destruction processes.
- 3.4 Independent review and authorisation processes for all Cage operations, including the processes and procedures relating to:
 - 3.4.1 Verification and approval of Front Window Cashier Turn-in, Chip Transfer and shift commencement procedures;
 - 3.4.2 Chip Bank, Main Bank and Cheque Bank Cashier inventory at shift commencement¹;
 - 3.4.3 Verification and approval of Poker Room Cage processes and procedures, including shift commencement processes in relation to floats.

¹ *Excluding circumstances where a Cage Area Manager (or above) is rostered in a satellite Cage or salon. In such cases the transaction document may be approved by the Cage Area Manager (or above) only under Surveillance coverage.*



Internal Control Statement Cage Operations

- 3.4.4 Approval of all processes relating to customer deposit accounts, including deposit and withdrawal procedures, Counter Cheques, Credit Markers, Chip Exchange Vouchers, Redemption Vouchers, Limited Cheque Cashing Documents, Telegraphic Transfer Requests and Foreign Currency Exchange Vouchers (in excess of predetermined Australian dollar limits); and
- 3.4.5 Verification of Main Bank Cashier / Chip Bank Cashier chip transfers including the transfer of gaming chips received from a manufacturer and delivered to the Chip Bank.
- 3.5 Processes and procedures relating to the destruction of gaming chips, including the segregation of responsibilities and verification and approval of gaming chips for destruction.
- 3.6 **A process for the documentation of verbal instructions in each instance.²**
- 3.7 **A secondary review of cash / cash equivalent variances and other irregularities by a licensed employee who is not associated with the variance or irregularity. The secondary review of a variance will be completed by an independent Cashier (or above).**
- 3.8 Reconciliation and inventory controls including audit and reconciliation processes, periodic verification of inventories and the periodic rotation of chips held in Chip Bank (excluding surplus chips held in Chip Bank storage cupboards).
- 3.9 Internal audits.
- 3.10 Controlled and restricted access to relevant Cage areas, equipment and assets.

For the avoidance of doubt, a breach of an SOP that defeats a sub-clause of this clause (3) is deemed to be a breach of this ICS.

² Excluding circumstances where funds are to be credited to a patron account or patron bank account for the patron's benefit, or following settlement of a Junket or Premium Player Program (where a Settlement Sheet has been previously signed by the patron).



Internal Control Statement Cage Operations

4. Audit

This section describes the high level audit responsibilities and objectives for Crown and the VCGLR in relation to this ICS and the SOPs.

Crown is responsible for audit processes which demonstrate compliance with the Core Principles and outcomes of this ICS and the implementation of the Minimum Standards & Controls.

Internal audits and procedural reviews will be undertaken to ensure that all transactions relating to the conduct of gaming as reflected in the SOPs are accounted for and correctly reported via the operation of the cage; and that Cage Operations are mitigating their residual risks by adhering to the minimum standards and controls.

At a minimum, this will include audits relating to:

- 4.1 Maintenance of logs for Cage keys, all transactions (including receipt and issue) from the Cage(s), logs for the recording of telegraphic transfers received and issue (and return) of lammers (Poker Room Cage only).
- 4.2 Documentation of patron instructions (via patron signature) received including verbal instructions (where a patron's signature is unable to be obtained).
- 4.3 Maintenance of patron Safety Deposit Box records including, but not limited to application, subsequent access and closure.
- 4.4 Documentation relating to cheque cashing facilities.

The VCGLR will perform audits and reviews to verify data and ensure that the conduct of gaming is accounted for and reported correctly.

5. Reporting

Amended SOPs will be approved by Crown Melbourne's Compliance Department and a copy will be posted on Crown Melbourne's intranet. The VCGLR will be notified of the amendments 48 hours prior to posting.

6. ML/TF Risk Management

Crown is committed to the principles of its AML/CTF Program (**Program**) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.


**Risk Assessment
Cage Operations**
Risk Assessment Matrix

The following matrix identifies and evaluates risks inherent in the Cage Operations process as follows:

H = High
S = Significant
M = Moderate
L = Low

Minimum standards and controls have been identified which address each risk.

Risk	Initial Risk Rating	Minimum Standards and Controls													
		3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	3.10	4.1	4.2	4.3	4.4
Fraudulent cheques presented to and honoured at the Cage	S	X						X							
Unauthorised or incorrect cash / chip exchange	S	X	X	X	X		X	X	X		X	X	X		
Unauthorised or incorrect 'early release' of telegraphic transfer received	S	X	X	X	X		X	X				X	X		
Power failure, equipment failure, or other emergency	H	X													
Unauthorised or incorrect banking of Personal Cheque, Counter Cheque, Credit Marker, Other Deposits	S	X	X	X	X		X		X			X	X		
Counterfeit cash or chips presented to the Cage	S	X						X							
Incorrect delivery of chips from the manufacturer	S	X	X	X	X			X							
Creation and transmission of unauthorised or incorrect patron telegraphic transfer	S	X	X	X	X		X		X		X	X	X		
Theft of Gaming Chip Voucher by employee / patron	M	X	X	X	X		X	X	X		X	X	X		
Unauthorised or incorrect patron Cheque Cashing / Credit facility transaction including advance of funds via Counter Cheque / Credit Marker, (part) redemption of Counter Cheque / Credit Marker	M	X	X	X	X		X				X	X	X		X
Unauthorised or incorrect patron cheque payment	M	X	X	X	X		X	X	X		X	X	X		
Unauthorised or incorrect patron account deposit / withdrawal	M	X	X	X	X		X	X	X		X	X	X		
Unauthorised or incorrect Junket settlement	M	X						X	X						
Unauthorised or incorrect establishment of patron Limited Cheque Cashing Facility and / or processing of related transactions	M	X	X	X	X		X				X	X	X		X
Unauthorised or incorrect Cage payout	M	X	X	X	X		X	X	X		X	X	X		



**Risk Assessment
Cage Operations**

Risk	Initial Risk Rating	Minimum Standards and Controls													
		3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	3.10	4.1	4.2	4.3	4.4
Unauthorised or incorrect destruction of chips	L	X	X	X	X	X									
Loss of documentation supporting Cage transactions	M	X	X	X	X	X	X	X	X		X	X	X	X	X
Theft of cash or chips by employee / patron	L	X	X	X	X	X	X	X	X		X	X	X	X	X
Unauthorised / incorrect Ezypay gaming account deposit / withdrawal	L	X	X	X	X		X	X	X		X	X	X		
Unauthorised or incorrect use of Ticket Redemption Terminal Emergency Ticket Stacker	L	X									X	X			
Unauthorised or incorrect use of patron Safety Deposit Box	L	X									X	X		X	



Risk Assessment Cage Operations

Initial Risk Rating

Using the principles of AS / NZS 31000:2009 the initial risk rating has been determined based upon the likelihood of the risk related event / incident occurring and its impact (in the absence of any controls). The initial risk rating is the product of the likelihood and impact.

Risk	Likelihood ³	Impact ⁴	Initial Risk Rating ⁵
Fraudulent cheques presented to and honoured at the Cage	5	2	S
Unauthorised or incorrect cash / chip exchange	5	2	S
Unauthorised or incorrect 'early release' of telegraphic transfer received	5	2	S
Power failure, equipment failure, or other emergency	4	4	H
Unauthorised or incorrect banking of Personal Cheque, Counter Cheque, Credit Marker, Other Deposits	5	1	S
Counterfeit cash or chips presented to the Cage	5	1	S
Incorrect delivery of chips from the manufacturer	5	1	S
Creation and transmission of unauthorised or incorrect patron telegraphic transfer	4	2	S
Theft of Gaming Chip Voucher by employee / patron	4	1	M
Unauthorised or incorrect patron Cheque Cashing / Credit facility transaction including advance of funds via Counter Cheque / Credit Marker, (part) redemption of Counter Cheque / Credit Marker	4	1	M
Unauthorised or incorrect patron cheque payment	3	2	M
Unauthorised or incorrect patron account deposit / withdrawal	3	2	M
Unauthorised or incorrect Junket settlement	3	2	M
Unauthorised or incorrect establishment of patron Limited Cheque Cashing Facility and / or processing of related transactions	4	1	M

Notes

1. Refer Table A below
2. Refer Table B below
3. Refer Table C below



**Risk Assessment
Cage Operations**

Risk	Likelihood ₃	Impact ₄	Initial Risk Rating ₅
Unauthorised or incorrect Cage Payout	4	1	M
Unauthorised or incorrect destruction of chips	3	1	L
Loss of documentation supporting Cage transactions	4	1	M
Theft of cash or chips by employee / patron	3	1	L
Unauthorised / incorrect Ezpay gaming account deposit / withdrawal	3	1	L
Unauthorised or incorrect use of Ticket Redemption Terminal Emergency Ticket Stacker	3	1	L
Unauthorised or incorrect use of patron Safety Deposit Box	3	1	L



Table A – Measure of Likelihood

For each risk identified the likelihood (in the absence of any controls) of the risk occurring must be determined

1	<i>Rare</i>	Unlikely 2	Possible 3	Likely 4	Almost Certain 5
1	<i>Rare</i>	2	3	4	5
The problem or situation may occur only in exceptional circumstances		The problem or situation could occur at some time	The problem or situation might occur at some time	The problem or situation will probably occur in most circumstances	The problem or situation is expected to occur in most circumstances

In determining the likelihood of a problem or situation occurring, the frequency of the underlying activity must be taken into account.



Table B – Measure of Impact

For each risk identified the impact (in the absence of any controls) of the risk occurring must be determined in the context of Crown's Critical Performance Measures as follows:

	Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Financial Objectives Contribution	Financial loss up to \$5M	Financial loss between \$5M and up to \$18M	Financial loss between \$18M and up to \$45M	Financial loss between \$45M and up to \$200M	Financial loss in excess of \$200M
Reputation Investor Confidence /Brand	No impact on Investor Confidence / Brand	Isolated impact on Investor Confidence / Brand	Some impact on Investor Confidence / Brand	General impact on Investor Confidence/ Brand	Widespread impact on Investor Confidence/ Brand
Customer Objectives Our Customers Marketing	An event, the impact of which can be absorbed through normal activity , confined to very small number of products, services or customers, no adverse external criticism or publicity	An event, the consequences of which can be absorbed but management effort is required to minimise the impact, confined to a substantial minority of products services or customers, criticism by directly affected customers or managers	A significant event which can be managed under normal circumstances , many products and services affected, some external criticism by customers, key stakeholders, low key media directed at company / Chief Executive Officer / Board	A critical event which with proper management can be endured , products and services curtailed due to failure to deliver, serious external criticism by key stakeholders, high profile media	A disaster with potential to lead to collapse of the business , significant irreparable impact on customers' prospects
Business Processes Compliance Process Improvement	No measurable operational impact to the business, issues of individual significance, no adverse external criticism or publicity	Impact limited to single area of the business , management intervention required, minor degradation of service, issues of company significance, criticism by directly affected customers or managers	Impact to multiple areas of the business , can be managed with significant management intervention, significant degradation of service, issues of local area significance, some external criticism (by customers, key stakeholders, low key media) directed at company / Chief Executive Officer / Board	Impact to widespread areas of business , significant mobilisation of resources and significant management intervention required, major degradation of service, issues of nationwide significance, serious external criticism (by key stakeholders, high profile media)	Threatens long term viability of the business , issues of international significance



**Risk Assessment
Cage Operations**

Attachment 1

<p>Our People</p>	<p>Minor injury, issues of individual significance, no impact on staff morale, no loss of staff</p>	<p>Significant injury, issues of company significance, minimal impact on staff or overall morale, no or minimal loss of staff</p>	<p>Serious injury or fatality, issues of local area significance, impact on staff noticeable, degree of change in morale, some loss of staff</p>	<p>Serious injury or fatality, issues of nationwide significance, substantial impact on overall staff and morale with performance affected, measurable increase in stress related issues, some loss of staff including key management</p>	<p>Multiple fatality, issues of international significance, impact on staff and morale severe, widespread loss of staff and key management</p>
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Table C – Risk Analysis – Level of Relative Risk

Likelihood / Impact		Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Almost Certain	5	S	S	H	H	H
Likely	4	M	S	S	H	H
Possible	3	L	M	S	H	H
Unlikely	2	L	L	M	S	H
Rare	1	L	L	M	S	S

H = High
 S = Significant
 M = Moderate
 L = Low



Crown
Melbourne
Limited

Internal Control Statement

Gaming Equipment

Version 5.0





This document must be read in conjunction with Crown Melbourne Limited's (Crown) Internal Control Statement – Introductory Chapter (Introductory Chapter).

