

File note of meeting with X Walsh – Crown Vic RC**19 March 2021, 4pm****Attendees: X Walsh, A McGregor, J Williamson, R Meade, Peter [?], A Maher, M McCarthy, J Yiannakou**

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XW: things I'm worried about being explored. When we calculate gaming tax – deduct amounts as winnings. Difference between collection and paying out. Over the journey add ons to that in terms of what we deduct. Typically items we have sought approval for – goes to vcglr and approved – but they've approve the program, not necessarily the deduction.

Gets audited from time to time, and provide reports to vcglr. Last approval was 2006. Normally relate to things like – free play in gaming machines.

However in 2012, the company realised we could deliver through our systems the ability to award customers things like hotel rooms, carparks or meals.

Idea is – you play so much – you get free meal. We have the ability to do that through the system approved.

Internal legal advice as to whether we needed approval or not, and also whether constitutes winnings paid out. No definition on winnings paid out in the act. Universally in the world – get winnings gets paid out. Food, hotels and carparks potentially different though.

In a business preso and the legal advice with senior execs in 2012, eg ken barton, rowan Craigie, greg Hawkins, word to the effect – given economic movements, vcglr won't notice. Gives impression we won't inform vcglr. That we wouldn't tell them – in the slide deck and also internal legal advice einitially.

2012 – took the deduction, went into the reports.

Late 2017 – wilkie announcements. Post that reported at the board, baryr Felstead asked what is there. Someone said bonus jackpots – a little unsure – what's this about? Then asked for minter's advice. Glen ward said should have got it approved – but overriding question is whether winings anyway.

And no clear definition on that.

But he said think you're on unstable ground since didn't get it approved.

AM: calculated on amount spent.

XW: play – amounts = loyalty points = benefits.

We got advice in 2018 from minter's.

Jason Cremona – now manager compliance and regulation. He was asking about it, said he was asked to look into it.

AM: hence someone had spoken to him about it.

XW: pete and michelle talked to him about it, then michelle spelled it out in an email. While avoiding being forthcoming initially, we then spelled it out.

AM: back to 2012?

XW: I think just said this is how we do it.

June 4 2018.

The issue that made it difficult – needed approval and didn't seek it. Approved by system change but questionable. And technical requirements doc – it allows for what we're doing now, that wa samnedd and approved by the commission in 2020, and covers what we are doing now. We advised them in 2018. But as to 2012 – crown's gone out of its way to cheat tax – what do you think? Awkward conversation.

Pete: I don't necessarily agree needed approval. Late [#] – went to system based process for takings. Revenue alculation clearly includes jackpots and redemption of loyalty points and then tax deduction. Not referenced in glen ward's legal advice – the only place for definition of bonus jackpots is in 1997 tech requirements document.

Needs external controller, ie external jackpots controller. Wasn't written by reference to loyalty points. That TRD needed approval for jackpot by commission. My view is not being issued by external controller, it's issued by management system. In mid 2012 the addition of new bonus jackpots included in technical requirements changed to the system.

None of the things we were deducting in late 90s early 2000s were issued by external controller. It needed to be approved by system, but not vcglr separately. Post that have been clear and transparent on every level on deductions. In emails and monthly reporting.

AM: any sense – why vcglr said thanks but nothing further needed.

Pete: nothing. Since then clearly drafted it saying whole section on bonuses for players with specific examples, and no mention of approval.

AMck: maybe just needed something on file – re what Cremona was asking for – maybe they just asked him to fill in the details as to spelling out technical details.

AM: where they ask actual and potential misconduct – if legal advice received, and said not needed, this might fall into potential category.

If you had legal advice that said all clear. Regulator implying ok. Legal advice ok. May need TRDs and Minters advice to include in second response.

If legal obligation that suggests approval needed, I think commission looking at it saying you had advice didn't comply with.

XW: started in late 2012, or 2013. Advice was 2018. So question is 5 years of vcglr audits.

AM: this notice to the vcglr could well cover what's in this email – prompt the commission to analyse it, which could exercise the commission's mind, and say why was this not provided.

XW: \$40 mil issue. Around \$4 mil per year. Gives the impression didn't raise as we didn't want a response. In email and slide deck.

AMck: presentation in 2012 – transparency and honesty with regulator. Legal advice in 2018 says needed approval. Cremona asked in June 2018, then October 2018 advice.

AM: not sure minters advice changes much the analysis. View is whether consistent with the law.

Pete: will have to review the advice – glen said – an argument based on technical requirements benefits don't fall within scope.

Total deductibility – that is under casino control act. Re approval – that is the Tech Req documents. Glen's advice needs to be viewed in totality.

Argument – based on trd not even a jackpot – however if so, weakens basis for deductibility.

XW: an email – talks about increase in gaming machine tax says proposed change not noticed by vcglr. Then preso in business plan says something similar. Legal advice says doesn't alert anyone's interest, hence risk is low.

AM: please send us the key docs.

XW: Nick will, will check with Pete to make sure everything captured.

Concerned corporate behaviour not as good as it could have been. Would rather be criticised about the action than for hiding it.

Pete: but then asked all these questions from vcglr – and then approved.

AM: need to focus the commission on present suitability. This is something to quarantine to the past.

AMck: should have implemented correctly? Yes. What's done is done.

AM: yes, potentially produce – commission has said to discover the past – then look to the future.

XW: started with the team at crown – around local and domestic customers, started in earnest last year, why didn't you do it 5 years ago.

Environment was, unless really aware something wrong, thinking was play on.

AM: now prompted to do things differently.

XW: but just didn't do it.

AM: would be different if concerns raised and disregarded it.

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