

# File note

Matter Crown | China Union Pay

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Author Harriet Craig

Subject **Meeting with Indran Subramaniam**  
**Thursday, 6 May 2021 at 12:00 pm – 2:05 pm**

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Present: Indran Subramaniam (**IS**); Christopher Archibald (**CA**); Christopher Carr (**CC**); Anna Dixon (**AD**); Jessica Elliott (**JE**); Harriet Craig

## Role

- 1 IS is Vice President of International Business Operations at Crown. IS joined VIP international in late 1994 or early 1995 and has been there ever since. IS was a Manager in Melbourne, went across to Perth in 2004 with takeover team and was Room Manager. He became Manager of VIP Operations, and then had a sales and marketing role based out of Kuala Lumpur in Malaysia. Jason O'Connor (**Jason**) brought IS back to Australia in May 2012 as VP of International Business Operations. Jason was EGM at the time. When IS came back, he reported to [unknown] and Heide Huang (**Heide**) for less than 12 months. He then reported directly to Heide who was SVP. There was subsequently a restructure within department in 2014 and Heide and IS reported to Jacinta Maguire (**Jacinta**). Heide is responsible for the service aspect of VIP and IS is responsible for front of house VIP operations so has a client facing role. IS currently reports to Peter Lawrence.
- 2 IS has a gaming licence in Melbourne, Perth and Sydney.
- 3 From about 2014 onwards, IS had a team of 15 people who were responsible for all financial transactions. If a patron came to Crown and needs to open a program, IS's team did all the paperwork with the Cage and all the financial paperwork.
- 4 When IS came back to work after lockdown in November 2020, his hard drive had been wiped. He was one of four people that it happened to and IT can't work out how it happened including whether it was an error or interference. IS lost all subfolders and documents saved to his computer desktop.

## China Union Pay

- 5 IS recalls that China Union Pay started 2013. IS was involved in the VIP area at the time and he and his team had a client facing role in the process. China Union Pay was introduced at Crown to be competitive with Star in Sydney which started it. Less than a week after the China arrests in October 2016, Rowen Craigie (**Rowen**), then the Group CEO of Crown Resorts, directed that China Union Pay stop immediately. It never continued after that.
- 6 IS advised that Burswood in Perth was the first property that had the China Union Pay facility. This was before it was acquired by Crown in October 2004. The previous operators of the property had the facility but none of the other Australian casinos were

doing it. Crown then only started years later when Star started offering it. The VIP clientele of Crown and Star was the same. Monitoring restrictions were starting, and China Union Pay was a way for patrons to load up a debit card when they were in China or to use a credit card.

#### Other casinos

- 7 CC noted that everyone seems to know about how Star operates and asked how people know so much about competitors. IS advised that patrons tell them what deals they get and what programs they get. Crown employees also know employees at other casinos and get intel that way. Client and company confidentiality are always kept, but employees know what and what not to say.
- 8 CC noted that he got impression from someone in credit control that there's a lot of pooled information. IS advised that, from memory, casinos weren't sharing much information about creditworthiness of customers until central credit started. Back in 2004/2005, if Crown knew a customer went to other properties, they had to call up other properties and ask if the person had amounts outstanding. Central credit then formed in America and the majority of casinos started listing the patrons who have a line of credit with them on credit control. Casinos are now able to do a global search which shows if a person has current outstandings or write offs.
- 9 CC asked whether Star having China Union Pay came to Crown's attention through relationships. IS advised that one casino wouldn't tell Crown what the whole process is, but they would give an overview or confirm that they offer it. They might say that they process the transaction through the hotel. Crown would then get intel from the customers, have a stakeholder meeting to work out the best process, get it signed off appropriately and then put the SOP together.

#### Currency controls and money movement

- 10 CC asked about the history of China's currency controls. IS advised that previously people could send 50% of company profits the previous year or 50% of an individual's tax return out of China. That was in place for many years and then, from about 2016, the rules started getting tougher. There was a point in time in 2015 or 2016 when China Union Pay transactions were done via the CBA [later clarified to be NAB] terminals in the Hotel and the banks in China were sending requests for copies of the bills to CBA which CBA sent to Crown asking what the transactions were. IS thinks he was told by sales staff at the time that the Chinese government set up agencies in major cities where they had a printout from banks of customers with overseas transactions. Customers were called to come in for tea and asked to explain what the expenses were. IS was told about this in Melbourne in 2015 or 2016. This occurred before the China arrests in October 2016, because China Union Pay stopped after the arrests. IS advised that Star only stopped China Union Pay in August 2020.
- 11 CC asked about the current currency controls in China and IS advised that it changes often and he's not sure what the current rules are.
- 12 CA asked how the rules in China and other countries affected how Crown dealt with customers. IS advised that underground money movement has always been there. If someone was in China and was going to Vegas, they could give money to another person and then, when they arrive in Vegas, they would receive a TT either from a 3<sup>rd</sup> party or from a money changer somewhere in Asia that was licensed with Central bank of that country. If that money left China, it was underground. Even in Macau, the closest point linked by land is Shengzhou. Before a person gets to passport control, there is a



shopping centre and the shops are money changers linked to casinos. A person can give them cash and a receipt. For example, a person might go to shop 31, who says “when you get to the casino to go 2<sup>nd</sup> floor and go to this junket”. The person goes there, gives the receipt and receives chips. When the person leaves, they give the chips to the junket, get a receipt, go to passport control, come out the China side and receipt says “go to shop 46”. The person goes there, gives the receipt and the shop gives the person cash.