1. Core Principle

The objective of this Internal Control Statement is to ensure the accountability and integrity of gaming equipment.¹

2. Minimum Standards & Controls

Minimum standards and controls are intended to mitigate risks identified in the Risk Assessment Matrix and support the above-mentioned core principle.

Implementation of the minimum standards and controls will be expressed through documented procedures as described in the Introductory Chapter.

In respect of this Internal Control Statement, the Minimum Standards and Controls are:

2.1 The application of structured processes for gaming equipment in regards to:

- 2.1.1 Purchase;
- 2.1.2 Delivery and Receipt;
- 2.1.3 Storage;
- 2.1.4 Movement and Handling;

¹ **Gaming Equipment** means equipment approved by the Victorian Commission for Gambling and Liquor Regulation in accordance with ss 62 and 64(a) of the *Casino Control Act 1991 (Vic)* that is used in the conduct of gaming and which may influence the outcome of a game.

- (a) **Gaming Equipment includes**, but is not limited to: playing cards, Roulette Wheels, Big Wheels, Pai Gow tiles, gaming dice, game software, manual and automatic dealing shoes, automatic shuffling devices, Roulette Balls, gaming chips including colour chips and tournament chips, gaming machines, note acceptors, linked jackpot equipment and electronic monitoring systems.
- (b) **Gaming Equipment does not include:**
 - (i) Equipment ancillary to the conduct of gaming that has no impact on the outcome of a game and does not require Victorian Commission for Gambling and Liquor Regulation approval. Such equipment includes but is not limited to: table limit signs, winning number displays, table layouts, gaming tables, ball in rim readers and cutting cards;
 - (ii) Gaming machines (covered by Victorian Commission for Gambling and Liquor Regulation approved 'The General Approval for the Destruction of Gaming Machines'); and
 - (iii) Unless otherwise specified consumable gaming equipment.



Gaming Equipment

- 2.1.5 Maintenance;
- 2.1.6 Destruction; and
- 2.1.7 Approval by the VCGLR.
- 2.2 Structured duties and responsibilities of casino employees in regards to gaming equipment.
- 2.3 Independent verification of gaming equipment received and destroyed, including as relevant: verification of seal/version/model number or other form of relevant identification.
- 2.4 Prior to activation and use on the gaming floor, confirmation that gaming equipment is approved by the VCGLR and complies with the relevant approval and where applicable, the seal/version/model number or other form of relevant identification is verified.
- 2.5 Independent review of irregularities/discrepancies in relation to gaming equipment. This includes (but is not limited to):
 - 2.5.1 Equipment faults;
 - 2.5.2 Inventory variances detected via periodic assessment of gaming equipment storage areas (both on/off site); and
 - 2.5.3 Detection of suspected tampering or other variances prior to destruction.
- 2.6 Selected gaming equipment will be numbered to allow for ready identification and/or tracking. Examples of numbering types include: serial number, location number and specific asset number. Gaming equipment includes (but is not limited to):
 - 2.6.1 Gaming machines.
 - 2.6.2 Commissioned gaming tables.
 - 2.6.3 Roulette wheels
 - 2.6.4 Big wheels
 - 2.6.5 Shuffling devices
 - 2.6.6 Automatic dealing shoes.
- 2.7 Security and Access:
 - 2.7.1 Independent surveillance of the casino complex and surrounds; and



Gaming Equipment

2.7.2 Controlled, recorded swipe access and restricted access to on/off site gaming equipment storage areas (including the Destruction Room).

2.8 Reconciliation and inventory controls:

2.8.1 Periodic verification (on a test basis) of gaming equipment held in on/off site storage areas; and

2.8.2 Verification prior to destruction, of gaming equipment held in the Destruction Room.

3. Reporting

Reports and/or data will be provided to the Victorian Commission for Gambling and Liquor Regulation in accordance with the Introductory Chapter.

4. Audit

The creation and maintenance of an audit trail for the monitoring of gaming equipment through an asset management system (i.e. Maximo), including:

4.1 Recording gaming equipment held on the gaming floor and in on/off-site storage areas; and

4.2 Logging of gaming equipment destroyed.

5. ML/TF Risk Management

Crown is committed to the principles of its AML/CTF Program (**Program**) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.


**Risk Assessment
Gaming Equipment**
(a) Risk Assessment Matrix

The following matrix identifies and evaluates risks inherent in the management of Gaming Equipment as follows:

H	=	High
S	=	Significant
M	=	Medium
L	=	Low

Minimum standards and controls have been identified which address each risk.

Risk	Initial Risk Rating	Minimum Standards & Controls										
		2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	3	4	
Theft or unauthorised removal of gaming equipment	S	X	X	X	X	X	X	X	X	X		X
Integrity of gaming equipment compromised												
– Unauthorised access to gaming equipment												
– Use of faulty gaming equipment	S	X	X	X	X	X		X			X	X
– Gaming equipment not approved by VCGLR prior to use												
– Gaming equipment not compliant with VCGLR approval												
Unauthorised or incorrect distribution of (Table Games) gaming equipment to the gaming floor	M	X	X	X	X		X	X	X			X
Unauthorised or incorrect destruction of gaming equipment	L	X	X	X			X	X	X			X


(b) Initial Risk Rating

Using the principles of AS/NZS 31000:2009, the initial risk rating has been determined based upon the likelihood of the event occurring and the impact of the occurrence (in the absence of any controls). The initial risk rating is the product of the likelihood and impact.

Event	Likelihood ²	Impact ³	Initial Risk Rating ⁴
Theft or unauthorised removal of gaming equipment from the gaming floor	3	3	S
Integrity of gaming equipment compromised – Unauthorised access to gaming equipment – Use of faulty gaming equipment – Gaming equipment not approved by VCGLR prior to use – Gaming equipment not compliant with VCGLR approval	3	3	S
Unauthorised or incorrect distribution of (Table Games) gaming equipment to the gaming floor	3	2	M
Unauthorised or incorrect destruction of gaming equipment	3	1	L

Notes

1. Refer Table A below
2. Refer Table B below
3. Refer Table C below


Table A – Measure of Likelihood

For each risk identified, the likelihood of the risk occurring must be determined in the context of existing controls. In determining risk likelihood, the frequency of the underlying activity must also be taken into account.

Rare 1	Unlikely 2	Possible 3	Likely 4	Almost Certain 5
The problem or situation may occur only in exceptional circumstances	The problem or situation could occur at some time	The problem or situation might occur at some time	The problem or situation will probably occur in most circumstances	The problem or situation is expected to occur in most circumstances



**Risk Assessment
Gaming Equipment**

Table B – Measure of Impact

For each risk identified the consequence(s) of the risk occurring must be determined in the context of Crown Melbourne's Key Result Areas as follows:

	Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Financial Objectives Contribution	Financial loss up to \$5M	Financial loss between \$5M and up to \$18M	Financial loss between \$18M and up to \$45M	Financial loss between \$45M and up to \$200M	Financial loss in excess of \$200M
Reputation Investor Confidence /Brand	No impact on Investor Confidence / Brand	Isolated impact on Investor Confidence / Brand	Some impact on Investor Confidence / Brand	General impact on Investor Confidence / Brand	Widespread impact on Investor Confidence / Brand
Customer Objectives Our Customers Marketing	An event, the impact of which can be absorbed through normal activity , confined to very small number of products, services or customers, no adverse external criticism or publicity	An event, the consequences of which can be absorbed but management effort is required to minimise the impact, confined to a substantial minority of products services or customers, criticism by directly affected customers or managers	A significant event which can be managed under normal circumstances , many products and services affected, some external criticism by customers, key stakeholders, low key media directed at company / Chief Executive Officer / Board	A critical event which with proper management can be endured , products and services curtailed due to failure to deliver, serious external criticism by key stakeholders, high profile media	A disaster with potential to lead to collapse of the business , significant irreparable impact on customers' prospects
Business Processes Compliance Process Improvement	No measurable operational impact to the business, issues of individual significance, no adverse external criticism or publicity	Impact limited to single area of the business , management intervention required, minor degradation of service, issues of company significance, criticism by directly affected customers or managers	Impact to multiple areas of the business , can be managed with significant management intervention, significant degradation of service, issues of local area significance, some external criticism (by customers, key stakeholders, low key media) directed at company / Chief Executive Officer / Board	Impact to widespread areas of business , significant mobilisation of resources and significant management intervention required, major degradation of service, issues of nationwide significance, serious external criticism (by key stakeholders, high profile media)	Threatens long term viability of the business , issues of international significance
Our People	Minor injury , issues of individual significance, no impact on staff morale, no loss of staff	Significant injury , issues of company significance, minimal impact on staff or overall morale, no or minimal loss of staff	Serious injury or fatality , issues of local area significance, impact on staff noticeable, degree of change in morale, some loss of staff	Serious injury or fatality , issues of nationwide significance, substantial impact on overall staff and morale with performance affected, measurable increase in stress related issues, some loss of staff including key management	Multiple fatality , issues of international significance, impact on staff and morale severe, widespread loss of staff and key management



**Risk Assessment
Gaming Equipment**

Table C – Risk Analysis – Level of Relative Risk

Likelihood / Impact		Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Almost Certain	5	S	S	H	H	H
Likely	4	M	S	S	H	H
Possible	3	L	M	S	H	H
Unlikely	2	L	L	M	S	H
Rare	1	L	L	M	S	S

H = High
 S = Significant
 M = Medium
 L = Low



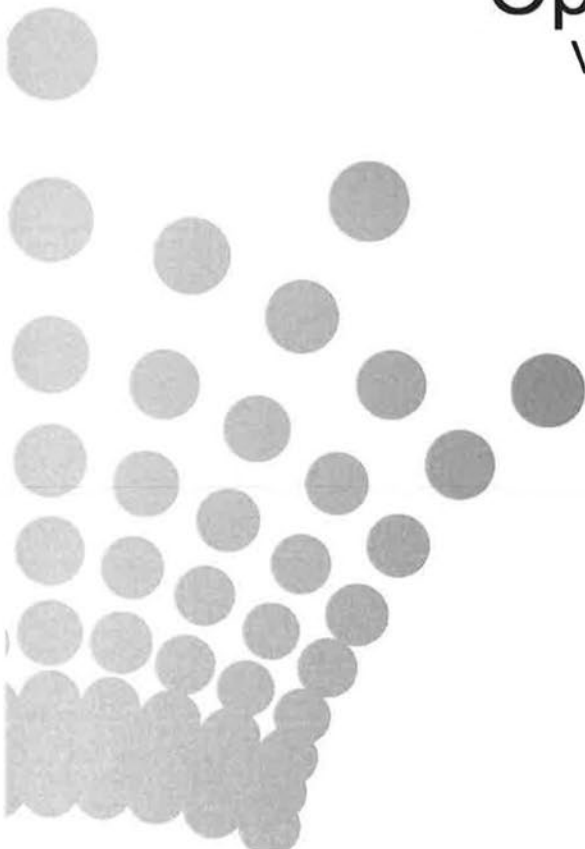
Crown
Melbourne
Limited

Internal Control Statement

Gaming Machines

Operations

Version 3.0





Internal Control Statement Gaming Machines Operations

This document must be read in conjunction with Crown Melbourne Limited's (Crown) Introductory Chapter Internal Control Statement (Introductory Chapter).

1. Core Principles

- 1.1 To ensure that Crown remains free from criminal influence and exploitation.
- 1.2 To ensure effective processes and procedures for the operation of electronic gaming machines, including but not limited to:
 - 1.3.1 Electronic gaming machine configuration (including jackpot configuration);
 - 1.3.2 Electronic gaming machine payouts; and
 - 1.3.3 Issue resolution.
- 1.4 Segregated approval and verification of key processes and procedures.

2. Minimum Standards and Controls

Minimum standards and controls are intended to manage risks identified in the Risk Assessment Matrix and support the above-mentioned core principals.

Implementation of the minimum standards and controls will be expressed through documented procedures as described in the Introductory Chapter. For Gaming Machines Operations, documented procedures will be presented as Workplace Instructions (WPIs).

