

VCGLR ANSWERS TO QUESTIONS
FROM THE ROYAL COMMISSION INTO THE CASINO OPERATOR AND LICENCE
(ROYAL COMMISSION) DATED 1 JUNE 2021 AND AS AMENDED ON 2 JUNE 2021

Question (a)

(a) How often has Ms Coonan met with the VCGLR since she became Chairman of Crown Resorts Limited in January 2020, with whom did she meet and what were the matters discussed?

1. Ms Coonan met with the VCGLR on several occasions since she became the Chairman of Crown Resorts Limited. The details of these meetings are outlined in the table below:

Date	Attendees	Matters discussed at meeting
17 December 2020	From VCGLR: <input type="checkbox"/> Ross Kennedy <input type="checkbox"/> Danielle Huntersmith <input type="checkbox"/> Scott May From Crown: <input type="checkbox"/> Helen Coonan <input type="checkbox"/> Xavier Walsh	The purpose of this meeting was to discuss Crown's progress in implementing various reforms it has undertaken to implement to address the issues raised by the Bergin Inquiry (the Reform Agenda). See: <input type="checkbox"/> transcript of the meeting that took place via video conference: VCG.0001.0002.8348 ; <input type="checkbox"/> a letter from Crown to the VCGLR prior to the meeting dated 14 December 2020: VCG.0001.0002.8335 .
10 February 2021	From VCGLR: <input type="checkbox"/> Catherine Myers <input type="checkbox"/> Scott May <input type="checkbox"/> Rachel Tosolini From Crown: <input type="checkbox"/> Helen Coonan <input type="checkbox"/> Xavier Walsh	At this meeting which took place via video conference, Crown discussed with the VCGLR the actions it was taking to address the findings of the Bergin Inquiry. Ms Coonan advised the VCGLR that she had met with the Chair of the NSW Independent Liquor and Gaming Authority (ILGA) to discuss timeframes in implementing the Bergin recommendations in order for Crown to be deemed suitable. Ms Coonan also advised the VCGLR that Crown is committed to working cooperatively with the VCGLR, and that in taking actions to address the Bergin recommendations, consideration will also be given to whether similar actions will be taken in Victoria. A copy of the notes taken for this meeting is VCG.0001.0002.8715 .
15 February 2021	From VCGLR: <input type="checkbox"/> Ross Kennedy <input type="checkbox"/> Catherine Myers From Crown: <input type="checkbox"/> Helen Coonan	With the exception of an email trail (VCG.0001.0002.8381) sent between the VCGLR and Crown regarding setting the meeting date and participants to issue dial-in details to, the VCGLR is unable to locate any other records relating to this meeting.

Date	Attendees	Matters discussed at meeting
	<input type="checkbox"/> Xavier Walsh	<p>This meeting was organised as a result of Ross Kennedy being absent from the meeting on 10 February 2021 (see above). Consequently, the matters discussed at this meeting were similar to those discussed at the previous meeting.</p>
23 March 2021	<p>From VCGLR:</p> <input type="checkbox"/> Ross Kennedy <input type="checkbox"/> Helen Versey <input type="checkbox"/> Deirdre O'Donnell <input type="checkbox"/> Andrew Scott <input type="checkbox"/> Danielle Huntersmith <input type="checkbox"/> Catherine Myers <input type="checkbox"/> Scott May <input type="checkbox"/> Amy Rudolph <input type="checkbox"/> Jason Cremona <input type="checkbox"/> Rowan Harris <p>From Crown:</p> <input type="checkbox"/> Helen Coonan <input type="checkbox"/> Xavier Walsh <input type="checkbox"/> Steven Blackburn <input type="checkbox"/> Michelle Fielding <input type="checkbox"/> Sonja Bauer <input type="checkbox"/> Anne Siegers	<p>This is an annual meeting between the VCGLR Commissioners and Crown Executives. The purpose of the annual meetings is for Crown to update the VCGLR on any key matters concerning the operation of the Melbourne casino.</p> <p>At this annual meeting, Crown presented to the VCGLR about key matters including the progress of implementing various items outlined in its Reform Agenda, changes to Crown's corporate governance arrangements, as well as Crown's strategies concerning the premium VIP market.</p> <p>Updates were also provided concerning Crown's implementation of the remaining Sixth Review recommendations.</p> <p>See:</p> <input type="checkbox"/> meeting agenda: VCG.0001.0002.8341 ; <input type="checkbox"/> Crown's presentation: VCG.0001.0002.8337 ; <input type="checkbox"/> draft notes from the meeting: VCG.0001.0002.8380 .
31 March 2021	<p>From VCGLR:</p> <input type="checkbox"/> Ross Kennedy <input type="checkbox"/> Catherine Myers <input type="checkbox"/> Scott May <input type="checkbox"/> Amy Rudolph <input type="checkbox"/> Alex Fitzpatrick <p>From Crown:</p> <input type="checkbox"/> Helen Coonan <input type="checkbox"/> Xavier Walsh <input type="checkbox"/> Kelvin Barry	<p>The purpose of this meeting was to discuss a proposed takeover bid that Crown had received from Blackstone. In a letter by Crown to the VCGLR dated 30 March 2021 (VCG.0001.0002.8343), Crown sought the views of the VCGLR concerning the Blackstone proposal, including how Crown could engage with its major shareholders in relation to the proposal in a manner that was acceptable to the VCGLR.</p> <p>This meeting took place over Microsoft Teams. Crown sought information about what is involved in an associate approval process.</p> <p>See:</p> <input type="checkbox"/> an accepted Microsoft Teams meeting calendar invite: VCG.0001.0002.8342 ; and <input type="checkbox"/> notes from the meeting taken by Mr Scott May: VCG.0001.0002.8371 .

