

File note

Matter Crown | China Union Pay

File No. 011916235

Date 23 April 2021 26 April 2021

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Subject **Meeting with Jan Williamson**
Monday, 26 April 2021 at 2:00 pm – 3:35 pm

Present: Jan Williamson (**JW**); Christopher Carr (**CC**); Christopher Archibald (**CA**); Anna Dixon (**AD**); Harriet Craig

General

- 1 JW started at Crown in October 2001. She previously reported to Debra Tegoni. When Debra left Crown around February / April 2017, there was a restructure and Josh Preston, previously the head of Perth Legal since 2007, became the Chief Legal Officer across Melbourne and Perth. After the restructure, the whole Legal team reported to Josh. The structure has changed again since the Bergin Inquiry – all of Legal now reports to a group function sitting with Resorts. Initially, that was Mary Manos who was then the General Counsel and Company Secretary. That role has now been split and the General Counsel role is currently vacant. Stuart Maxwell is the Acting General Counsel and acts as a conduit between Melbourne, Sydney and Perth Legal and the Board.

Surveillance entry

- 2 JW advised that she raised this issue initially when she saw the surveillance entry. CC later asked her where her knowledge of China Union Pay came from. JW thought it likely came from the China class action, in which Crown has produced thousands of documents.

Beginning of the China Union Pay process

- 3 CA noted the China Union Pay process appears to have found its way into formalised policies and work instructions for Hotel by 2013 or 2014. JW advised that her understanding has been polluted by what she has since seen so her knowledge is different now to what it was at the time. JW is only now aware of the China Union Pay transactions, she wasn't aware at the time. She understands that we have a copy of an email to her at the time of China Union Pay but she hasn't looked at it to refresh her memory. She expects she was only on one email.
- 4 JW was surprised to learn that the China Union Pay process started in 2012. She understands the only email she's copied to was from 2013. CA asked whether her current awareness of the transactions came from Rob Meade. JW advised that it may have come from the list that the Cage prepared of the payments over the relevant time period.

End of the China Union Pay process / China arrests

- 5 When asked about her recollection of the first time she came into contact with the China Union Pay process, JW advised that it was when the surveillance report came out and identified the China Union Pay process. Her knowledge of China Union Pay was post-

China arrests when the Chinese government reduced the maximum that could be transacted on China Union Pay to about \$50k and imposed a ban on using China Union Pay for gambling transactions. JW recalls that the \$50k limit was imposed around the time of the China arrests or slightly earlier. She recalls that, when she was working through issues relating to the detentions, she sent a media report about China Union Pay to Debra Tegoni which she thinks related to the \$50k limit.

- 6 When asked whether the China Union Pay payment process ceased at Crown following the China arrests, JW advised that all dealings with China stopped and, given that China Union Pay was issued by the Chinese government, that also stopped.
- 7 JW advised that, when the detentions happened, there was a secure “war room” which involved Debra Tegoni, Michael Neilson, Rowan Craigie and Alecia from HR. The “war room” would have considered the implications of the \$50k limit. JW wasn’t involved in the “war room” discussions, but she was asked to get legal advice from the other countries Crown dealt with because Crown was concerned that it might have issues with other countries it was dealing with, like Hong Kong, Taiwan, Thailand and others. Crown was looking at implementing a new VIP operating model.
- 8 CA asked whether the news of the limits imposed by the Chinese government on China Union Pay didn’t have any consequences for Crown because the card use had stopped by that time. JW didn’t know whether it was at that time or earlier, but she recalls that everything to do with China stopped after the arrests.
- 9 JW doesn’t recall discussing the China Union Pay process with Debra post-China arrests. She advised that their discussions were about other issues like ensuring staff were safe in other countries.
- 10 JW learned that the business had stopped the China Union Pay process when she was reviewing and redacting the VIP Operating Group minutes.
- 11 JW was aware that China Union Pay was a card run by the Chinese government. She didn’t know the full detail at the time about whether it was being used at the hotels. CA asked why, given JW understood that China Union Pay was a credit card used like other credit cards, the payment process was some time in 2012 – 2014 labelled China Union Pay. That is, when and why did they come to use the brand name as the proxy touch stone for this specific process of obtaining extra funds for gaming. JW advised that it is difficult to say. She expects it would have been in 2017 or 2018 when the business started talking about the process again.

