

**Report of Visual Inspection of Crown
Melbourne**

Prepared for

Minter Ellison

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providing legal advice.**

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CONTENTS

<u>CONTENTS</u>	<u>PAGE</u>
1.0 Executive Summary	3.
2.0 Crown Melbourne	4.
3.0 Observations and Comments	4.
3.1 - Signage and Brochures	4.
3.2 - Integrity of Gaming	6.
3.3 - Crown Rewards Programme	7.
3.4 - Crown Promotions	10.
3.5 - Miscellaneous comments	11.

1.0 Executive Summary

The *purpose* of the visual inspection of the Crown Melbourne casino, and the activities being carried on at Crown Melbourne, was to prepare a report on any issues identified that may require a more detailed review in the context of regulatory, compliance, reputational or commercial risk.

The *scope of work* for the visual inspection focussed on reviewing and providing comments on the following key matters:

1. The Responsible Service of Gaming;
2. The Responsible Service of Alcohol; and
3. Any potentially misleading promotional signage or other communications.

The inspection activities included, among other things, the following:

1. Enrolment in 'YourPlay', the government's pre-commitment scheme;
2. Review of Responsible Gambling signage for appropriate positioning and legibility;
3. Review of Promotional signage for appropriate positioning and legibility;
4. Enquiry about Responsible Gambling assistance;
5. Seeking the location and operation of continuous play machines and how to access them;
6. Seeking to obtain a duplicate loyalty card;
7. Attempting to access a premium area without producing a valid loyalty card;

The visual inspection took place over 3 visits to Crown Melbourne and encompassed multiple time periods in order to capture the activities during off-peak and busier operating periods.

All comments reflect actual observations of activities at Crown Melbourne, conversations with Crown staff and patrons, matters identified while reviewing Crown Melbourne's website and other brochures and posters on display at Crown Melbourne.

Where there is no observation and comment regarding a particular matter included in the report, then it can be assumed no issues were identified by the author that would necessarily negatively impact on Crown Melbourne.

The comments are solely those of the author of this report and in no way should they be considered to require Crown Melbourne to undertake the activity detailed in the comments. They are a guide only and it is at Crown Melbourne's discretion regarding any actions it takes with respect to the comments.

I am available to discuss any matters contained in this report at the convenience of Minter Ellison.



PHILLIP SHELTON
Consultant

2.0 Crown Melbourne

Crown Melbourne Ltd holds the only casino licence granted under the *Casino Control Act 1991* and operates a casino at Southbank, trading as Crown Melbourne. The licence was originally granted to Crown Ltd on 19 November 1993. The licence expires in 2050.

Crown Melbourne is a large integrated resort and has a casino, three hotels, function rooms, restaurants and shopping and entertainment facilities.

3.0 Observations and Comments

3.1 - Signage and Brochures

Entry Signage - Minors

Signage advising that minors (under 18) are not permitted in the casino area is reasonably clear consisting of black print on a white background. It could be argued the font size of this signage is not large enough creating a weakness in Crown's ability to discourage minors to not enter the casino. Such a discussion could negatively impact Crown's reputational, regulatory and compliance risks. This could be mitigated by increasing the font size and also locating the signage more prominently at each entry point.

Comment 1. – Crown should give consideration to the font size and location of signage advising minors are not permitted in the casino.

Entry Signage – General/Surveillance

Conditions of entry to Crown Melbourne's casino area are displayed on a sign at each of the casino entry points. The messaging on the sign is in black type on a silver/grey background. The sign contains appropriate information however the information is difficult to read due to the amount of information being conveyed and the type font being of a size in order to fit the space of the sign. A patron needs to be up close to the sign to read the information. Further, the sign at the Food Court entry had some glare on the sign adding a further difficulty in reading the information contained.