Question (b)

- (b) *How often has Ms Korsanos met with the VCGLR since she became Chair of Crown Melbourne Limited on 17 February 2021, with whom did she meet and what were the matters discussed?*
2. The VCGLR has no records of meeting with Ms Korsanos since she became the Chair of Crown Melbourne.
 3. Since the conclusion of the Bergin Inquiry, the VCGLR Executives and Commissioners have predominantly received contact via Mr Xavier Walsh.

Question (c)

- (c) *Were there any breaches, potential breaches or changes to the business of Crown Resorts Limited or Crown Melbourne Limited that the VCGLR learned about:*

(i) for the first time during the Bergin Inquiry; or

(ii) for the first time during the evidence that has been given to the Royal Commission so far, that the VCGLR considers should have been the subject of a prior discussion with the VCGLR, in the interests of an open, constructive and transparent relationship?

4. There are various matters the VCGLR only became aware of during the course of the Bergin Inquiry and the Royal Commission. The VCGLR considers that these matters should have been the subject of prior discussions between Crown and the VCGLR, in the interests of an open, constructive and transparent relationship.
5. Specifically, until evidence was given at the Bergin Inquiry, the VCGLR was unaware that:
 - a. several banks had raised money laundering concerns with Crown regarding the bank accounts operated by Riverbank Investments Pty Ltd (**RI**) and Southbank Investments Pty Ltd (**SI**) between 2014 and 2018, and that these concerns were the reason for the closure of bank accounts by the ANZ and ASB banks. Further, the VCGLR was unaware that Crown had sought to persuade ANZ to keep the RI accounts open despite the money laundering concerns that were raised, and that Mr Ken Barton had asked Mr Travis Costin to direct Crown staff to advise patrons not to deposit multiple cash deposits below \$10,000 into accounts held by Crown's subsidiary companies;
 - b. Crown engaged Promontory to conduct a review of its AML/CTF Program as a result of the concerns raised by the ANZ bank in March 2014, and that Crown failed to brief Promontory on the existence of the RI and SI bank accounts at the time of this review;
 - c. in August 2019, Crown's AML General Manager, Ms Louise Lane, recommended to Mr Joshua Preston that a forensic review of the RI and SI accounts should be conducted, and that Grant Thornton be engaged to conduct this work. Evidence was also given by Mr Preston to the Bergin Inquiry that one of the reasons he decided not to proceed with the review was that he had received advice from MinterEllison that such a review would not be protected by legal professional privilege;
 - d. Crown received reports from Initialism and Grant Thornton about their review of the RI and SI accounts. These reports were tendered to the Bergin Inquiry on 17 November

2020. Crown only provided the VCGLR with a copy of these reports on 20 November 2020 (VCG.0001.0002.2001, VCG.0001.0002.2003, VCG.0001.0002.2004, VCG.0001.0002.2005), in response to a notice to produce issued by the VCGLR under section 26 of the *Casino Control Act 1991* (Vic) (CC Act) on 18 November 2020 (VCG.0001.0002.2012, VCG.0001.0002.2013);