In respect of this Internal Control Statement, the Minimum Standards and Controls are:

- 2.1 Structured duties and responsibilities of Gaming Machines employees.
- 2.2 The segregation of incompatible duties, for:
 - 2.2.1 Cancel credit payments;
 - 2.2.2 Jackpot payments; and
 - 2.2.3 Short pay payments.
- 2.3 Ensuring adherence with approved parameter sets during the establishment and reconfiguration of jackpots, including the recording of (where applicable) jackpot type, base values, increment rates, range values and levels.
- 2.4 Management and notification to the VCGLR of faulty electronic gaming machines.
- 2.5 Independent investigation of gaming machines electronic monitoring system related variances and irregularities, and where revenue is impacted, report to the VCGLR.



Internal Control Statement Gaming Machines Operations

- 2.6 Development and implementation of contingency plans and procedures in the event of a power failure or power fluctuation, including the provision for the adoption of manual work around for all critical procedures.
- 2.7 Maintenance of electronic gaming machine records, including service records.
- 2.8 Access and key transactions associated with cashless gaming and jackpots.
- 2.9 The conduct and supervision of Gaming Machines tournaments.
- 2.10 Risks relating to the security and access of electronic gaming machines will be addressed through independent surveillance of the gaming floor and related activities; and restricted access controls that ensure sensitive components cannot be accessed by unauthorised staff.
- 2.11 Any initiative and/or proposed variation to a gaming machine game or type not covered by a VCGLR approval must be provided to Crown's Regulatory and Compliance Department prior to implementation, to determine whether regulatory approval is required.
- 2.12 A record of all assessment of matters considered by Crown's Regulatory and Compliance Department in relation to 2.11 will be maintained and will be available to the VCGLR upon request.

3. Reporting

Provision of reports and/or data will be provided to the VCGLR in accordance with the Introductory Chapter.

4. Audit

Crown will ensure the creation and maintenance of an audit trail for the:

- 4.1 Reconciliation of daily gaming activity.
- 4.2 Periodic sampling audits of:
 - 4.2.1 Jackpot configurations (linked and standalone jackpots) verifying reported jackpot configurations to gaming machines electronic monitoring system; and
 - 4.2.2 Relevant electronic gaming machine records (to gaming floor).
- 4.3 Monitoring and recording of Gaming Machines operations, including the:
 - 4.3.1 Maintenance of logs for key issue and return;
 - 4.3.2 Maintenance of logs for the recording of password issue and return; and
 - 4.3.3 Documentation of electronic gaming machine configuration changes.



Internal Control Statement Gaming Machines Operations

5. AML/CTF Compliance

Crown is committed to the principles of its AML/CTF Program (**Program**) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.



Risk Assessment Gaming Machines Operations

(a) Risk Assessment Matrix

The following matrix identifies and evaluates risks inherent in the Gaming Machines Operations process as follows:

H = High
S = Significant
M = Medium
L = Low

Minimum standards and controls have been identified which address each risk.

Risk	Initial Risk Rating	Minimum Standards & Controls													
		2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9	2.10	2.11	4.1	4.2	4.3
Manipulation of gaming machines electronic monitoring system (DACOM)	L	X	X			X	X	X	X		X		X	X	X
Manipulation of electronic gaming machine	M	X	X		X	X		X	X		X		X	X	X
Theft of cash from electronic gaming machine	M	X	X			X		X	X		X				X
Unauthorised / incorrect payout (cancel credit payment / short pay payment / jackpot payment / customer inquiry payment)	M	X	X			X	X	X	X		X		X	X	X
Theft of unclaimed patron credits by staff	L	X				X					X				X
Unauthorised / incorrect gaming configuration (including jackpot configuration) change	L	X	X	X		X		X	X		X	X		X	X
Power failure, equipment failure, or other emergency	L				X		X	X							X
Gaming Machines tournaments not conducted in accordance with the appropriate processes and procedures	L									X					



Risk Assessment Gaming Machines Operations

(b) Initial Risk Rating

Using the principles of **Australia & New Zealand Standard ISO 31000:2018** the initial risk rating has been determined based upon the likelihood of the event occurring and the impact of the occurrence (in the absence of any controls). The initial risk rating is the product of the likelihood and impact.

Risk	Likelihood ¹	Impact ²	Initial Risk Determination ³
Manipulation of gaming machines electronic monitoring system (DACOM)	2	1	L
Manipulation of electronic gaming machine	4	1	M
Theft of cash from electronic gaming machine	4	1	M
Unauthorised / Incorrect payout (cancel credit payment / short pay payment / jackpot payment / customer inquiry payment)	4	1	M
Theft of unclaimed patron credits by staff	3	1	L
Unauthorised / incorrect gaming configuration (including jackpot configuration) change	3	1	L
Power failure, equipment failure, or other emergency	3	1	L
Gaming Machines tournaments not conducted in accordance with the appropriate processes and procedures	3	1	L

Notes

1. Refer Table A below
2. Refer Table B below
3. Refer Table C below



Risk Assessment Gaming Machines Operations

Table A – Measure of Likelihood

For each risk identified the likelihood (in the absence of any controls) of the risk occurring must be determined

Rare 1	Unlikely 2	Possible 3	Likely 4	Almost Certain 5
The problem or situation may occur only in exceptional circumstances	The problem or situation could occur at some time	The problem or situation might occur at some time	The problem or situation will probably occur in most circumstances	The problem or situation is expected to occur in most circumstances



Risk Assessment Gaming Machines Operations

Table B – Measure of Impact

For each risk identified the impact (in the absence of any controls) of the risk occurring must be determined in the context of Crown's Critical Performance Measures as follows:

	Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Financial Objectives Contribution	Financial loss up to \$5M	Financial loss between \$5M and up to \$18M	Financial loss between \$18M and up to \$45M	Financial loss between \$45M and up to \$200M	Financial loss in excess of \$200M
Reputation Investor Confidence /Brand	No impact on Investor Confidence / Brand	Isolated impact on Investor Confidence / Brand	Some impact on Investor Confidence / Brand	General impact on Investor Confidence/ Brand	Widespread impact on Investor Confidence/ Brand
Customer Objectives Our Customers Marketing	An event, the impact of which can be absorbed through normal activity , confined to very small number of products, services or customers, no adverse external criticism or publicity	An event, the consequences of which can be absorbed but management effort is required to minimise the impact, confined to a substantial minority of products services or customers, criticism by directly affected customers or managers	A significant event which can be managed under normal circumstances , many products and services affected, some external criticism by customers, key stakeholders, low key media directed at company / Chief Executive Officer / Board	A critical event which with proper management can be endured , products and services curtailed due to failure to deliver, serious external criticism by key stakeholders, high profile media	A disaster with potential to lead to collapse of the business , significant irreparable impact on customers' prospects
Business Processes Compliance Process Improvement	No measurable operational impact to the business, issues of individual significance, no adverse external criticism or publicity	Impact limited to single area of the business , management intervention required, minor degradation of service, issues of company significance, criticism by directly affected customers or managers	Impact to multiple areas of the business , can be managed with significant management intervention, significant degradation of service, issues of local area significance, some external criticism (by customers, key stakeholders, low key media) directed at company / Chief Executive Officer / Board	Impact to widespread areas of business , significant mobilisation of resources and significant management intervention required, major degradation of service, issues of nationwide significance, serious external criticism (by key stakeholders, high profile media)	Threatens long term viability of the business , issues of international significance
Our People	Minor injury , issues of individual significance, no impact on staff morale, no loss of staff	Significant injury , issues of company significance, minimal impact on staff or overall morale, no or minimal loss of staff	Serious injury or fatality , issues of local area significance, impact on staff noticeable, degree of change in morale, some loss of staff	Serious injury or fatality , issues of nationwide significance, substantial impact on overall staff and morale with performance affected, measurable increase in stress related issues, some loss of staff including key management	Multiple fatality , issues of international significance, impact on staff and morale severe, widespread loss of staff and key management



**Risk Assessment
Gaming Machines Operations**

Table C – Risk Analysis – Level of Relative Risk

Likelihood / Impact		Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Almost Certain	5	S	S	H	H	H
Likely	4	M	S	S	H	H
Possible	3	L	M	S	H	H
Unlikely	2	L	L	M	S	H
Rare	1	L	L	M	S	S

H = High
S = Significant
M = Moderate
L = Low

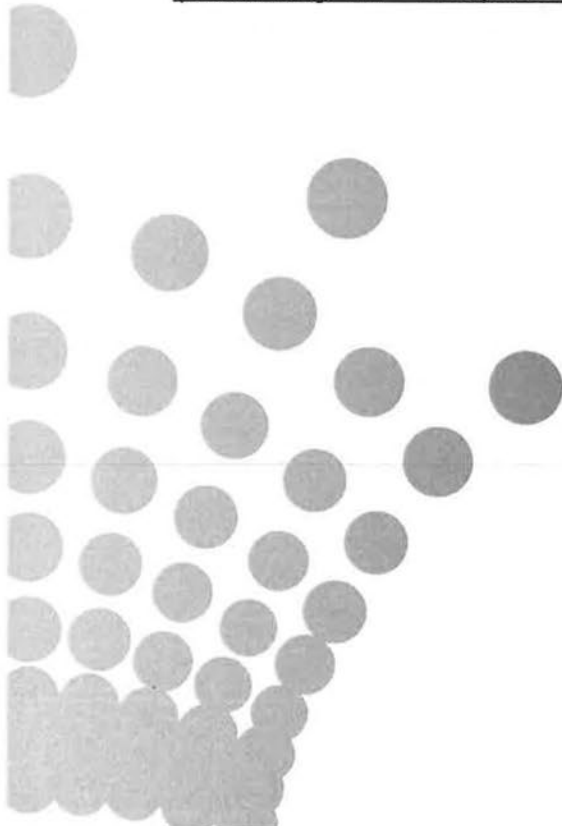


Crown
Melbourne
Limited

Internal Control Statement

Junket and Premium Player Programs

(Including VIP Telephone Betting and the Introduction of Players)





Internal Control Statement
Junket and Premium Player Programs
 (Including VIP Telephone Betting and the Introduction of Players)

This document must be read in conjunction with Crown Melbourne Limited's (Crown) Internal Control Statement - Introductory Chapter (Introductory Chapter).

1. Core Principle

The objective of this Internal Control Statement is to ensure that Crown remains free from criminal influence and exploitation through:

- (a) the application of effective processes; and
- (b) the maintenance of detailed and accurate documentation

relating to Junket and Premium Player Program activity, the introduction of players and VIP International Telephone betting (VIPTB).

2. Minimum Standards and Controls

Minimum standards and controls are intended to manage the risks identified in the Risk Assessment Matrix and support the above-mentioned core principle.

Implementation of the minimum standards and controls will be expressed through documented procedures as described in the Introductory Chapter.

In respect of this Internal Control Statement, the Minimum Standards and Controls are:

2.1 The maintenance of structured documented processes for:

- 2.1.1 The conduct of Junket and Premium Player Programs;
- 2.1.2 The conduct of VIPTB; and
- 2.1.3 The introduction of players and the payment of related commissions (where applicable).

2.2 The creation and maintenance of an audit trail for the monitoring and recording of Junket and Premium Player Programs, the Introduction of Players and VIPTB. The establishment of an audit trail will be achieved as follows:

2.2.1 Junket and Premium Player Programs:

- (a) Prior to commencement of program play, the completion (and subsequent retention) of a Program Agreement which will document at a minimum:
 - (i) The name of the Junket Operator (or Agent) or Premium Player;
 - (ii) The Program type;



Internal Control Statement
Junket and Premium Player Programs
 (Including VIP Telephone Betting and the Introduction of Players)

- (iii) For Junket programs, the names of the Junket Players;
- (iv) The amount of front money;
- (v) Any commission payable to the Junket Operator (as applicable);
- (vi) Approval of the terms and conditions by the Junket Operator (or Agent) or the Premium Player and the authorised Crown representatives; and
- (vii) Any subsequent changes to the agreed terms and conditions.
- (ii) The retention of copies of identification obtained in accordance with the **Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)**.
- (iii) Completion (and subsequent retention) of Junket Program or Premium Player Settlement Sheets, including the payment of related commissions (**except for standard complimentary programs**).
- (iv) Logging of verbal instructions received in respect of a Junket Program Agreement or a Premium Player Program. Such instructions will be forwarded to the Junket Operator or Junket Program Player (as applicable) or Premium Player, within 48 hours of receipt.

2.2.3 Introduction of Players

- (a) Prior to the arrival of the introduced player(s), completion (and retention) of a signed Letter of Introduction which will document at a minimum:
 - (i) The name of person introducing player(s);



Internal Control Statement
Junket and Premium Player Programs
(Including VIP Telephone Betting and the Introduction of Players)

- (ii) The name of the player(s) introduced to Crown and expected date(s) of their visit;
- (iii) Any commission payable to the person introducing the player(s) (as applicable);
- (iv) Approval of the terms and conditions by person introducing the player(s) and the authorised Crown representatives; and
- (v) Any subsequent changes to agreed terms and conditions.