Legal team

- 12 JW first became aware of the China Union Pay idea when Roland contacted her, and she made notes with the intention of giving them to Debra Tegoni. At that time, the Legal team consisted of Scott Cutler, who dealt with marketing and contracts, Beau Deatrik, who dealt with privacy, Debra and JW. Debra and JW dealt with crises, VIP international, patron death, public liability, WorkCover and other similar issues which required an immediate response. Debra was the Executive General Manager of Legal and Regulatory and the AML Compliance Officer. AML, Compliance, Risk and Audit (she maintained the risk register and Dew Stuart reported to her), Legal and Regulatory all reported to her.
- 13 CA asked how any AML or compliance issues would be considered for a proposal or transaction which came to the legal team for advice – namely, whether the lawyers would consider those issues or whether the matter would be sent to AML. JW advised that AML was Debra’s field. If the proposal was big enough, it would go to Debra. If Debra was unavailable, JW would take notes and pass them on to Debra.

- 14 JW served VIP at the lower level and particularly in the HR space. Major strategies, including the China Union Pay strategy which possibly came from the VIP Working Group, would go to Debra. Other members of the team would sometimes assist, depending on what Debra wanted.
- 15 If there was a contract, for example a logistics supply contract, Scott would have deal with it. However, is a lawyer needed to look at it to ensure it met AML policies, Scott would have asked Debra.
- 16 JW expects that the China Union Pay policy went to Debra either because it was a strategically significant way of doing business or because it came from the VIP Working Group.

Discussions about bringing back the China Union Pay process

- 17 JW noted that people would ask Josh Preston to bring back the China Union Pay process. Josh and JW would discuss it and refuse to bring it back. JW said that she and Josh had to "maintain the stance against them". JW advised that they refused because of "what it was" and because it was "on the nose". She noted that it wasn't necessarily due to AML concerns, but as AML Officer, Josh probably looked at the AML concern.
- 18 When asked what she meant by it being "on the nose", JW advised that there were currency restrictions on getting funds out of China, staff had been detained and convicted in China and the process wasn't within the new VIP operating protocols as the risk (AML, legal, reputational) was too high. JW perceived the risk to be high because the currency restrictions were \$50k per year and that money is not to be used for gambling. She noted that Crown was always on the Chinese government's radar. JW and Josh's refusal to bring back the program was, therefore, driven by a combination of factors. JW advised that the discussions got quite confrontational.
- 19 JW didn't want to discuss the CPH influence because it was covered extensively in the Bergin Inquiry. She expects that the original China Union Pay process came out of the VIP Working Group but wasn't involved in it herself. She noted that politics and pressure exist in every company and said there was always pressure. However, there were times when Legal pushed back and others just had to accept it.
- 20 CA asked whether, stripping away the CPH angle, the era of 2012-2014 was distinct from other years. JW said it was and noted that James Packer gave a big speech about China which was reported in the Australian Financial Review. This stuck in her mind because China was a big focus of the business and there was a big push for Crown to be a large worldwide brand. The business then responded to that speech.
- 21 JW couldn't recall whether she saw anything in the way the business responded which demonstrated a different appetite for risk. She noted that her answer would be polluted by the findings of the Bergin Inquiry.

CC showed JW document CRW.523.002.0359

- 22 JW confirmed that this is Debra Tegoni's handwriting.

Jan Williamson's correspondence

CC showed JW document CRW.523.002.0355 – Email from Jan Williamson to Debra Tegoni dated 18 July 2013 forwarding an email from Roland Theiler to Jan Williamson dated 10 July 2013

- 23 The email from JW to Debra notes that JW added her comments to Roland's email in red. CA observed that the document is in black and white, so it isn't clear which notes are JW's.