- e. Crown implemented cash controls in the Suncity Room in April 2018 as a result of large cash transactions, and the junket operator, Mr Alvin Chau/Suncity, subsequently breached these controls when \$5.6 million worth of cash was discovered on the same day the cash controls became effective. The VCGLR was further unaware that AUSTRAC had raised concerns with Crown in around June 2017 regarding its engagement with Mr Chau. The VCGLR considers that this information was relevant to the suitability of Mr Chau as a junket operator at the Melbourne casino, and the extent to which Crown complied with its probity obligations under the Junket and Premium Player Arrangement Internal Control Statement (**Junket ICS**). Additionally, although the VCGLR served a notice to Crown under section 26 of the CC Act on 9 August 2019 (**Section 26 Notice**) (VCG.0001.0002.2500) requiring Crown to produce all records of any probity monitoring it conducted regarding Mr Chau, none of the records or information produced by Crown made reference to the concerns raised by AUSTRAC or the fact that Suncity had breached the cash controls implemented by Crown.¹ This may potentially amount to a failure by Crown to comply with the VCGLR's notice under section 26 of the CC Act and this breach is under consideration by the VCGLR;
- f. Crown was in possession of a list of junket operators who may be associated with the Chinatown Junket and with Tom Zhou who was allegedly the financial backer of the Chinatown Junket.² Although the Section 26 Notice requested information from Crown regarding its engagement with Mr Zhou, Crown's response to the VCGLR indicated that Mr Zhou was not a junket operator at the Melbourne casino. Crown further indicated that Mr Zhou was previously engaged by Crown at the Melbourne casino as a junket player, and that he voluntarily excluded himself from the Melbourne casino in 2010. The VCGLR considers that an open, constructive and transparent relationship would have seen Crown notifying the VCGLR of these matters, particularly as Mr Zhou was a named person of interest in the Section 26 Notice. The VCGLR notes that had it been aware of these matters, the VCGLR's investigation into junket operations at the Melbourne casino would likely have been expanded to include a consideration of the entities known to Crown who were associated with the Chinatown Junket;
- g. Crown had engaged the Berkeley Research Group (**BRG Report**) on or about 11 August 2020 to investigate the probity/suitability of certain junket entities, including Mr Chau and Mr Zezhai Song. The BRG Report dated 12 September 2020 (VCG.0001.0002.8088) was only produced to the VCGLR on 2 November 2020, (VCG.0001.0002.2503 (see also the referenced letter dated 30 October 2020: VCG.0001.0002.2502)), as part of the VCGLR's disciplinary action proceeding against Crown; and

¹ Crown responded to the Section 26 Notice on 14 August 2019: VCG.0001.0004.0578, 16 August 2019: VCG.0001.0002.2520, and 23 August 2019: VCG.0001.0004.0014.

² During the Bergin Inquiry, Mr Jason O'Connor gave evidence that by around 2015 or around 2016, he was aware that Tom Zhou was the financial backer of what Crown referred to as the Chinatown junkets. Mr O'Connor and the then Senior Vice President of Crown's VIP Department, Mr Veng Anh, described Mr Zhou as a "silent shareholder" of the junkets associated with the Chinatown junket.

- h. matters relevant to the VCGLR's China Arrests Investigation outlined in paragraphs 115 to 132 of Mr Tim Bryant's witness statement dated 15 April 2021 as amended on 15 May 2021 (**VCG.9999.0001.0003**).
6. The VCGLR was further unaware of the following matters until evidence was given, or immediately prior to relevant evidence being given at or to the Royal Commission:
- a. Initialism's and Grant Thornton's reviews of the RI and SI bank accounts were limited to three potential scenarios of structuring rather than 9 possible scenarios as initially identified by Initialism;
 - b. Crown had engaged Deloitte in February 2021 to conduct a review of all 44 bank accounts used by Crown Resorts and its subsidiary companies to accept patron deposits. The VCGLR was also unaware that Phase 1 of Deloitte's review had been completed, and that a number of recommendations had been made by Deloitte to Crown. Crown only notified the VCGLR about Deloitte's review on 21 May 2021 when it provided the VCGLR with, among other things, Deloitte's engagement letter and report of findings and recommendations arising from Phase 1 of the review (**VCG.0001.0002.8455**). This was just days before Ms Lisa Dobbins was due to give evidence in the Royal Commission on 26 May 2021 about her involvement in the review;
 - c. provisional results of Phase 2 of Deloitte's review indicated that potential money laundering may have occurred in Crown Perth's bank account up until 18 February 2021;
 - d. Crown had engaged an Independent Responsible Gaming Advisory Panel (**Panel**) comprising Professor Alexander Blaszczyński PhD of Rawdon Consultancy (Chair), Professor Paul Delfabrro PhD of Adelaide University, and Professor Lia Nower JD, PhD of Rutgers University, to conduct a review of Crown's responsible gambling framework and strategy. The VCGLR was further unaware that the Panel had provided Crown with its report in August 2020 titled *Review of Crown Resort's Responsible Gaming Programs and Services, A report from the Responsible Gaming Advisory Panel*. The VCGLR only became aware of the Panel's report when the Royal Commission provided the VCGLR with a copy of the witness statement of Ms Sonja Bauer dated 5 May 2021;
 - e. the junket agent, Mr Simon Pan, gambled at the Perth casino up until January 2021, despite the fact that his licence to enter and/or remain in the Melbourne casino was withdrawn by Crown in August 2019. This matter was only brought to the VCGLR's attention on 6 May 2021 when the Royal Commission provided the VCGLR with a copy of the witness statement of Mr Xavier Walsh dated 16 April 2021 (**Walsh Statement**). On the following day (7 May 2021), the VCGLR received a letter from Mr Walsh indicating that, amongst other things, while a Notice Revoking Licence was recorded against Mr Pan's Perth casino profile in June 2020, stop codes were not placed on his Crown Perth account until December 2020 (**VCG.0001.0002.8170**). Crown also did not apply stop codes to each of the multiple accounts held by Mr Pan. This resulted in Mr Pan visiting the Perth casino 29 times since August 2019 until 15 January 2021;
 - f. certain breaches, or potential breaches by Crown of the CC Act had occurred at the Melbourne casino. The VCGLR was only made aware of these matters when it received a letter from the Royal Commission dated 30 March 2021 requesting for information from the VCGLR about a schedule of breaches submitted by Crown. The breaches the VCGLR was not aware of are outlined in the VCGLR's response to the Royal Commission dated 3 May 2021; and