2.2.4 VIPTB

- (a) Crown must maintain records to support, that for each patron participating in VIPTB, that patron:
 - (i) Is/was subject to a Junket or Premium Player Agreement with Crown;
 - (ii) Has actively participated in Junket and/or Premium Player activity at Crown; and
 - (iii) Is a non-resident of Australia.
- (b) A register of patron representatives who will assist in the conduct of VIPTB activities must also be maintained.
- (c) Voice communications between Crown, International VIPTB patrons and their representatives during the conduct of gaming, must be recorded and made available to Inspectors of the VCGLR on request.
- (d) Recordings made in accordance with 2.2.4 (c) above, must be retained for at least 30 days post settlement of the respective Junket or Premium Player Program.

2.3 Independent Review, Authorisation and Approval

2.3.1 Crown will ensure that appropriate independent review, authorisation and approval processes are in place for:

- (a) Junket Program Agreements;
- (b) Premium Player Program Agreements;



Internal Control Statement
Junket and Premium Player Programs
(Including VIP Telephone Betting and the Introduction of Players)

- (c) Letters of Introduction;
- (d) VIPTB arrangements; and
- (e) Verbal instructions logged in accordance with 2.2.1(a)(iv) above (where verbal instructions are received in the presence of two (2) or more Crown representatives).

2.3.2 A minimum of two (2) employees will be required to approve:

- (a) Junket Program Agreements;
- (b) Premium Player Program Agreements;
- (c) Letters of Introduction; and
- (d) Verbal instructions logged in accordance with 2.2.1(a)(iv) above (where verbal instructions are received in the presence of two (2) or more Crown representatives).

2.4 Provision of Data and Reporting

2.4.1 Crown will provide the VCGLR with notification of all new non – resident Junket Operators.

2.4.2 Provision of reports and/or data to support the Minimum Standards and Controls must be provided to the Victorian Commission for Gambling and Liquor Regulation as requested.

2.5 Audit

2.5.1 Crown will ensure that it has robust processes in place to consider the ongoing probity of its registered Junket Operators, Junket Players & Premium Players.

2.5.2 Crown will cease its relationship with a registered Junket Operator (or agent) or a person introducing players if formally requested to do so by the VCGLR.

3. ML/TF Risk Management

Crown is committed to the principles of its AML/CTF Program (Program) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.



Risk Assessment
Junket and Premium Player Programs
 (Including VIP Telephone Betting and the Introduction of Players)

(a) Risk Assessment Matrix

The following matrix identifies and evaluates risks inherent in the conduct of Junkets (accompanied and unaccompanied) and Premium Player Programs as follows:

H	=	High
S	=	Significant
M	=	Moderate
L	=	Low

Minimum standards and controls have been identified which address each risk.

Risk	Initial Risk Rating	Minimum Standards and Controls				
		2.1	2.2	2.3	2.4	2.5
Criminal influence and exploitation	S	X	X	X	X	X
Unauthorised / incorrect commission or fee paid to Junket Operator (or agent) or other person introducing players to Crown	S	X	X	X	X	
Unauthorised Junket / Premium Player Program activity	M	X	X	X	X	
Failure to notify the Commission of Junket / Premium Player Program activity or players introduced to Crown	M	X	X		X	



Risk Assessment
Junket and Premium Player Programs
(Including VIP Telephone Betting and the Introduction of Players)

(b) Initial Risk Rating

Using the principles of AS / NZS 31000:2009 the initial risk rating has been determined based upon the likelihood of the event occurring and the impact of the occurrence (in the absence of any controls). The initial risk rating is the product of the likelihood and impact.

Event	Likelihood ¹	Impact ²	Initial Risk Rating ³
Criminal influence and exploitation	3	3	S
Unauthorised / incorrect commission or fee paid to Junket Operator (or agent) or other person introducing players to Crown	3	3	S
Unauthorised Junket / Premium Player Program activity	3	2	M
Failure to notify the Commission of Junket / Premium Player Program activity or players introduced to Crown	3	2	M

Notes

1. Refer Table A below
2. Refer Table B below
3. Refer Table C below



Risk Assessment
Junket and Premium Player Programs
 (Including VIP Telephone Betting and the Introduction of Players)

Table A – Measure of Likelihood

For each risk identified the likelihood of the risk occurring must be determined in the context of existing controls. In determining risk likelihood, the frequency of the underlying activity must also be taken into account.

Rare 1	Unlikely 2	Possible 3	Likely 4	Almost Certain 5
The problem or situation may occur only in exceptional circumstances	The problem or situation could occur at some time	The problem or situation might occur at some time	The problem or situation will probably occur in most circumstances	The problem or situation is expected to occur in most circumstances



Risk Assessment
Junket and Premium Player Programs
(Including VIP Telephone Betting and the Introduction of Players)

Table B – Measure of Impact

For each risk identified the consequence(s) of the risk occurring must be determined in the context of Crown Melbourne's Key Result Areas as follows:

	Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Financial Objectives Contribution	Financial loss up to \$5M	Financial loss between \$5M and up to \$18M	Financial loss between \$18M and up to \$45M	Financial loss between \$45M and up to \$200M	Financial loss in excess of \$200M
Reputation Investor Confidence /Brand	No impact on Investor Confidence / Brand	Isolated impact on Investor Confidence / Brand	Some impact on Investor Confidence / Brand	General impact on Investor Confidence/ Brand	Widespread impact on Investor Confidence/ Brand
Customer Objectives Our Customers Marketing	An event, the impact of which can be absorbed through normal activity , confined to very small number of products, services or customers, no adverse external criticism or publicity	An event, the consequences of which can be absorbed but management effort is required to minimise the impact, confined to a substantial minority of products services or customers, criticism by directly affected customers or managers	A significant event which can be managed under normal circumstances , many products and services affected, some external criticism by customers , key stakeholders, low key media directed at company / Chief Executive Officer / Board	A critical event which with proper management can be endured , products and services curtailed due to failure to deliver, serious external criticism by key stakeholders, high profile media	A disaster with potential to lead to collapse of the business , significant irreparable impact on customers' prospects
Business Processes Compliance Process Improvement	No measurable operational impact to the business, issues of individual significance, no adverse external criticism or publicity	Impact limited to single area of the business , management intervention required, minor degradation of service, issues of company significance, criticism by directly affected customers or managers	Impact to multiple areas of the business , can be managed with significant management intervention, significant degradation of service, issues of local area significance, some external criticism (by customers , key stakeholders, low key media) directed at company / Chief Executive Officer / Board	Impact to widespread areas of business , significant mobilisation of resources and significant management intervention required, major degradation of service, issues of nationwide significance, serious external criticism (by key stakeholders, high profile media)	Threatens long term viability of the business , issues of international significance
Our People	Minor injury , issues of individual significance, no impact on staff morale, no loss of staff	Significant injury , issues of company significance, minimal impact on staff or overall morale, no or minimal loss of staff	Serious injury or fatality , issues of local area significance, impact on staff noticeable, degree of change in morale, some loss of staff	Serious injury or fatality , issues of nationwide significance, substantial impact on overall staff and morale with performance affected, measurable increase in stress related issues, some loss of staff including key management	Multiple fatality , issues of international significance, impact on staff and morale severe, widespread loss of staff and key management



Risk Assessment
Junket and Premium Player Programs
 (Including VIP Telephone Betting and the Introduction of Players)

Table C – Risk Analysis – Level of Relative Risk

Likelihood / Impact		Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Almost Certain	5	S	S	H	H	H
Likely	4	M	S	S	H	H
Possible	3	L	M	S	H	H
Unlikely	2	L	L	M	S	H
Rare	1	L	L	M	S	S

H = High
 S = Significant
 M = Moderate
 L = Low



Crown
Melbourne
Limited

Internal Control Statement

Surveillance





Internal Control Statement
Surveillance

This document must be read in conjunction with Crown Melbourne Limited's (Crown) Introductory Chapter Internal Control Statement (Introductory Chapter).

1. Core Principle

The objective of this Internal Control Statement is to provide integrated Surveillance Operations across the Casino complex.

2. Minimum Standards & Controls

The minimum standards and controls are intended to mitigate risks identified in the Risk Assessment Matrix and support the above-mentioned core principle.

Implementation of the minimum standards and controls will be expressed through documented procedures as described in the Introductory Chapter.

In respect of this Internal Control Statement, the Minimum Standards and Controls are:

- 2.1 Restricted and controlled access to the Surveillance monitor rooms;
- 2.2 Restricted and controlled access to image/footage;
- 2.3 Continuous alarm monitoring and associated access controls operating across the casino complex, restricting access to sensitive areas;
- 2.4 Administration and management of an access control system to ensure appropriate access levels for all employees and contractors across all areas of the casino complex, as required;
 - 2.4.1 Determination of general levels of access for individual employees and groups of employees commensurate with position duties and responsibilities.
 - 2.4.2 Allocation of access rights as required and approved by department General Manager or above.
 - 2.4.3 Allocation of standard contractor access rights as approved by department General Manager or above.
- 2.5 Restricted key system operating across the casino complex, including monitoring usage via key tracking system;
- 2.6 Continuous closed circuit television (CCTV) supervision across the casino complex;
- 2.7 Observation, monitoring, reporting, recording and reviewing through the use of Surveillance Systems across the casino complex and surrounds;



Internal Control Statement
Surveillance

- 2.8 The ongoing service and maintenance of all components of the CCTV system and its function;
- 2.9 Provision for the adoption of manual work around procedures in the event of (part/full) Surveillance System failure pending restoration; and
- 2.10 Segregation of incompatible duties and tiered supervision levels.
- 2.11 Independence of operations:
 - 2.14.1 At the discretion of Head of Surveillance, in matters of extreme sensitivity and/or confidentiality, the Head of Surveillance may report to Crown's Chief Executive Officer and/or the Crown Board.
 - 2.14.2 Surveillance Monitor and Surveillance Communications rooms to be physically separated from the conduct of gaming operations and cash handling facilities.

3. Reporting

Reports and/or data will be provided to the Victorian Commission for Gambling and Liquor Regulation in accordance with the Introductory Chapter.

4. Audit

Audit trails will be created and maintained for surveillance monitoring activities.

At a minimum this will include audits relating to:

- 4.1 Creation and maintenance of an audit trail for the monitoring and recording of activities, including minimum retention periods for image/footage, preparation of reports, creation and logging of image/footage and creation and maintenance of key logs.
- 4.2 Completion of periodic audits as required, including but not limited to, monthly access audits (sensitive areas only).

5. ML/TF Risk Management

Crown is committed to the principles of its AML/CTF Program (**Program**) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.


**Risk Assessment
Surveillance**
Risk Assessment Matrix

The following matrix identifies and evaluates risks inherent in the Surveillance process as follows:

H = High
S = Significant
M = Moderate
L = Low

Minimum standards and controls have been identified which address each risk.

Risk	Initial Risk Rating	Minimum Standards and Controls									
		2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	3	4
Failure to detect illegal activities and/or procedural breaches	H					X	X	X	X		X
Emergency incident / event including but not limited to bomb threat, extortion, hostage siege, armed robbery, civil unrest	H			X	X	X	X	X	X		X
Anti – social and unacceptable behaviour within casino complex and surrounds including but not limited to violence, theft, intoxication, drug abuse, indecent assault, youth gang related activity	H			X	X	X	X	X	X		X
Unauthorised access to restricted areas of casino complex by patron / employee / contractor	H	X		X	X	X	X	X	X		X
Integrity and honesty of gaming operations and cash handling activities compromised	S	X	X	X	X	X	X	X	X	X	X
Loss of CCTV system and / or related equipment	S	X		X	X			X	X		
Loss of, or unauthorised release of, information, data, footage / images and / or documentation	S	X	X	X	X	X	X	X	X		X


**Risk Assessment
Surveillance**
Initial Risk Rating

Using the principles of AS/NZS 31000:2009 the initial risk rating has been determined based upon the likelihood of the risk related event/incident occurring and its impact (in the absence of any controls). The initial risk rating is the product of the likelihood and impact.