A search of Crown's website failed to easily locate the conditions of entry as detailed on the entry signage

Comment 2. – Crown could review the entry signage to ensure it is easily readable by patrons and also consider adding the conditions of entry to its website.

eTG – Happy Hour

This sign advertises the eTG Happy Hour and the times of operation. The signage also advises that Crown Rewards players are eligible for prizes during the Happy Hour times provided they are using their Rewards Card while playing an eTG during the Happy Hour. However, the sign does not say how the prizes are awarded or gives any information on how the prizes are awarded. This could give rise to comments that the prize winners are not determined randomly but are determined based on the level of play or even just selected by a

Crown staff member. This lack of information has a negative impact on the integrity of the promotion and so creates a reputational risk to Crown which could then have a negative commercial outcome.

The signage does not advise that this promotion refers to both Fully and Semi Automated Table Games. It is reasonable to assume that it does, but Crown could consider advice to this effect could be included on the signage.

The eTG Happy Hour signs advise that during the promotion period a player needs to have their Crown Rewards Card inserted in order to be eligible to win a prize. It is not so clear that the player also needs to be actively engaged in game play to be prize eligible. This may or may not be a condition in order to win a prize but in any case, it is arguable the sign should be clear on this point.

Terms and conditions for this promotion are referred to at the base of the signs in smaller font size. This would be standard practice on such signage. However, in cases where the signs are posted on large round pillars, this reference is often very close to the floor and so difficult to read.

This promotion refers patrons to Rapid and Vegas Star terminals and appears to provide for the promotion to include both Fully Automated Table Games(FATG) and Semi Automated Table Games(SATG). The terminals included in the promotion are designated by a sign attached to each terminal. There are other Automated Table Games terminals which are not part of the promotion, for example the Big Wheel terminals.

There are other banks of terminals which did not have a designated sign for the promotion and so I assume are not included in the promotion. This seems to establish there are various types of eTG's other than FATG's and SATG's which are not provided for in any signage or promotional material.

Comment 3. – eTG Happy Hour signage could be amended to advise that the prize winners are determined randomly by the eTG computer system (if this is the mechanism for determining the prize winners).

Comment 4. – Crown could review the eTG Happy Hour signage to consider whether to include additional information to advise this promotion provides for both Fully and Semi Automated Table Game participation.

Comment 5. - Crown could review the eTG Happy Hour signage to consider whether to include additional information to advise a player must be actively playing in order to be eligible to be a prize winner. Further, “actively playing” might need to be clearly defined.

Comment 6. - Crown could review all the eTG Happy Hour signage to consider whether the placement of the signage makes it difficult to see the reference to the Terms and Conditions of the promotion.

Comment 7. – Crown could review its eTG Happy Hour promotion to reconsider whether to include all FATG and SATG terminals in the promotion and not just the Rapid and Vegas Star terminals.

Jackpots Won Every Hour

The World of Jackpots signage advises that on “average” a certain monetary amount is won over a specified period of time every hour. This could be considered to be misleading as it could be interpreted that a jackpot of at least that value will be won in the period specified. This is not necessarily the case as it is an average over a period of time.

Further, the small type on the sign advises the information provided in the sign is derived for the period 1/7/2013 to 30/6/2016. It is almost 2 years since the end of the period.

Comment 8. – Crown could update the information in the sign to include more recent data. Further, Crown could consider if such a sign may be considered to be misleading to patrons.

Play Safe Limits

The Play Safe Limits applies to FATG play. However, this initiative does not apply to SATG play. This discrepancy in approach to responsible gaming could create a reputational risk for Crown as play on FATG’s and SATG’s is not being treated consistently even though from outward appearances there is little if any difference to the player.

I understand that FATG’s have been determined to be gaming machines for the purposes of the state-wide pre-commitment system and as such these terminals are part of the government’s YourPlay system.

Comment 9. – Crown could consider implementing its Play Safe Limits to also apply to SATG play, including provision of Player Activity Statements, but not necessarily including play on SATG’s to be included in the YourPlay system.

3.2 - Integrity of Gaming

Poker

A conversation with a Poker patron raised a concern regarding gaming staff providing advice to a player. In the instance described, at the conclusion of a particular hand the dealer advised a player involved in the show-down that he should never agree to split a pot. The split pot had occurred in this instance. A split pot occurs at the showdown where there are two or more hands of equal value and so a tie is the result.

Such a statement to a player could be interpreted as providing strategic advice to that particular player to the detriment of other players. No matter the comment is general in nature and was heard by all players, it could still be interpreted as being favourable to a particular player into the future.