- g. that from 2012 to 2016, Crown had the practice of receiving payment at Crown Towers Hotel from international VIP customers using a credit card or debit card, with the funds then made available to the patron for gaming at the casino. The VCGLR was further unaware that in 2013, Crown received internal legal advice that revealed a risk that this practice breached section 68(2) of the CC Act, but that it decided to run that risk. The VCGLR was only made aware of this on 6 June 2021 when Mr Walsh provided Ms Myers with a memorandum of advice it received on 1 June 2021 about this issue, after the same had been provided to the Royal Commission (VCG.0001.0002.8447, VCG.0001.0002.8448).

Question (d)

- (d) Was the VCGLR informed of Crown Resorts Limited's intention to cease junket operations before that decision was made and implemented?*

(i) If so, can you please advise how VCGLR was informed?

(ii) If not, would the VCGLR consider that Crown Resorts Limited should have engaged in such a discussion with the VCGLR, in the interests of an open, constructive and transparent relationship?

7. The VCGLR was only advised of the suspension and subsequent permanent cessation of junket operations informally and at about the same time as those matters were reported to the market.
8. The VCGLR was not advised that Crown was considering suspending or terminating its junket operations prior to the relevant announcements, nor was it advised of the reasons why such consideration was being given.
9. Crown's failure to pre-emptively consult with the VCGLR in respect of its decision to suspend its junket operations was notwithstanding its obligations pursuant to clause 22.1(ra)(ii) of the Consolidated Casino Agreement which requires that Crown "endeavour to maintain the Melbourne Casino as the dominant Commission Based Player casino in Australia" (VCG.0001.0001.1368).
10. Furthermore, that the advice was informal was notwithstanding that the VCGLR had been (at the same time) formally investigating Crown's junket operations insofar as they concerned compliance with relevant Internal Control Statements and potential contraventions of section 121 of the CC Act for several months prior to the relevant announcements being made.
11. In the context of that formal investigation, the VCGLR had been formally engaging with Crown, including by issuing the Section 26 Notice dated 9 August 2019 (VCG.0001.0002.2500) which stated that the VCGLR was "undertaking enquiries in relation to the processes and procedures undertaken by Crown Resorts Limited (and its associated corporate entities, including Crown Melbourne Limited) (Crown) to enter agreements with junket operators to operate junkets at the Melbourne Casino and the ongoing probity monitoring of junkets by Crown.". The notice required Crown to provide information and produce all records evidencing its initial and on-going probity processes relating to five entities: Alvin Chau, Roy Moo, Simon Pan, Zezhai Song and Tom Zhou.
12. Notwithstanding its relevance to the investigation that the VCGLR was conducting, Crown did not formally advise of its decisions to suspend and then cease its junket operations until well after those matters had been the subject of consideration by Crown and its boards.