Risk	Likelihood ¹	Impact ²	Initial Risk Rating ³
Failure to detect illegal activities and/or procedural breaches	5	3	H
Emergency incident / event including but not limited to bomb threat, extortion, hostage siege, armed robbery, civil unrest	5	4	H
Anti – social and unacceptable behaviour within casino complex and surrounds including but not limited to violence, theft, intoxication, drug abuse, indecent assault, youth gang related activity	5	4	H
Unauthorised access to restricted areas of casino complex by patron / employee / contractor	5	4	H
Integrity and honesty of gaming operations and cash handling activities compromised	5	2	S
Loss of CCTV system and / or related equipment	3	3	S
Loss of, or unauthorised release of, information, data, footage / images and / or documentation	3	3	S

Notes

1. Refer Table A below
2. Refer Table B below
3. Refer Table C below

Internal Control Statement Version 5.0

VCGLR Approved 04 April 2018

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Table A – Measure of Likelihood

For each risk identified, the likelihood of the risk occurring must be determined in the context of existing controls. In determining risk likelihood, the frequency of the underlying activity must also be taken into account.

Rare 1	Unlikely 2	Possible 3	Likely 4	Almost Certain 5
The problem or situation may occur only in exceptional circumstances	The problem or situation could occur at some time	The problem or situation might occur at some time	The problem or situation will probably occur in most circumstances	The problem or situation is expected to occur in most circumstances



**Risk Assessment
Surveillance**

Table B – Measure of Impact

For each risk identified the consequence(s) of the risk occurring must be determined in the context of Crown Melbourne's Key Result Areas as follows:

	Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Financial Objectives Contribution	Financial loss up to \$5M	Financial loss between \$5M and up to \$18M	Financial loss between \$18M and up to \$45M	Financial loss between \$45M and up to \$200M	Financial loss in excess of \$200M
Reputation Investor Confidence /Brand	No impact on Investor Confidence / Brand	Isolated impact on Investor Confidence / Brand	Some impact on Investor Confidence / Brand	General impact on Investor Confidence/ Brand	Widespread impact on Investor Confidence/ Brand
Customer Objectives Our Customers Marketing	An event, the impact of which can be absorbed through normal activity , confined to very small number of products, services or customers, no adverse external criticism or publicity	An event, the consequences of which can be absorbed but management effort is required to minimise the impact, confined to a substantial minority of products services or customers, criticism by directly affected customers or managers	A significant event which can be managed under normal circumstances , many products and services affected, some external criticism by customers, key stakeholders, low key media directed at company / Chief Executive Officer / Board	A critical event which with proper management can be endured , products and services curtailed due to failure to deliver, serious external criticism by key stakeholders, high profile media	A disaster with potential to lead to collapse of the business , significant irreparable impact on customers' prospects
Business Processes Compliance Process Improvement	No measurable operational impact to the business, issues of individual significance, no adverse external criticism or publicity	Impact limited to single area of the business , management intervention required, minor degradation of service, issues of company significance, criticism by directly affected customers or managers	Impact to multiple areas of the business , can be managed with significant management intervention, significant degradation of service, issues of local area significance, some external criticism (by customers, key stakeholders, low key media) directed at company / Chief Executive Officer / Board	Impact to widespread areas of business , significant mobilisation of resources and significant management intervention required, major degradation of service, issues of nationwide significance, serious external criticism (by key stakeholders, high profile media)	Threatens long term viability of the business , issues of international significance
Our People	Minor injury , issues of individual significance, no impact on staff morale, no loss of staff	Significant injury , issues of company significance, minimal impact on staff or overall morale, no or minimal loss of staff	Serious injury or fatality , issues of local area significance, impact on staff noticeable, degree of change in morale, some loss of staff	Serious injury or fatality , issues of nationwide significance, substantial impact on overall staff and morale with performance affected, measurable increase in stress related issues, some loss of staff including key management	Multiple fatality , issues of international significance, impact on staff and morale severe, widespread loss of staff and key management


Table C – Risk Analysis – Level of Relative Risk

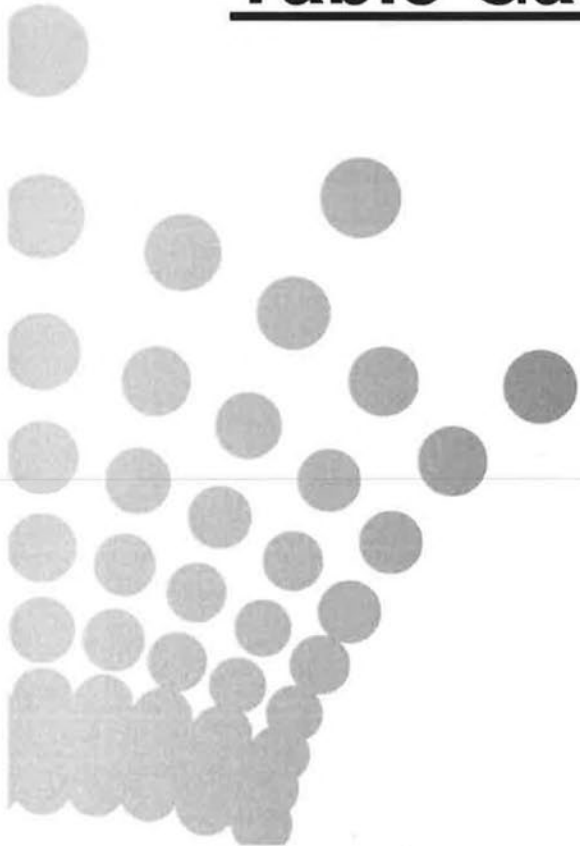
Likelihood / Impact		Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Almost Certain	5	S	S	H	H	H
Likely	4	M	S	S	H	H
Possible	3	L	M	S	H	H
Unlikely	2	L	L	M	S	H
Rare	1	L	L	M	S	S

H = High
 S = Significant
 M = Medium
 L = Low



Crown
Melbourne
Limited

Internal Control Statement **Table Games Operations**





Internal Control Statement
Table Games Operations

This document must be read in conjunction with Crown Melbourne Limited's (Crown) Internal Control Statement – Introductory Chapter (Introductory Chapter).

1. Core Principle

The objective of this Internal Control Statement is to ensure the integrity and continuity of Table Games Operations, in accordance with regulatory requirements.

2. Minimum Standards & Controls

The minimum standards and controls are intended to mitigate risks identified in the Risk Assessment Matrix and support the above-mentioned core principle.

Implementation of the minimum standards and controls will be expressed through documented procedures as described in the Introductory Chapter.

In respect of this Internal Control Statement, the Minimum Standards and Controls are:

- 2.1. The maintenance of structured documented procedures for:
 - 2.1.1 The conduct and operation of general table gaming activity (including buy-in facilities) and, where required, specific table games;
 - 2.1.2 Ensuring that gaming equipment used in the conduct of gaming is present, complete, free from defects, is in good working order and has not been tampered with;
 - 2.1.3 Where in use, the operation of a Card Room; and
 - 2.1.4 The conduct of VIP International Telephone Betting (on Baccarat Tables only), including: registration and verification of patrons and patron representatives; recording, retention and access to telephone betting activity; rules and procedures for telephone betting and the use of designated telephone betting hardware.
- 2.2 Segregation of incompatible duties for table games and buy-in facilities including:
 - 2.2.1 Opening and/or closing procedures;
 - 2.2.2 The initiation, preparation, delivery, recording and verification of Fills, Credits and Chip Purchase Vouchers; and
 - 2.2.3 The initiation and issue of Promotional Gaming Chips.



Internal Control Statement
Table Games Operations

- 2.3 Independent verification and approval processes for:
- 2.3.1 Opening and/or closing table games and buy-in facilities;
 - 2.3.2 Table activation/deactivation (including verification of Table Licence Number);
 - 2.3.3 Transactions exceeding predetermined limits;
 - 2.3.4 Chips exchanged between tables and buy-in facilities;
 - 2.3.5 Patron cash/chip transfers to the Casino Cage;
 - 2.3.6 Poker time charges collected;
 - 2.3.7 Replacement of damaged cards;
 - 2.3.8 Release and return of gaming equipment from gaming pits; and
 - 2.3.9 Card inventory checks prior to delivery to the gaming floor.
- 2.4 Independent investigations of variances and discrepancies relating to:
- 2.4.1 General table games processes;
 - 2.4.2 Table and buy-in facility inventory;
 - 2.4.3 Table Licence Numbers;
 - 2.4.4 Faulty gaming equipment; and
 - 2.4.5 Card, tile and dice inventory.
- 2.5 Security and Access
- Risks relating to security and access will be addressed through independent surveillance of the gaming floor and related activities; and restricted access controls that ensure sensitive areas and equipment cannot be accessed by unauthorised staff.

3. Reporting

Provision of reports and/or data will be provided to the Victorian Commission for Gambling and Liquor Regulation in accordance with the Introductory Chapter.



Internal Control Statement
Table Games Operations

4 Audit

- 4.1 Provision of an audit trail by maintaining a log for the monitoring and recording of gaming pit keys (including Pit Master Keys) issue and return.
- 4.2 Audit and reconciliation of daily gaming activity (including buy-in facilities) via Main Bank Close – Out procedures and subsequent Revenue Audit Procedures including but not limited to Main Bank Audit and Table Games Audit; and
- 4.3 Periodic check of gaming pit key accountability.

5 Contingency Planning

Development and implementation of contingency plans and procedures in the event of a power failure or power fluctuation.

6. ML/TF Risk Management

Crown is committed to the principles of its AML/CTF Program (**Program**) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.



**Risk Assessment
Table Games Operations**

Risk Assessment Matrix

The following matrix identifies and evaluates risks inherent in the Table Games Operations process as follows:

H = High
S = Significant
M = Moderate
L = Low

Minimum standards and controls have been identified which address each risk.

Risk	Initial Risk Rating	Minimum Standards and Controls						
		2.1	2.2	2.3	2.4	2.5	4	5
Number of operational gaming tables/poker tables exceeds the legislated limit.	H	X	X	X	X			X
Patron scams including past posting, bet switching, bet capping, bet removal, use of illegal devices, card marking, tile marking, roulette wheel tracking	S	X		X	X	X		
Employee scams including cards not shuffled correctly, cards introduced to game, dealing shoe exchanged, intentional overpay, non – collection of losing bets	S	X		X	X	X		
Theft of cash/chips from table/buy-in facility.	S	X	X	X	X	X	X	X
Theft or unauthorised/incorrect removal of gaming equipment from gaming pits	S	X		X	X	X	X	
Theft or unauthorised/incorrect use of gaming pit keys, gaming pits master key, gaming equipment store cupboard keys	S	X			X	X	X	
Theft or unauthorised/incorrect removal of chip, tile, dice inventory	S	X	X	X	X	X	X	X
Chip/cash variance not detected	S	X	X	X	X	X	X	X
Unauthorised/incorrect cash chip change	S	X		X	X	X		
Unauthorised/incorrect cash/chip payout	S	X		X	X	X		
Use of faulty gaming equipment including incomplete or flawed cards, incomplete or flawed tiles, flawed dice, flawed Roulette balls	S	X		X	X	X		



Risk Assessment
Table Games Operations

Risk	Initial Risk Rating	Minimum Standards and Controls						
		2.1	2.2	2.3	2.4	2.5	4	5
Gaming procedural error not detected	M	X		X	X	X		
Unauthorised/incorrect Fill	M	X	X			X	X	X
Unauthorised/incorrect Credit	M	X	X			X	X	X
Unauthorised/incorrect Chip Purchase Voucher	M	X	X			X	X	X
Unauthorised/incorrect use of Promotional Gaming Chips	M	X	X			X		
Unauthorised/incorrect jackpot/bonus payout	M	X		X	X	X		
Unauthorised/incorrect public relations payment	L	X		X	X	X		
Unresolved or unauthorised/incorrect resolution of patron dispute or other irregularity including card spills, sleeper bets, disputed ownership, disputed buy – ins, absent players (Poker only)	L	X		X	X	X		
Unauthorised/incorrect time charges collected (Poker only)	L	X		X	X	X		
Power failure, equipment failure, computer failure or other emergency	L	X						X



Risk Assessment Table Games Operations

Initial Risk Rating

Using the principles of AS/NZS 31000:2009 the initial risk rating has been determined based upon the likelihood of the risk related event/incident occurring and its impact (in the absence of any controls). The initial risk rating is the product of the likelihood and impact.