He asked whether JW is able to determine which are her notes. JW advised that she didn't recall the email, but she noted that the sentence: "Currently I believe it is done via CBA but is a suggestion to go with NAB as cheaper" must have been a summary of her conversation with Roland because she wouldn't have known that information herself. She then noted the sentence: "But I note in your office as I worked [sic] past in your work files near the window is a folder headed China Union Pay" and expected that the "I" referred to was her – she would have seen that Debra had a folder on China Union Pay.

- 24 JW dealt with Roland a lot. She was his go to if he couldn't get Debra. She said that, because Debra had a file on China Union Pay, JW would have handed this over to her. She observed that items 4, 6, 7 and 8 were all matters she was dealing with.

CA showed JW document CRW.523.002.0387 – Email from Roland Theiler to Jan Williamson dated 27 June 2013 asking to discuss a website link with Jan in Debra Tegoni's absence

- 25 JW observed that the email is not about China Union Pay. She doesn't recall the email but noted that that it accords with her recollection that Debra was away, and Roland came to JW instead. She noted that it probably didn't go anywhere.

CC showed JW document CRW.523.002.0074 – Email chain including email from Jan Williamson to Roland Theiler, copied to Jason O'Connor and Debra Tegoni dated 19 December 2013 regarding a proposed POS Merchant Agreement with Regal Crown

- 26 JW was aware of Regal Crown. She noted it was associated with Gordon McIntosh and never proceeded.
- 27 JW noted her comment in the email that she will "send it to Debra for her review ... given she worked on the China Pay matter". She commented that this reinforces that JW wasn't involved in China Union Pay.
- 28 When asked whether she had seen Debra's legal advice on the China Union Pay issue, JW advised "not at the time" and that she has deliberately not read the file.

Legal advice

CC showed JW document CRW.523.002.0121 – Legal advice from Debra Tegoni regarding China Union Pay dated 30 September 2013

- 29 JW advised that she is fairly familiar with the Casino Control Act.
- 30 CC took JW to the second bullet point and noted that it says that "[t]here has and remains a risk that providing cash access at the hotel would breach these provisions on the basis that if the guest decides to purchase chips at the Cage to compete their transaction, then the transaction could be said to be concluded on the casino footprint. We have assessed the risk as low". JW doesn't know who the "we" is but advised that it wasn't her. She noted that it may have been Michelle Fielding in Compliance who was across the 50m issue, or Scott Howell.
- 31 CC asked JW about the fourth bullet point which mentions that there is an exemption when the chips are provided on credit. When asked whether she saw any difficulty with that interpretation, JW advised that she disagrees with Debra's view and said she thought it was possibly a breach of s 68. She understood "credit" to refer to a credit facility rather than a third-party mechanism. She noted that China Union Pay can be a credit or debit card and said that it's not really credit if customers are using their own money. She did, however, note that she hasn't analysed the issue in great detail.
- 32 JW advised that Rob Meade recently brought this up with JW and Michelle Fielding and that Michelle disagrees with JW's view. JW hasn't asked whether Michelle was involved

in Debra's advice, but noted that Michelle was defensive about Debra's advice. JW doesn't know whether Michelle is familiar with facts or circumstances that could help to shed light on Debra's advice.

- 33 CC noted there were emails between Debra, Roland and Jason which assesses the risk of breach of the Casino Control Act as low but which note that Crown may fail in its defence. CC asked whether it was common for the legal team to give advice about potential breaches of the governing act which says there's a low risk and for the process to proceed on the basis of that advice. JW responded that legal is always giving advice about whether or not something is a breach. She wouldn't couch something a "low" risk because a breach is a breach. She said the advice wasn't clear on whether the risk of a breach occurring is low or the risk of that breach being discovered is low.
- 34 CA asked whether there is a practice of consulting the regulator when considering implementing a process. JW advised that there is but that Crown doesn't necessarily consult the regulator on everything it does. She said there's always been a dialogue with the regulator, but the regulator's role isn't to advise Crown on whether it's breaching the law. In that regard, it's possibly better to get external advice. When asked whether Debra may be under pressure not to seek legal advice, JW advised that Crown spends millions on external advice and that it would have been a matter for Debra whether she thought they needed external advice or not.