13. In that broader context then, on 25 September 2020, Crown published an ASX release which stated that it would temporarily suspend all activity with junket operators until 30 June 2021 (**September ASX Release**).
14. The VCGLR was informally notified of Crown's intention on the same day, shortly before the release was made to the market. Specifically, Ms Catherine Myers of the VCGLR received a telephone call from Mr Ken Barton of Crown, advising that the September ASX Release would be published.
15. A week later, on 2 October 2020, the VCGLR issued a show cause notice to Crown (**VCG.0001.0002.2501**) which required Crown to show cause in respect of alleged contraventions of section 121(4) of the CC Act arising from non-compliance with the *Internal Control Statement for Junket and Premium Player Programs*.
16. On 30 October 2020, Crown responded to that show cause notice by way of a letter from Mr Barton and formal written submissions (**VCG.0001.0002.2502**). Although those documents described, at length, the steps that Crown was taking (including at board level) to address the issues associated with its junket and premium player operations, it contained no suggestion that consideration was, at that time, being given to the question of whether the voluntary cessation of junket operations might become permanent.
17. In the course of describing those matters, Mr Barton's letter also made several significant concessions in respect of Crown's junket and premium player operations, including the following:
 - “(a) the scope of Crown's due diligence has been too focused on the junket operator; it must expand to those who represent, finance, and guarantee the junket;*
 - (b) Crown needs to improve its ability to recognise patterns and associations and to draw together connective threads;*
 - (c) Crown's compliance and AML teams need to have a clear role in the approval process for junkets and a right to veto over junket relationships; and*
 - (d) due diligence in relation to junkets, including as part of the approval process, needs to involve comprehensive analysis assisted by the latest technology, and must include an examination of transaction histories.”*
18. Notwithstanding the historical nature of the matters referred to in the show cause notice, concessions of this nature had never before been made by Crown to the VCGLR in respect of its junket and premium player operations.
19. During a meeting between Crown and the VCGLR on 16 November 2020, the VCGLR was informed that Crown had ceased dealing with junket operators, and that it would only recommence dealing with a junket operator if gaming regulators were comfortable with that junket operator. A licensing process for junket operators was discussed.
20. On 17 November 2020, Crown published another ASX release stating that it would permanently cease dealing with all junket operators, and that it would only recommence dealing with a junket operator if that junket operator is licensed, or otherwise approved or sanctioned by all gaming regulators in the states in which Crown operates (**November ASX Release**).

21. Similar to the September ASX Release, the VCGLR was advised of this release informally, on the day it was made. That informal notification was in the form of a telephone call from Mr Barton and Mr Chris Reilly of Crown who notified Ms Myers that Crown had proposed to the Bergin Inquiry in a private hearing that morning that it would cease dealing with junket operators unless relevant junket operators received regulatory approval.
22. On the same day, the VCGLR issued Crown with an amended show cause notice which, in effect, added a further instance of a potential breach of section 121 of the CC Act (VCG.0001.0002.2504).
23. Since the November ASX Release, Crown has engaged with the VCGLR in relation to junket operations and/or its VIP department on the following occasions:
- a. On 4 December 2020, when in the context of the disciplinary action proceeding, Crown (Mr Barton) wrote to the VCGLR, providing a copy of the relevant ASX media release, and confirmed the permanent cessation of junket operations subject to further consultation and approval by gaming regulators in the states in which Crown operates (VCG.0001.0002.6530).
 - b. On 21 January 2021 when Crown (Mr Barton, Mr Walsh, and Ms Michelle Fielding)³ appeared before the VCGLR Commission in response to show cause notices that had been issued by the VCGLR in October and November 2020. In the course of that hearing, submissions were made (by Mr Walsh) that Crown:

“...agree with the commission that [Crown] should not be dealing with the four persons [being either junket operators, players or agents] noted in the particulars [to the show cause notices], and in coming to that conclusion is based not only on further review and a different set of eyes internally looking at that decision-making process but also in terms of the commission’s – the commission’s concerns as raised in the show cause notice and elsewhere...”⁴

...Crown agrees that we should not deal with the four persons listed in the show cause notice, I can advise that or reiterate that Mr [Prawira] or Mr Wong was issued a WOL, or withdrawal of licence, in November [2020] following the show cause notice at late October [2020].

Mr Song and Mr Chau had stop codes applied to their accounts in December 2020. The stop codes prevent them from entering any of the VIP rooms at Crown or indeed, participating in a program, a gaming program at Crown, and those...two individuals were referred to the person of interest committee, which resolved to issue them with a withdrawal of licence...for completion, Mr Pan was issued with a withdrawal of licence in August 2019. As I say, we note the concerns of the Commission in relation to the four persons subject to the show cause, and those concerns were factored into our decision-making.”

It was only after the show cause notices were issued that these concessions were made.

³ As well external Counsel Kane Loxley and Robert Meade from MinterEllison Solicitors.

⁴ T6[4].

A copy of the transcript of the hearing on 21 January 2021 is **VCG.0001.0002.6532**.