Risk	Likelihood ¹	Impact ²	Initial Risk Rating ³
Number of operational gaming tables/poker tables exceeds the legislated limit.	3	4	H
Patron scams including past posting, bet switching, bet capping, bet removal, use of illegal devices, card marking, tile marking, roulette wheel tracking	3	3	S
Employee scams including cards not shuffled correctly, cards introduced to game, dealing shoe exchanged, intentional overpay, non – collection of losing bets	3	3	S
Theft of cash/chips from table/buy-in facility	4	3	S
Theft or unauthorised/incorrect removal of gaming equipment from gaming pits	3	3	S
Theft or unauthorised/incorrect use of gaming pit keys, gaming pits master key, gaming equipment store cupboard keys	3	3	S
Theft or unauthorised/incorrect removal of chip, tile, dice inventory	3	3	S
Chip/cash variance not detected	4	2	S
Unauthorised/incorrect cash/chip change	4	2	S
Unauthorised/incorrect cash/chip payout	4	2	S
Use of faulty gaming equipment including incomplete or flawed cards, incomplete or flawed tiles, flawed dice, flawed Roulette balls	3	3	S
Gaming procedural error not detected	4	1	M
Unauthorised/incorrect Fill	2	3	M
Unauthorised/incorrect Credit	2	3	M
Unauthorised/incorrect Chip Purchase Voucher	2	3	M
Unauthorised/incorrect use of Promotional Gaming Chips	2	3	M
Unauthorised/incorrect jackpot/bonus payout	3	2	M
Unauthorised/incorrect public relations payment	2	1	L
Unresolved or unauthorised/incorrect resolution of patron dispute or other irregularity including card spills, sleeper bets, disputed ownership, disputed buy – ins, absent players (Poker only)	2	1	L
Unauthorised/incorrect time charges collected (Poker only)	2	1	L
Power failure, equipment failure, computer failure or other emergency	3	1	L

Notes

1. Refer Table A below
2. Refer Table B below
3. Refer Table C below



Risk Assessment
Table Games Operations

Table A – Measure of Likelihood

For each risk identified, the likelihood of the risk occurring must be determined in the context of existing controls. In determining risk likelihood, the frequency of the underlying activity must also be taken into account.

Rare 1	Unlikely 2	Possible 3	Likely 4	Almost Certain 5
The problem or situation may occur only in exceptional circumstances	The problem or situation could occur at some time	The problem or situation might occur at some time	The problem or situation will probably occur in most circumstances	The problem or situation is expected to occur in most circumstances



Risk Assessment
Table Games Operations

Table B – Measure of Impact

For each risk identified the consequence(s) of the risk occurring must be determined in the context of Crown Melbourne's Key Result Areas as follows:

	Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Financial Objectives Contribution	Financial loss up to \$5M	Financial loss between \$5M and up to \$18M	Financial loss between \$18M and up to \$45M	Financial loss between \$45M and up to \$200M	Financial loss in excess of \$200M
Reputation Investor Confidence / Brand	No impact on Investor Confidence / Brand	Isolated impact on Investor Confidence / Brand	Some impact on Investor Confidence / Brand	General impact on Investor Confidence/ Brand	Widespread impact on Investor Confidence/ Brand
Customer Objectives Our Customers Marketing	An event, the impact of which can be absorbed through normal activity , confined to very small number of products, services or customers, no adverse external criticism or publicity	An event, the consequences of which can be absorbed but management effort is required to minimise the impact, confined to a substantial minority of products services or customers, criticism by directly affected customers or managers	A significant event which can be managed under normal circumstances , many products and services affected, some external criticism by customers, key stakeholders, low key media directed at company / Chief Executive Officer / Board	A critical event which with proper management can be endured , products and services curtailed due to failure to deliver, serious external criticism by key stakeholders, high profile media	A disaster with potential to lead to collapse of the business , significant irreparable impact on customers' prospects
Business Processes Compliance Process Improvement	No measurable operational impact to the business, issues of individual significance, no adverse external criticism or publicity	Impact limited to single area of the business , management intervention required, minor degradation of service, issues of company significance, criticism by directly affected customers or managers	Impact to multiple areas of the business , can be managed with significant management intervention, significant degradation of service, issues of local area significance, some external criticism (by customers, key stakeholders, low key media) directed at company / Chief Executive Officer / Board	Impact to widespread areas of business , significant mobilisation of resources and significant management intervention required, major degradation of service, issues of nationwide significance, serious external criticism (by key stakeholders, high profile media)	Threatens long term viability of the business , issues of international significance
Our People	Minor injury , issues of individual significance, no impact on staff morale, no loss of staff	Significant injury , issues of company significance, minimal impact on staff or overall morale, no or minimal loss of staff	Serious injury or fatality , issues of local area significance, impact on staff noticeable, degree of change in morale, some loss of staff	Serious injury or fatality , issues of nationwide significance, substantial impact on overall staff and morale with performance affected, measurable increase in stress related issues, some loss of staff including key management	Multiple fatality , issues of international significance, impact on staff and morale severe, widespread loss of staff and key management



Risk Assessment
Table Games Operations

Table C – Risk Analysis – Level of Relative Risk

Likelihood / Impact		Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Almost Certain	5	S	S	H	H	H
Likely	4	M	S	S	H	H
Possible	3	L	M	S	H	H
Unlikely	2	L	L	M	S	H
Rare	1	L	L	M	S	S

H = High
S = Significant
M = Medium
L = Low

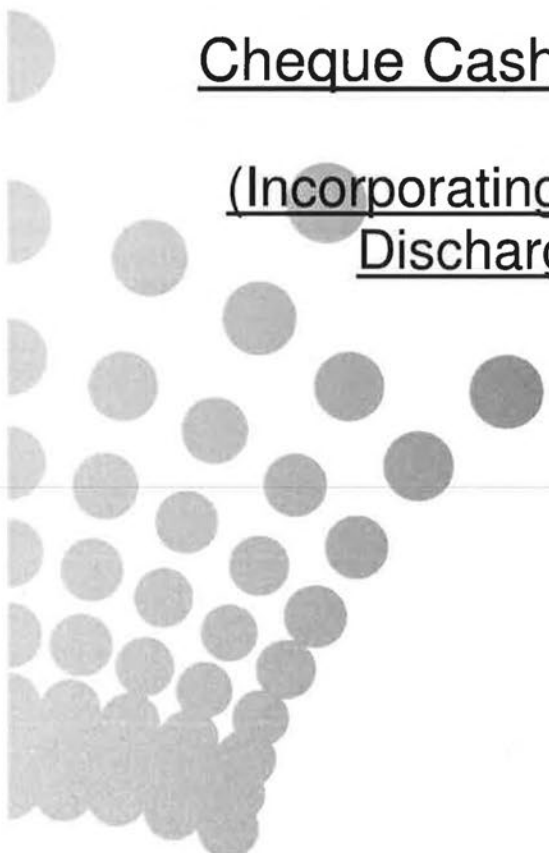


Crown
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Internal Control Statement

Cheque Cashing and Credit Facilities

(Incorporating Debt Collection and the
Discharge of Patron Debts)





Internal Control Statement
Cheque Cashing & Credit Facilities
(Incorporating Debt Collection and the Discharge of Patron Debts)

This document must be read in conjunction with Crown Melbourne Limited's (Crown) Introductory Chapter Internal Control Statement (Introductory Chapter).

1. Core Principles

- 1.1 To ensure that Crown remains free from criminal influence and exploitation.
- 1.2 To complement the provisions of s 68 of the *Casino Control Act 1991* (Vic).
- 1.3 To ensure the application and documentation of effective processes and procedures for:
 - 1.3.1 Assessing the identity and creditworthiness of applicants for cheque cashing and/or credit facilities; and
 - 1.3.2 Collecting and discharging patron debts.

2. Minimum Standards and Controls

Minimum standards and controls are intended to manage risks identified in the Risk Assessment Matrix and support the above-mentioned core principles.

Implementation of the minimum standards and controls will be expressed through documented procedures as described in the Introductory Chapter.

In respect of this Internal Control Statement, the Minimum Standards and Controls are:

- 2.1 The application of structured documented processes for:
 - 2.1.1 The initial establishment, amendment, suspension and/or reinstatement and cancellation of patrons' cheque cashing and/or credit facilities (as well as restricted facilities); and
 - 2.1.2 The monitoring and follow-up of patron indebtedness and the collection or discharge (either wholly or partly) of patron debts.
- 2.2 The segregation of incompatible duties, for:
 - 2.2.1 The assessment and approval of patron cheque cashing and/or credit facility limit applications (including the permanent increase or reinstatement of patron limits); and
 - 2.2.2 The discharge, either wholly or partly, of patron debts and the approval of the facilities listed in 2.2.1 above.
- 2.3 Independent review and authorisation including:
 - 2.3.1 Tiered approvals for the establishment, increase and reinstatement of cheque cashing and/or credit facilities; and
 - 2.3.2 The repayment and/or discharge of patron debts.



Internal Control Statement
Cheque Cashing & Credit Facilities
(Incorporating Debt Collection and the Discharge of Patron Debts)

2.4 Discharge of Patron Debts

2.4.1 The discharge of all patron debts:

- (a) Greater than AUD \$5 million must be approved by the VCGLR prior to discharge; or
- (b) Less than or equal to AUD \$5 million may be discharged by the casino operator and must be reported to the VCGLR. Such reports will include all of the information listed in clause 2.4.2 below.

2.4.2 Records relating to all discharged debts must be retained and will include the following information:

- (a) Name of the patron;
- (b) Patron ID;
- (c) Account opening date: including both the initial establishment date of the account and the individual trip date and amount approved, for which the debt applies.
- (d) Account limit;
- (e) Amount discharged and if the debt was wholly or partly discharged;
- (f) Chronology of debt recovery processes with the patron (refer to key patron file documents);
- (g) Particulars of agreements reached with the patron; including any repayment schedules, if applicable;
- (h) Evidence of the debt being referred to a debt recovery agent for recovery, or legal action taken to recover the debt and the results of those actions, if relevant;
- (i) Reason(s) for the debt discharge; and
- (j) Printed name and signature, and Crown identification of the Crown Manager recommending and approving the discharge of debt.

2.4.3 Multiple amounts of AUD \$5 million or less must not be used to wholly or partially discharge a larger debt.



Internal Control Statement
Cheque Cashing & Credit Facilities
(Incorporating Debt Collection and the Discharge of Patron Debts)

3. Reporting

Provision of reports and/or data will be provided to the Victorian Commission for Gambling and Liquor Regulation (VCGLR) in accordance with the Introductory Chapter.

4. Audit

Crown will ensure the creation and maintenance of an audit trail, including files for the:

- 4.1 Monitoring and recording of the initial establishment, amendment, suspension and/or reinstatement and cancellation of patrons' cheque cashing and/or credit facility limits (as well as restricted facilities); and
- 4.2 Monitoring and recording of patron debts.

5. ML/TF Risk Management

Crown is committed to the principles of its AML/CTF Program (**Program**) and will monitor and respond to relevant activities in the Casino, commensurate with its Program.



Risk Assessment
Cheque Cashing & Credit Facilities
(Incorporating Debt Collection and the Discharge of Patron Debts)

(a) Risk Assessment Matrix

The following matrix identifies and evaluates risks inherent in the Cheque Cashing & Credit Facilities (Incorporating Debt Collection and the Discharge of Patron Debts) process as follows:

H = High
 S = Significant
 M = Medium
 L = Low

Minimum standards and controls have been identified which address each risk.

Risk	Initial Risk Rating	Minimum Standards and Controls					
		2.1	2.2	2.3	2.4	3	4
Non - collection of patron debts	H	X	X	X	X		X
Patron CCF/credit facility limit established, amended or reinstated without the approval of the appropriate Crown representatives (as required)	H	X	X	X			X
Patron debt(s) discharged, either wholly or partly, without the sanction of the appropriate Crown representatives and/or VCGLR approval	S	X	X	X	X	X	X



Risk Assessment
Cheque Cashing & Credit Facilities
(Incorporating Debt Collection and the Discharge of Patron Debts)

(b) Initial Risk Rating

Using the principles of AS/NZS 31000:2009 the initial risk rating has been determined based upon the likelihood of the event occurring and the impact of the occurrence (in the absence of any controls). The initial risk rating is the product of the likelihood and impact.