Statements by staff that could be seen to be advising of a particular strategy for a game should not be made by staff as this could be seen to be impacting the integrity of the game and thus impact the reputational, regulatory and compliance risks to Crown.

Comment – 10. – Crown could consider reminding staff that all comments regarding game play should be restricted to how the game is played and any statements that could be inferred as advising on gaming strategy should never be made.

Physical supervision of table games and hosts in gaming machine areas

The general level of supervision of table games and gaming machine areas seemed appropriate. However, while inspecting the Maple Room at approximately 5.30pm on 15 May 2018, the table supervision level of the Baccarat tables seemed low given the minimum bet limits were greater than or equal to \$100 and there was a significant level of patrons in attendance, including spectators.

I am unaware of the supervision requirements for Crown, but perception of a lack of supervision could negatively impact the integrity of gaming and thus create reputational, compliance, regulatory and commercial risk.

Comment 11. – Crown should continually monitor its supervision levels to ensure the integrity of gaming is not negatively impacted.

Patron using a mobile phone at a Gaming Table.

A patron was observed using a mobile phone while participating in a Baccarat game which had a minimum bet limit of \$300. The patron was not spoken to by any staff member regarding this behaviour.

A patron using a mobile phone while participating in a table game could be using the phone in order to receive advice on a strategy for play which may be based on information obtained other than in the normal course of play. Another explanation for using the phone is that the patron is betting on behalf of a patron who is not at the casino. And of course, the phone use may have nothing to do with the actual game being played.

The first reason for the use of the phone would negatively impact the integrity of the game and may be seen to be “cheating”. In the second case, the patron may be participating in the game on behalf of another person who may not want to be known for participating in gaming activities. In such a case, the casino could be considered to not be complying in the “Know Your Customer” requirement associated with Anti-Money Laundering and Combating the Financing of Terrorism legislation and regulations.

Such a perception would seriously impact Crown’s reputational, compliance and regulation risks.

Comment 12. – Crown could review its gaming procedures to determine whether to allow patrons to use mobile phones while participating in gaming at table games.

3.3 - Crown Rewards Programme

The Crown Rewards program provides for enrolled patrons to accrue points for their gaming, accommodation and food and beverage expenditure, which may then be redeemed for bet values on either table games or gaming machines. Accrued points can also be redeemed for

other activities including accommodation and food and beverage. This observation does not provide an opinion as to whether this program should or should not be permitted. The program itself is consistent with all other types of loyalty programmes and is expected for most purchasing activities, e.g. Qantas Frequent Flyer Program, Coles FlyBuys, Woolworths Rewards.

However, allowing points earned from non-gaming activities undertaken at Crown Melbourne to be then converted to a form which can be used for further gambling could be considered to be a form of encouraging gambling as clearly the more game play and other expenditure will earn the patron more points and then the patron could be seen to be encouraged to gamble more. In the current environment, this creates a reputational risk which could adversely impact on Crown. Any adverse reputational risk can then lead to an increased commercial risk.

Comment 13. – Crown could review its Crown Rewards program to consider the risks associated with allowing patrons to redeem accrued points from all activities undertaken to be redeemed for further gaming.

EGM Loyalty Scheme

Crown's Responsible Gambling Code of Conduct refers, at page 13, to the EGM Loyalty Scheme that forms part of the Crown Rewards program. During the visual inspection of Crown, there were many and varied brochures referring to various aspects of the Crown Rewards program. However, there appeared to be no brochures specifically related to an overview of the EGM Loyalty Scheme. There were several brochures which explained how to use a Crown Rewards card to undertake activities such as transfer of credits, claiming pokie credit rewards and dining rewards.

Crown's website does not make any mention of the EGM Loyalty Scheme and the Crown Rewards introduction specifically omits reference to redeeming points for EGM play.

Comment 14. – Crown could review its Responsible Gambling Code of Conduct to ensure reference to the EGM Loyalty Scheme is appropriate and, if it is considered to be so, to update other areas, including the website, to provide for the EGM Loyalty Scheme.