- c. At a meeting on 28 January 2021 between Ms Myers, Mr May and Ms Rachel Tosolini of the VCGLR and Mr Walsh, discussions were had relating to Crown's intention to close overseas VIP offices, and how Crown will meet its obligations under clause 22.1(ra) of the Consolidated Casino Agreement. Notes from this meeting is **VCG.0001.0002.8716**.
- d. On 5 February 2021, when Crown made further written submissions in response to the show cause notices that had been issued in October and November 2020 (**VCG.0001.0002.8090**).
- e. At a follow up meeting on 8 February 2021 between Ms Myers, Mr May and Mr Walsh, further to the meeting on 28 January 2021, matters concerning clause 22.1(ra) of the Casino Agreement were again discussed. There were also discussions around the show cause notice process in NSW in the event that ILGA decides to take disciplinary action against Crown following the outcome of the Bergin Inquiry, issues concerning Crown's financing arrangements, and the closure/withdrawal of Crown's offices and offshore based employees. A copy of the notes from this meeting is **VCG.0001.0002.8389**.
- f. By letter dated 9 February 2021 from Crown to the VCGLR (**VCG.0001.0002.8370**), Crown advised that it will be closing its offices in Hong Kong and New Zealand, and that it was progressing a risk assessment in support of a changed operating model for its VIP business.
- g. By letter dated 8 March 2021 from Crown to the VCGLR (**VCG.0001.0002.6514**), Crown further advised the VCGLR that it intends to propose amendments to clause 22.1(ra) of the Casino Agreement, and that it intends to provide an enforceable undertaking to ILGA to not to deal with junkets.
- h. During the annual meeting between the VCGLR and Crown on 23 March 2021, and as noted in Crown's presentation slides for the meeting (**VCG.0001.0002.8337**), Crown indicated that its VIP business was in hibernation. This presentation also noted that when conditions permit, Crown's VIP department will re-emerge as a substantially different business and that Crown will work with the VCGLR to settle the wording concerning its obligations to remain as Australia's dominant Commission Based Player casino.
- i. By letter dated 1 June 2021 from Crown to the VCGLR (**VCG.0001.0002.8590**), Crown made a formal submission to the VCGLR, requesting an amendment to clause 22.1(ra) of the Casino Agreement.

Question (e)

- (e) ***Was the VCGLR informed of Crown Resorts Limited's intention to prohibit 3rd party deposits and cash deposits into the patron accounts of Crown Resorts Limited and/or Crown Melbourne Limited before that decision was made and implemented?***
 - (i) ***If so, can you please advise how VCGLR was informed?***
 - (ii) ***If not, would the VCGLR consider that Crown Resorts Limited should have engaged in such a discussion with the VCGLR, in the interests of an open, constructive and transparent relationship?***

24. The VCGLR was first informed of Crown's intention to prohibit cash deposits and third party transfers on 19 October 2020 when Crown met with the VCGLR via Zoom and presented about its Reform Agenda. A transcript of this meeting is **VCG.0001.0002.8349**.⁵ This information was provided to the VCGLR only after:
- a. the VCGLR had issued its show cause notice on 2 October 2020 (**VCG.0001.0002.2501**), which included allegations relevant to issues of third party payments, including to the extent that it specifically dealt with a matter relating to a freezing order that had been granted by the Supreme Court of Victoria in circumstances where one of Crown's registered junket operators had provided evidence in the form of a letter to the effect that the relevant junket operator had authorised several third parties to operate the relevant junket operator's Crown Melbourne Junket Account;
 - b. Crown had made the decision to:
 - i prohibit third party transfers into Crown's bank accounts, noting that Crown's internal memorandum (**CRW.512.027.1026**) indicates that on 8 April 2020, Mr Barry Felstead communicated to Crown staff about the prohibition on third party transfers into Crown's bank accounts. The VCGLR notes however that Crown's Third Party Transfers and Money Remitters Policy (**Third Party Policy**) was only introduced in November 2020 (**CRL.742.001.0101**); and
 - ii prohibit cash deposits, noting that Crown's internal memorandum about its position to no longer accept cash deposits is dated 18 September 2020 (**VCG.0001.0002.8335** at internal p 8). The VCGLR notes that it only received a copy of Crown's Return of Funds Policy dated 4 January 2021 (**CRW.512.025.1110**) when it was provided with a copy of Mr Nick Stokes' witness statement dated 25 April 2021.
25. The slides that Crown presented at the 19 October 2020 meeting (**VCG.0001.0002.8333**) noted that Crown:
- a. had made a decision that patron deposits will only be accepted by reporting entities;
 - b. was working with ANZ to reduce the incidence of cash deposits by patrons into Crown's bank accounts, and in the absence of ANZ eliminating cash deposits, a system of streamlined flagging and reporting of all cash deposits will be implemented;
 - c. has implemented additional controls regarding third party transfers and will only transfer player funds to that player rather than to a third party, unless a third party transfer request is signed off and approved by the CEO of Australian Resorts.
26. By letter dated 14 December 2020 (**VCG.0001.0002.8335**), Crown provided the VCGLR with:
- a. a copy of a Crown's internal memorandum dated 18 September 2020 (**VCG.0001.0002.8335** at pdf p 8), which:
 - i stated that Crown will no longer accept cash deposits into its bank accounts; and

⁵ The date stated on the transcript is a typographical error. The meeting took place on 19 October 2020.