Event	Likelihood ¹	Impact ²	Initial Risk Rating ³
Non - collection of patron debts	4	5	H
Patron CCF/credit facility limit established, amended or reinstated without the approval of the appropriate Crown representatives (as required)	4	5	H
Patron debt(s) discharged, either wholly or partly, without the sanction of the appropriate Crown representatives and / or VCGLR approval	4	1	M

Notes:

¹ Refer Table A below

² Refer Table B below

³ Refer Table C below

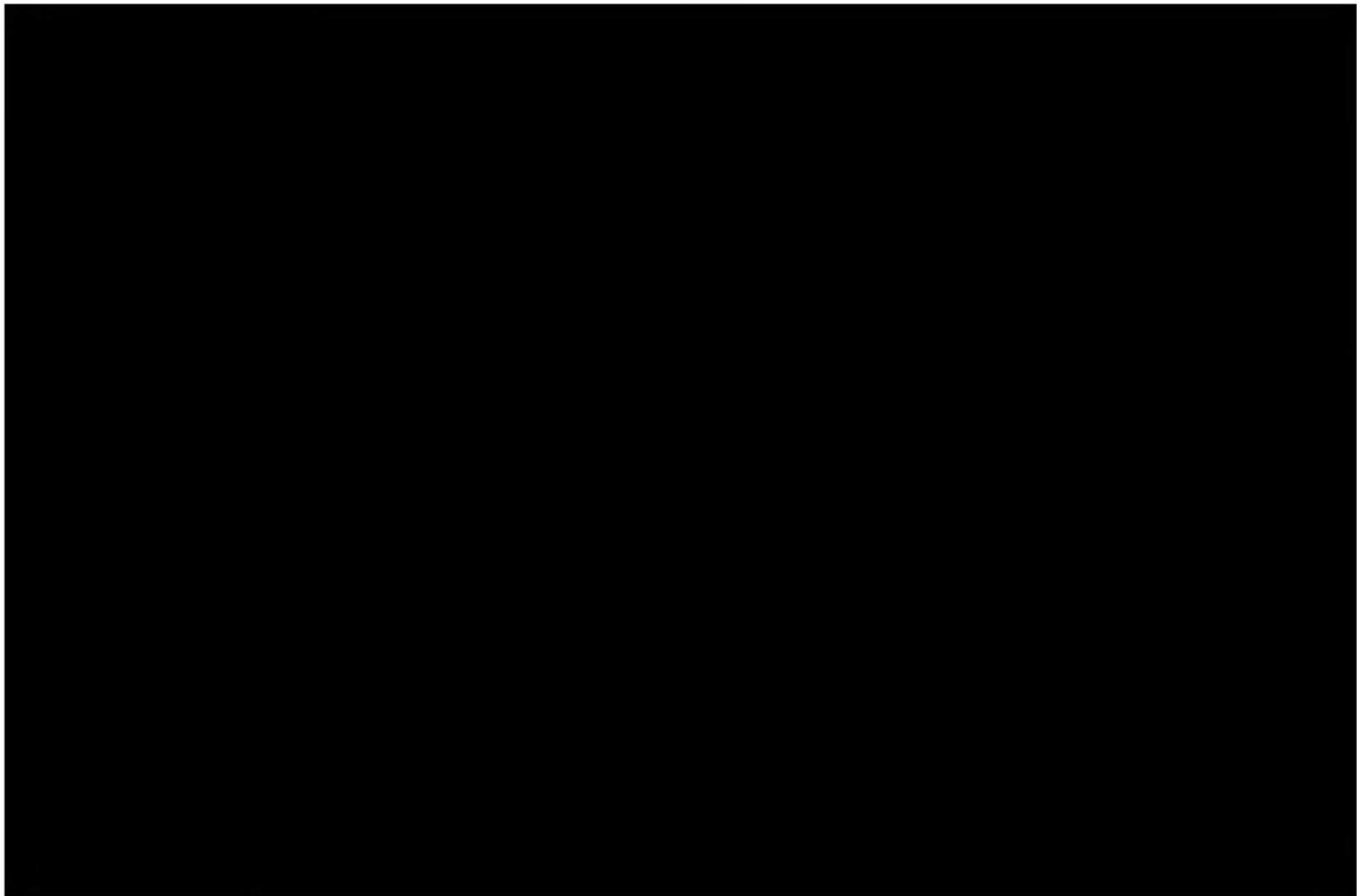


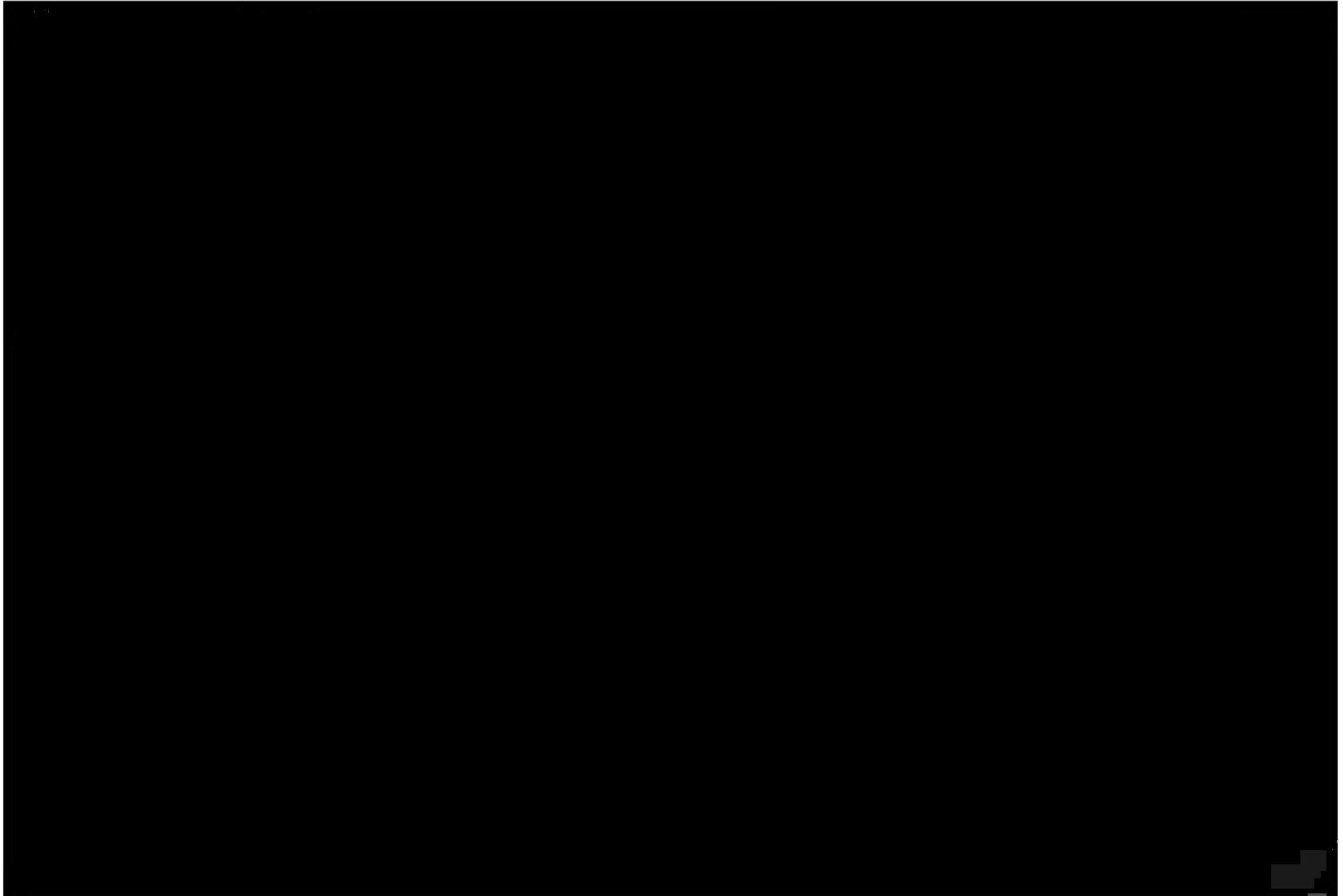
Risk Assessment
Cheque Cashing & Credit Facilities
(Incorporating Debt Collection and the Discharge of Patron Debts)

Table A – Measure of Likelihood

For each risk identified, the likelihood of the risk occurring must be determined in the context of existing controls. In determining risk likelihood, the frequency of the underlying activity must also be taken into account.

Rare 1	Unlikely 2	Possible 3	Likely 4	Almost Certain 5
The problem or situation may occur only in exceptional circumstances	The problem or situation could occur at some time	The problem or situation might occur at some time	The problem or situation will probably occur in most circumstances	The problem or situation is expected to occur in most circumstances







ANNEXURE C



ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING

To: The AML/CTF Committee

Date: XX June 2019

Re: ML/TF Risk Assessment – Crown Melbourne

Dear Members,

Recommendation

The ML/TF Risk Assessment, having been reviewed by each Business Unit, AML and Risk, is approved.

INTRODUCTION

This memo is to provide you with an overview of the review of ML/TF risk conducted by Crown Melbourne in March – May 2019 in respect of its 'existing casino designated services' under the Crown Melbourne AML/CTF Program.

The Risk Assessment is reviewed by Crown on an annual basis (as required by page 31 of the AML/CTF Program).

The Risk Assessment has involved the review of:

- the existing risk register and risk assessment
- the designated services provided by Crown
- the customers to whom Crown provides designated services
- the delivery methods by which we provide services

This memo, and its attachment, sets out the results of this year's risk assessment.

KEY FINDINGS

As a consequence of this review, Crown Melbourne (and Crown Perth) has identified that:

- the **inherent risk rating** for potential ML/TF activity at Crown (that is, the vulnerability associated with the designated services provided by Crown and the criminal threat environment *in the absence of any controls*) is **CRITICAL**. It is noted that this reflects an increase in the rating, arising solely from an update made to the Crown Group's risk management strategy and not an increase in the risk to Crown itself (year on year); and
- the **residual risk rating** for potential ML/TF activity at Crown (that is, the risk presented after *the imposition of appropriate controls*) is **LOW**. This remains unchanged year on year.

Crown Melbourne (and Crown Perth) has assessed that the residual risk rating is low due to the controls put in place by Crown to identify, mitigate and manage the potential misuse of Crown's services for money laundering or terrorism financing.

These controls also ensure that Crown will identify and report any form of suspicious activity in respect of the 'designated services' it provides in its casino.

These controls include:

- 24/7 security and surveillance.
- Facial recognition software (Melbourne only with Perth currently trialling facial recognition systems).
- A dedicated AML Team across Melbourne and Perth, supported by dedicated compliance personnel and support compliance personnel across the business.
- Training of staff members on AML/CTF Risk Awareness matters at various points of an employee's life cycle with Crown – at induction, as a refresher and on a targeted basis (for instance, where risks change or where a new product or service is introduced to the floor).
- Due diligence on all staff members in advance of their issuance of a casino licence, as well as police checks for all new staff members (including non-licensed staff).
- Transaction monitoring live (when conducting face to face transactions) and by the AML Team.
- Initial and ongoing screening of new and active customers through third party due diligence provider Dow Jones (Risk & Compliance), and the identification and actioning of alerted customers (PEPs, sanctions, special interest) by the AML Team and other teams as necessary.
- Enhanced KYC and customer due diligence processes – additional KYC checks and enhanced customer due diligence conducted on certain Junket Operators, Key Players and Program Players, and further enquiries made both internal and external on Customers identified by the TMP or by the Business Units.
- Risk assessments conducted as part of a detailed vetting of any potential new product, service or delivery method in advance of rollout, by all relevant Business Units including AML and Compliance and then by Crown Melbourne's state based regulator.
- Standard operating procedures / workplace instructions for each Business Unit setting out that Business Unit's AML/CTF obligations where applicable.
- Regular independent reviews by internal and external parties to Crown. AML/CTF matters are considered by internal audit wherever a process involves a cash transaction with a third party.

Crown has solid working relationships with State and Federal Law Enforcement bodies and participates in relevant industry forums, roundtables and committees on matters pertaining to potential ML or TF activity.

Crown is not aware of any change to the criminal threat environment (nor any independent reviews of our industry since our last ML/TF assessment other than the current AUSTRAC risk assessments known to Crown) that would result in a change to the findings above.

Crown has reviewed AUSTRAC's recent ML/TF assessment of on-course bookmakers ("*On-Course Bookmakers – Money Laundering and Terrorism Financing Risk Assessment*" – 20 December 2018), as part of this ML/TF assessment, given some commonality in the type of designated services provided under Table 3 of the AML/CTF Act.

BACKGROUND TO THE ML/TF RISK ASSESSMENT

The nature of risk assessments currently conducted by Crown Melbourne

The Crown Melbourne AML/CTF Program provides for Crown Melbourne's review of the risks in its casino referable to potential ML/TF (money laundering/terrorism financing) activity.