Crown Rewards Enrolment

As part of the inspection I was enrolled in the Crown Rewards program. As part of the enrolment process, enrolment in the "YourPlay" program was also completed. An explanation of how to use the system was comprehensive and provided for all activities with respect to the use of the rewards card to be completely understood. However, a welcome pack was not available at the time of enrolment and in particular a copy of the terms and conditions. I note the terms and conditions are available on Crown's website.

Dual Rewards Card

Following my receipt of the Crown Rewards card and inspection on 15 May, I attempted to enrol for a second Crown Rewards card. This enrolment was via Crown's website and proceeded without any limitations. A provisional card was issued, and printed, with further

instructions advising to “Visit Crown Rewards desk on property and verify your account with photo ID”. The enrolment also advised an email would be sent to the email address provided during enrolment. This email did not arrive.

The provisional card included a different membership number than the card issued the previous day.

During a subsequent inspection of Crown on 17 May, I attended at a Crown Rewards desks in order to receive my second Crown Rewards card. The staff member attempted to complete the enrolment process but the system would not allow him to process the second card. He advised I was already enrolled and so could not be issued with a second card for the one account. I apologised for creating this confusion and he went on to advise I should discuss this matter with my “host” as a second, “ancillary”, card could be issued in some circumstances. I was aware of this from my research of Crown’s website and brochures.

The staff member then completed the required paperwork for this situation which I then signed.

Such an “ancillary” card is consistent with what occurs with financial institutions’ credit cards.

Comment 15. – The Crown Rewards system could be updated such that where a member attempts to enrol for a duplicate card via the Crown website the system does not issue a provisional card. The system should advise the prospective Crown Rewards member that there is an issue with this enrolment and the patron should present to Crown in order to rectify the issue.

Restricted Access to Gaming Areas

Membership of the Crown Rewards programme provides for members to access certain gaming areas depending of their status in the programme. For example, the Riverside Room does not provide for access to the base level of member, “Silver” status and above is required, and the Teak Room only allows entry for those with “Gold” status or above.

On May 17, I entered the Riverside Room with my wife and was not asked to display my membership credentials. In fact, a host near the entry actually said “welcome”. Later in the evening my wife and I entered the Teak Room again without any request to display my membership card.

My understanding is that when entering the Teak Room, the membership card should be “swiped” so as to mitigate Crown’s risk with respect to this area being a smoking exempt room which allows for smoking in this enclosed area. This was advice provided when I undertook my initial tour of Crown with my host.

In contrast, when my wife and I entered the Mahogany Room, a staff member did request me to provide my Crown Rewards cards and also asked for photo identification for my wife. We had no issues whatsoever with this request and happily provide the photo ID.

Not applying the entry requirements to the restricted gaming areas could negatively impact Crown's reputational risk and also its compliance risks associated with legislation.

Comment 16. – Crown should remind staff of any requirements concerning the entry to restricted gaming areas.

3.4 - Crown Promotions

Brochures for customers are available at various locations within Crown and provide information ranging from Crown Rewards to the Responsible Gambling Code of Conduct and a "What's On At Crown, May 2018". The What's On brochure provides details of gaming promotions being conducted during the period. Observations regarding two of the promotions outlined in the brochure follow.

Cash Bonanza

This promotion requires a patron to be actively playing any gaming machine or participating electronic table game with the Crown Rewards membership card inserted at jackpot time to be eligible to win a prize. If the patron selected for the prize is not present and actively playing with their card inserted then the prize pool rolls over to the next draw.

It is assumed the winner is selected from the database of total enrolled Crown Rewards members and not just from the members who are actively playing at the time of the jackpot draw. Otherwise, a winner would be determined for every draw and the prize would not jackpot. This gives rise to a number of integrity concerns.

Firstly, the promotional material does not make it clear that each player who is eligible for the prize is actually participating against all Crown Rewards members and not just those who are playing and qualify at jackpot time. The odds of winning the jackpot are much less in this scenario than if the prize was only determined out of the members who are actually playing.

Secondly, how can Crown guarantee a winner on the last Thursday of every month? Is the method of determining the winner changed for this particular draw to only include those members who are eligible participants?