- ii reminded Crown staff that third party transfers are no longer accepted as per an earlier memorandum circulated by Mr Felstead on 8 April 2020; and
- b. Crown's Third Party Policy dated 16 November 2020 (VCG.0001.0002.8335 at pdf p 6).

Question (f)

(f) In the last 10 years, has Crown Resorts Limited engaged in any communications with the VCGLR outlining its intention to open Sydney Casino under clause 22.1(r) and clause 22.1(ra) of the Casino Agreement before the Sydney casino?

(i) If so, when and can you please outline the details of any such communications?

(ii) If not, would the VCGLR consider that Crown Resorts Limited should have engaged in such a discussion with the VCGLR, in the interests of an open, constructive and transparent relationship?

- 27. Crown has not sought to establish a formal process by which it has or would liaise with the VCGLR in respect of its intention to open a casino in Sydney or, in the context of any such casino, and the means by which it intends to continue to comply with its obligations under the Consolidated Casino Agreement, including those arising under clauses 22.1(r) and 22.1(ra).
- 28. In the absence of a formal process however, on 25 October 2012, Crown published an ASX release which announced Crown's unsolicited proposal to the NSW Government concerning the establishment of the Sydney casino.
- 29. In the time that has been made available to prepare this document, the VCGLR has been unable to determine when or if it received prior notice of that announcement.
- 30. On 13 March 2013, a meeting was held between Crown, including Mr James Packer, and the VCGLR. According to the VCGLR's presentation slides for and notes from this meeting (VCG.0001.0002.8384 and VCG.0001.0002.8383), at the time, the VCGLR was aware from media reports that the NSW Government was considering granting Crown a separate licence for the Barangaroo project. Crown was asked to provide further information on the licence structure being considered in NSW.
- 31. The presentation slides and meeting notes refer to previous discussions that the VCGLR had with Mr Rowen Craigie in which Mr Craigie told the VCGLR that the Barangaroo project and the Perth casino would not be a threat to Crown's obligation to ensure that the Melbourne casino remained as the dominant Commission Based Player casino in Australia. The VCGLR has been unable to locate records of these discussions and notes that they may have taken place between Mr Craigie and Ms Jane Brockington, the VCGLR's former CEO who left in 2014.
- 32. The VCGLR has searched its local backups for Ms Brockington's emails, but has been unsuccessful. The VCGLR believes that this is likely because Ms Brockington's emails, which are now over seven years old, are backed-up on tapes stored by a third party vendor. The VCGLR has made some enquiries and notes that in order to search for Ms Brockington's emails, it will need to:
 - a. recover its 2014 archive tapes from the third party vendor;
 - b. restore the archive tapes (approximately 40 tapes); and

- c. log onto the restored environment to configure Lotus Notes, load the data and interrogate.

It is estimated that this process will take 10 days (assuming the media is readable), and will incur third party costs of approximately \$12,600. If the backup is not fully contained in the 2014 archive tapes, the process will need to be repeated with archive tapes from different years. In light of this, the VCGLR does not propose to undertake this process unless, upon review of the material provided in this response, the Royal Commission is of the view that, if records of these discussions are able to be located in Ms Brockington's emails, that the forensic value of such records would justify the time and cost required to undertake the above process.

33. Based on searches that the VCGLR has been able to conduct in the time available, since the March 2013 meeting, the VCGLR and Crown had further discussions about the Sydney casino and/or the Barangaroo project on the following occasions:
- a. Minutes of a 15 August 2014 meeting indicates that the Sydney casino was discussed briefly (VCG.0001.0002.8365). However, Crown's presentation slides for this meeting does not reference the Sydney casino or the Barangaroo project (VCG.0001.0002.8378).
 - b. Minutes of a 5 March 2015 meeting indicates that Mr Craigie presented about the Sydney casino to the VCGLR (VCG.0001.0002.8368). The VCGLR has not been able to locate a copy of the relevant presentation slides.
 - c. Crown's presentation slides from a 26 February 2016 meeting contains an update about the Sydney casino (VCG.0001.0002.8376, VCG.0001.0002.8392).
 - d. Crown's presentation slides from a 7 March 2017 meeting contains an update about the Sydney casino (VCG.0001.0002.8377, VCG.0001.0002.8391, VCG.0001.0002.8393).
 - e. At a meeting on 13 February 2019, Crown provided further updates to the VCGLR about the Sydney casino (VCG.0001.0002.8375, VCG.0001.0002.8390, VCG.0001.0002.8374).
 - f. At a meeting on 11 March 2020, Crown again provided updates to the VCGLR about the Sydney casino (VCG.0001.0002.8379, VCG.0001.0002.8372, VCG.0001.0002.8388).