In its Program, Crown Melbourne notes that it considers that:

- each game approved by the VCGLR under casino law
- its account opening and management procedures (noting 'account' in this context means the 'deposit account' and the 'card play extra' functionality)
- its foreign exchange procedures
- each existing delivery method (i.e. the designated service is the 'taking of the bet' – the delivery method is 'via a table game')
- all associated systems and technologies

pose a **low** 'residual' ML/TF risk [at page 10].

Potential ML/TF vulnerabilities arising from the designated services by Crown Melbourne are addressed in Annexure E of the AML/CTF Program. The Annexure contemplates the assessment of the following areas of business risk:

- Regulatory
- Customer
- Products and Services
- Delivery Method
- Jurisdiction
- Customer source of funds / source of wealth
- Nature and purpose of business relationship

Crown Melbourne's review this year of each of the above risks is addressed below.

Regulatory

Crown Melbourne has systems and processes in place to ensure it meets its regulatory reporting obligations to AUSTRAC in respect of threshold transactions, international funds transfer instructions and suspicious matters (as well as its other reporting obligations under the AML/CTF Act).

These systems and processes include:

- Training of staff member on Crown's reporting obligations under the AML/CTF Act.
- Established procedures for the filing of TTRs, IFTIs and SMRs within the legislated timeframe through Crown's systems.
- A dedicated AML Team responsible for reviewing Crown's reports and filing with AUSTRAC.
- Clear instructions for relevant Business Units outlining process.

Customers

In its AML/CTF Program, Crown Melbourne notes that its Customers comprise:

"All customers (table games and gaming machine players), including regular customers, high-rollers, junket operators and their participant players, PEPs, customers who interact with Crown Melbourne on behalf of a Beneficial Owner and customers who interact with Crown Melbourne are to be assessed for customer type risk".

Crown has formed the view that the ML/TF risk posed by Crown's Customers, in the absence of any other information, activity or behaviour, is **low**. Where such 'other information, activity or behaviour' is detected, Crown Melbourne puts in place processes and systems to ensure that it better understands the customers and, where appropriate, changes the ML/TF risk rating presented to reflect the risk presented by the Customer (and, if appropriate, files an SMR).

This 'other information, activity or behaviour' is detected by Crown either through:

- the daily screening of its new and active Customers through Dow Jones Risk & Compliance (as part of its KYC processes); and
- the TMP.

Know Your Customer Processes

Crown Melbourne considers the potential ML/TF vulnerabilities presented by its customers from time to time as part of its Know Your Customer processes.

Crown identifies and verifies its Customers in person, and provides the vast majority of services to these individuals on a face-to-face basis.

Crown Melbourne will consider the potential ML/TF vulnerabilities presented by its Customers shortly following the implementation of its KYC processes, by screening new and active Customers through Dow Jones Risk & Compliance.

Where an alert is generated indicating that the Customer *might* have matched with a person on a designated list (for instance, a PEP or an SI), that alert will be actioned to determine if it is a match, and if it is, the risk rating of the Customer will be reviewed accordingly.

TMP

Crown also considers Customer risk under its TMP.

Where a Customer's transaction patterns are detected under the TMP, or through a report from the gaming floor (for example), the following may occur:

- A review of information against the customer's account
- A request for, and review of, ECDD materials (for example, C6 reports)
- A cross check against Dow Jones to ascertain whether the customer is a PEP or presents any other risk to Crown Melbourne in the potential delivery of a Designated Service
- Google search
- A request for further enhanced customer due diligence

- The completion of an SMR by the AML Team
- The allocation of an appropriate risk rating and alert

In addition to the above, Crown Melbourne has implemented additional processes in respect of its customers as follows. Except where noted, **these processes are not part of the AML/CTF Program but additional checks and controls implemented by the business**, which, in turn, assist the AML Team better understand its customer where the Customer is drawn to the AML Team's attention through the TMP or otherwise through an SMR.

Junket Operators | Junket Players | Program Players

Crown Melbourne conducts additional KYC checks on Junket Operators, Junket Representatives, Key Players and Premium Program Players. These KYC checks may take the form of further primary identification, and/or additional searches of reputable third parties (for example, C6 reports).

(These checks are not mandated under the AML/CTF Program).

Additionally, Crown Melbourne reviews on a regular (at a minimum, weekly) basis the Key Player results upon the close of a Junket Program, to determine if any further investigation by the AML Team, or further ECDD, is warranted. This forms part of Crown Melbourne's Transaction Monitoring Program.

Law Enforcement Enquiries

The AML Team reviews all RFIs received from law enforcement and other agencies on a regular basis to determine whether the risk level of the customer changes due to an ML/TF issue.

Jurisdiction

The AML/CTF Program outlines that all foreign jurisdictions from which Crown Melbourne's Customers originate are considered to be of equal risk, other than:

- Prescribed Foreign Countries (Iran, North Korea)
- Countries listed on the sanctions list
- Countries identified by FATF as High Risk and Non-Cooperative Jurisdictions
- Any other known ML/TF risk environments as identified in Media releases issued by the AG.

Crown Melbourne conducts periodic reviews of jurisdictional risk, with reference to the above categories and generally under its TMP (where a Customer is otherwise identified).

Crown Melbourne this year conducted a review of customers from those jurisdictions highlighted in the AML/CTF Program and presently increases the customer's risk ratings to HIGH JUR. The purpose of the increase in risk rating is to ensure that, where these customers are active on Crown's premises, the AML Team monitors the transactions of these customers in accordance with the AML/CTF Program.

Crown Melbourne is due to conduct a jurisdictional review. This review will be addressed as part of a broader consideration of Customer Risk (in line with the new Joint Program, presently in draft).

Contemplated Designated Services (including as to delivery method and new technology)

The Crown Melbourne AML/CTF Program establishes that Crown Melbourne will assess the inherent ML/TF risk of the proposed new game, service or procedure and the ML/TF risk in circumstances and with types of customers that can be anticipated.

The Program notes that this review will be conducted "in order to consider whether any amendment to this AML/CTF Program is desirable to materially improve the prospect of identifying, managing or mitigation ML/TF Risk in the casino" [at page 10].

To satisfy this requirement, Crown Melbourne's AML Team completes the Gaming Initiative Form. This form is completed by a number of Business Units in assessing the contemplated product/service.

It is noted that, with the exception of gaming machines, the vast majority of Crown's designated services are delivered on a face-to-face basis by trained Crown staff. For this reason, Crown Melbourne views its potential vulnerability from the manner in which it delivers its designated services as **low**, and has implemented transaction monitoring processes appropriate to detect patterns of transactions or potential suspicious activity, as required by Chapter 15 of the AML/CTF Rules.

In approving a new product or service (or a variation to an existing product or service, or delivery method or technology), the AML Team often works with the Business Unit to provide training to its relevant staff members where an ML/TF risk is identified, to ensure staff are aware the types of behaviours that they should look out for and to report an SMR where appropriate.

Source of funds and wealth

Crown Melbourne has considered the vulnerability presented by Crown's potential lack of knowledge of a Customer's source of funds or wealth, and has viewed this as a **moderate** ML/TF risk.

Whilst Crown Melbourne may not initially be aware of the source of a Customer's funds, Crown Melbourne will take steps, in certain circumstances where the transactional activity of a Customer is such that Crown determines that further enquiries should be made, to seek further information about a Customer through its enhanced customer due diligence processes. Any decision by Crown Melbourne to undertake further investigation of a Customer and/or gaming activity is at the discretion of the AML Team having regard to a number of factors including the nature of any additional information, and any inconsistencies in such information, which may be known to Crown Melbourne.

These checks will include the searches noted at "Customer" above. In addition:

- Crown Melbourne conducts due diligence on new junket operators.
- Crown will conduct enhanced customer due diligence to understand, amongst other matters, the financial position of certain customers. This will often include an assessment of the source of wealth of the Customer.
- Crown Melbourne monitors customer activity and reports SMRs where such activity could be indicative of potential ML/TF activity.

Given the nature of its business, Crown Melbourne will generally not query the Customer directly as to where he or she obtained funds, as this could inadvertently 'tip off' the Customer as to Crown Melbourne's suspicions. This information may be obtained indirectly by the host in his or her conversations with the Customer, where appropriate.

Use of cash

Casinos by their very nature are cash businesses. As a result, it is expected and is usual for patrons and customers to transact in large amounts of cash at Crown Melbourne.

Crown has implemented controls to alert the Business Units (and AML Team where relevant) of large cash transactions occurring on its floor (and by whom the transactions are being conducted).

Employees

A formal assessment of the ML/TF risk presented by different employee 'roles' at Crown is presently underway at Crown Melbourne. This review has been conducted previously at Crown Perth.

This assessment will assist Crown in determining the level of AML training applicable to each Business Unit and role, as well as the potential rollout of ongoing monitoring of categories of employees (in a similar manner to Crown Perth).

Crown Melbourne presently conducts extensive due diligence on all casino employees involved in the provision of gambling services (in this way, adopting a conservative approach to its employee due diligence measures). In addition, Crown has a specialist surveillance analyst team that reviews any potential issues arising from employee conduct, including where that conduct involves the provision of a designated service.

Accordingly, this separate assessment is not anticipated to impact the overall inherent and residual risk assessment of Crown from an ML/TF perspective.

Inherent and Residual Risk Ratings on the Designated Services provided

Following the adoption of the AML/CTF Program (in December 2018), the Crown group has updated risk management framework.

Consistent with the principles of ISO 31000 (2018), inherent and residual risk ratings have been determined based on the likelihood of the risk event occurring and the impact of the occurrence.

The risk being the product of risk likelihood and risk consequence, as reflected in the table below.

Crown Melbourne has assessed the likelihood and impact of a risk occurring, with reference to the following:

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Severe
		1	2	3	4	5
Almost Certain	5					
Likely	4					
Possible	3					
Unlikely	2					
Rare	1					

Legend:

Critical Risk – Oversight by the Risk Management Committee / Board	
High Risk – Managed by the CEO and relevant EGMs / ERCC	
Moderate Risk – Managed by Management	
Low Risk – Managed as part of BAU	

Likelihood - for each risk identified, the likelihood of the money laundering / terrorism financing risk event occurring (i.e. our designated services facilitating ML/TF) within 12 months will be determined and categorised as either rare, unlikely, possible, likely or certain in accordance with the following definitions.

Rare	Unlikely	Possible	Likely	Almost Certain
1	2	3	4	5
Less than 5% (less than every 20 years)	5% - 20% (within 5 to 20 years)	20% - 50% (within 2 to 5 years)	50% - 75% (within 18 to 24 months)	75% - 100% (within 12 to 18 months)

Impact (or consequence) – for each risk identified, the impact of an event will be determined and categorised as either: insignificant, minor, moderate, major or catastrophic in accordance with the relevant elements of Crown's Risk Matrix, as set out below.

Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Potential non-compliance or program/policy/internal control issue requiring internal reporting only – no remedial action required	Perceived or actual non-compliance that may require external reporting. Internal remediation and potential internal action against staff. No regulator action. No impact to the relationship with regulators.	Perceived or actual breach triggering external reporting or civil action by an individual Potential regulatory monitoring and/or relationship with regulator temporarily impacted operationally	Failings in corporate culture Perceived or actual breach triggering regulator monitoring or intervention, or civil action by a corporate Relationship with regulator is damaged requiring direct involvement from Executives and Directors. ASX disclosure made.	Systemic failings in corporate culture Perceived or actual breach triggering restriction or loss of critical gaming/liquor licence(s), class action or criminal sanction against Crown or its officers. Potential or actual permanent damage to relationship with regulator ASX disclosure made.

Management of Residual ML/TF Risk

Crown Melbourne manages residual risk on a per-Customer basis through its TMP.

Other

As noted above, it is proposed that the ML/TF Risk Register, once approved, will be included in the AML Operations Manual, replacing the existing register in the AML/CTF Program.

This register will align across Melbourne and Perth, allowing Crown to compare and contrast risks and controls across properties and to standardise its approach, wherever this is possible. It will also allow the Business Units to compare the ML/TF risks that may be presented by each of their Business Units (or their Customer base).

Relevant Business Units at Crown Melbourne and Crown Perth will include an AML risk in their Risk Registers: This AML risk then links to the risks identified for their Business Unit in the ML/TF register at **Attachment 1**.

ATTACHMENT 1 - ML/TF Risk Register

CONFIDENTIAL