It is assumed the draw is a random draw for the purposes of determining the winner. However, without an explanation as to how the draw is determined there could be allegations the draw is "rigged" and favours particular patrons.

All these matters negatively impact the integrity of the promotion and should be reviewed in order to mitigate the risks, compliance, reputational, regulatory and commercial, associated with the promotion,

Comment 17. – Crown could review all promotions to ensure integrity of any promotions that rely on the random selection of prize winners to ensure the highest levels of integrity and so mitigating any risks as described above.

Crown's Big Guarantee

This promotion provides for "\$10,000 cash will be won at each Daily Draw". A "Daily Draw" would indicate a draw every day of the week but this promotional draw appears to only occur on Wednesday, Friday and Sunday.

Comment 18. – Crown could reconsider the wording of this promotion to make it clearer that the draw does not occur every day of the week.

3.5 - Miscellaneous comments

Exempt Gaming Machines

Crown is able to provide electronic gaming machines for play that are exempt from the responsible gambling restrictions included in the *Casino Control Act, 1991*. This exemption is provided by way of a Direction including conditions applicable for the exemption.

Staff were queried as to where to find these exempt machines; how many are there and are they easy to locate and identify.

The answers obtained did not give comfort that the staff were completely knowledgeable regarding this matter. I was advised the machines are all over the casino and particularly in the Mahogany Room and on the Main gaming floor the patron's YourPlay card must be inserted in the machine to allow the machine to operate in exempt mode. There was no knowledge as to whether there is a limit, if any, to how many machines can operate in exempt mode at any one time.

Comment 19. – Crown could consider further training to ensure staff are fully aware of all requirements regarding the operation of electronic gaming machines in exempt play mode.

FATG/SATG

A staff member was asked about the difference between Fully Automated Table Games and Semi Automated Table Games. The response was that an SATG had a dealer present and pointed to a group of SATG terminals. There was no dealer at or near these terminals and so the staff member seemed a little confused. Further inspection of the casino did confirm the staff member's explanation. However, the initial explanation was less than satisfactory.

Comment 20. – All Crown staff who are working in areas in or near FATG and SATG terminals should be made aware of the differences between FATG's and SATG's.

Each FATG/SATG terminal has a sticker attached which advises whether the terminal is a FATG or a SATG. However, there is no clearly obvious signage or brochures nearby which gives some information providing for patrons to understand the difference between a FATG and a SATG. Crown's website does refer to both individually but also does not provide any information with respect to the differences between a FATG and a SATG.

Comment 21. – Crown could consider providing more details to explain the differences between FATG and SATG terminals using appropriate signage, brochures and its website.

Rewards Card Reader – VIK and EGM

On an inspection visit after receiving the Crown Rewards Black card I inserted the card into a VIK terminal. The card was not able to be read on the first attempt and it took several attempts before the card was properly read. Later the card was inserted into another VIK terminal with the same outcome. Again, it took several attempts for the terminal to read the card. The same issue with reading the card occurred when the card was inserted into several EGMs.

This reflects poorly on Crown and certainly increases regulatory, compliance and reputational risks.

Comment 22. – Crown could re-assess its maintenance program for these card readers to give greater confidence the readers will operate as required.

Responsible Service of Gaming

During a guided tour of the casino, my host received a telephone call advising of a patron displaying signs indicating the player was displaying behaviour consistent with a patron having gambling issues. This led to a discussion on what staff looked for to identify patrons experiencing gambling problems. The response was more than satisfactory and included how staff are trained in these matters and the proper escalation process where it is thought a player is exhibiting problematic behaviour.

The escalation process starts with the staff member talking to the patron and where necessary referring the matter to a more senior and experienced member of staff. The next stage of escalation is to refer the matter to a Responsible Gaming Liaison Officer who has had the most intensive training in order to assist the patron.

The Responsible Gaming Support Centre was highlighted during the tour of Crown.

During the inspection no instances of players displaying behaviour which might indicate the player had a gambling problem were observed.

Responsible Service of Alcohol

During the casino inspections, no instances which could be considered a breach of the Responsible Service of Alcohol requirements were identified.