Question (g)

- (g) *Was the VCGLR informed of the decision by Crown Resorts Limited to engage Deloitte to conduct a Forensic Review and Controls Assessment, including a forensic review of transactions on Crown patron deposit bank accounts? If so, has the VCGLR kept abreast of Deloitte's engagement in the interests of an open, constructive and transparent relationship?*

34. As noted above in paragraph 6.b, the VCGLR only became aware of Crown's decision to engage Deloitte to review its bank accounts days before Ms Dobbins gave evidence to the Royal Commission on the subject, and only after Deloitte had issued its Phase 1 report and made recommendations to Crown. In a letter from Crown to the VCGLR dated 21 May 2021 (VCG.0001.0002.8455), Crown provided the VCGLR with:
- a. Deloitte's engagement letter dated 22 February 2021 (VCG.0001.0002.8456);
 - b. variation to the Deloitte engagement letter dated 19 March 2021 (VCG.0001.0002.8457);

- c. Deloitte’s report concerning phase 1 of the review dated 26 March 2021 (**Deloitte Report**) (VCG.0001.0002.8458);
 - d. Crown’s response to Deloitte’s recommendations regarding phase 1 of the review dated 9 April 2021 (VCG.0001.0002.8459);
 - e. Deloitte’s assessment of Crown’s response to the recommendations dated 13 April 2021 (VCG.0001.0002.8460); and
 - f. addendum to the Deloitte Report dated 5 May 2021 (VCG.0001.0002.8461);
35. Again, the VCGLR generally considers it should be informed of important matters concerning Crown as they arise and prior to those matters being made public, and that it should not have to find out such information from other forums (as opposed to directly from Crown).
36. Indeed, the VCGLR particularly takes that view having regard to the:
- a. significant concessions that were made by Crown in the context of the VCGLR’s disciplinary action decision and the potential relevance of Deloitte’s “forensic review” to matters of the type that were expressly identified to Crown in the show cause notice that was issued in October 2020;
 - b. Crown’s reference in the course of its response to the show cause notices in relation to a separate Deloitte review that was described in the letter Mr Barton sent to the VCGLR dated 30 October 2020, which included the following:

“On or about 3 May 2020, I [that is Mr Barton] engaged Deloitte to conduct a review of Crown’s decision making processes as to junket operators.”

(VCG.0001.0002.2502 at p 2)

The VCGLR does not know why Crown would disclose some, but not all, of the work that Deloitte had or was undertaking that was relevant to the matters that were the subject of the show cause notices.
37. While the VCGLR understands that Crown is the subject of a number of inquiries and investigations, the VCGLR considers that it should nevertheless have been informed of the Deloitte Report earlier than 21 May 2021.
38. Crown had several concurrent lines of communication with the VCGLR prior to and at the time of its retention of Deloitte. These lines of communication could and should have been used to keep the VCGLR advised of this matter, particularly as (quite apart from its response to the show cause notices) Crown had previously:
- a. advised the VCGLR that Initialism and Grant Thornton (as opposed to Deloitte) would be conducting the review of the Crown Melbourne accounts (as well as accounts held by Burswood Nominees Ltd);
 - b. undertaken to advise the VCGLR once the Initialism and Grant Thornton reports are provided to Crown so that the VCGLR could issue a notice for production of the relevant reports.

These matters are stated in Crown's letter to the VCGLR dated 20 November 2020 (VCG.0001.0002.8366).

39. On 21 May 2021, by email from Mr May to Mr Walsh, the VCGLR sought confirmation that the Deloitte review was not the same as the proposed analysis referred to in page 2 of the 20 November 2020 letter (VCG.0001.0002.8462). On 25 May 2021, Mr Walsh responded to Mr May's email confirming that the Deloitte engagement includes significant additional work that does go beyond the analysis referred to in the 20 November 2020 letter (VCG.0001.0002.8463).
40. The VCGLR is currently in the process of assessing the Deloitte Report to determine whether any further actions/clarifications may be required by Crown.