- 13 IS noted that there are also people who carry bags of cash via customs. CC asked whether people take bags of cash to Crown. IS advised that they have people who have cash on them that they had from a previous trip or people from Asia who buy cash from money changer. Few had bags of cash. No one brings in RMB because they can't bank it.
- 14 CC asked about underground money movement and noted there's a suggestion of a process whereby one patron in China who wants to gamble at Crown transfers money from their Chinese bank account to another patron's Chinese bank account. The second patron has an Australian bank account and transfers money to first patron's Australian account or to Crown on the first patron's behalf. IS advised that that happened. He also said there was a process (which happened quite a bit but has since stopped) whereby, if patron A was coming to Melbourne, patron B would tell patron A, “you're going next week, I've got money I won on my last trip in Crown, give me your patron number and I will transfer \$1m to your account in Crown”. The funds would come from patron B's deposit or safekeeping account. Crown has a document called ATDF (Authority to Disperse Funds) which would be filled out by the patron or by Crown if Crown was given specific instructions. Crown then sent it to the patron to sign. When Crown opens an account for international patrons, they take a copy of their passport – this allows Crown to verify that it's the correct person and the same signature is on the ATDF. From October 2016, Crown also took ID.
- 15 IS advised that the majority of countries in Asia (i.e. Malaysia, Singapore) had a government sanctioned process to transfer funds. Thailand was similar to China in that it was next to impossible to get funds out. Undergrounds money movement is massive around the world. CC asked whether, if there wasn't underground money movement, Crown would take a big whack. IS advised that all casinos would.
- 16 IS explained that if someone in China had an outstanding line of credit of \$1m and they didn't want to go underground because the percentage they charge is too high, they could ask a friend to transfer money to them in Australia. CC asked whether Crown sales staff suggested to patrons to move money in this way, IS didn't know but said it was a possibility.
- 17 CC asked whether customers from Asia ever asked Crown to remit money back to them in their own country. IS advised that in Malaysia, Indonesia, Singapore, Hong Kong and Macau, definitely. In Thailand, it was rare.
- 18 IS advised that some customers opened local bank accounts, had children living overseas or had business investments overseas. Some customers would leave money in Australia and others would send money back home. There were capital controls to send money out, but it could be sent back in. The proof to the bank was the settlement sheet showing that the funds are the proceeds of gambling and the bank would accept them. In Malaysia, Singapore and Indonesia, if the person was clear with the tax office, the tax office didn't care if the customer sent money out because they were paying the right amount of tax on their income. Customers with outstanding credit with Crown would receive a statement of account which they would give to their bank and the banker



would use as a proof of debt. When they process the paperwork, it needed to be approved by the central bank. Once the central bank signed off on it, the money would come in.

### **Start of China Union Pay**

- 19 AD noted that some information suggests that China Union Pay started in August 2012 on a small scale. IS advised that, if that's what AD has been told, then it would be correct. AD asked whether IS was involved in approvals at the early stage in 2013. IS recalls that he could approve up to \$200k but can't recall when that was.
- 20 AD asked whether, in 2013 when China Union Pay got off the ground, IS was receiving requests from customers or making customer aware that Crown offers China Union Pay. IS advised that, when the process was approved and implemented, the sales team were telling customers. Customers who exhausted the line of credit given to them by the junket or their own funds would do China Union Pay transactions. Some of the smaller customers would use China Union Pay to buy into a program. IS thinks the cap was \$500k in a 24hr period.
- 21 AD asked whether IS noticed people engaging in transactions on a daily basis. IS expects there would have been people who would have drawn \$500k in a day but said it would be more commercial to look at the data.

### **Physical process**

- 22 AD asked whether IS was with customers when they did China Union Pay transactions. IS advised that he could have been. If a customer approached the team and wanted to do a China Union Pay transaction, the authority to request China Union Pay needed to be filled and emailed to the appropriate approvers. The Cage had to be cc'd, as did the Commercial team, Finance team, Hotel Duty Managers and possibly a few other people so everyone was aware of the request. The approvers would approve it, and everyone would then know it was approved. Then they had to physically take the person who request China Union Pay (who had to have their passport on them as China Union Pay only available to internationally domiciled patrons) to the front office to do the transaction with a Hotel Duty Manager. They would process the China Union Pay transaction, the patron had to put their pin number in, then the Hotel added the surcharge, printed out the official receipt with the credit card slip. That was then taken in person by the patron and the team escorted the patron from the Hotel to the Cage and the transaction then occurred at the Cage. There was a cost code and department code where the charges were charged back to the Hotel to reconcile.
- 23 AD asked whether, when voucher was created, it was placed into the hands of the customer. IS was quite certain that most often the patron would hold it because they needed to present it at the Cage. The patron had their passport and the staff member held the receipt. It was then processed at the Cage and could be deposited into the patron's account or part in account and part in chips. The patron needed to sign the CPV and the Cage verified signature and ID against what was in SYCO.
- 24 AD asked whether there is a document indicating who needed to be emailed and consulted as part of the approval process. IS advised that it will be in the process. The process was 1-2 pages and there was a single approval form.
- 25 When asked what he took into account when deciding whether or not to authorise a transaction, IS advised that he checked whether the person was currently on a program



as, if not, they couldn't do it. He noted that the other aspect to China Union Pay was that the transaction occurred at the Hotel as an expense for the customer's holiday.

#### **Packer influence**

- 26 IS advised that, when Star started, the same patrons were going to both properties, so the business sense was to be competitive and follow suit. CC asked whether the introduction was driven by Star doing it, because it was something customers were asked about or sales were saying "we think we can use this as a selling point". IS thought it was a combination. From about 2012, the appetite from IS's personal perspective was that there was a very strong push for sales numbers and profits. Crown employed Michael Chen (**Michael**), who cost a lot of money. Park Street in Sydney, being James Packer's office, expected a lot of results. IS perceived there to be pressure from CPH.
- 27 In 2012, Michael joined as President of International Marketing because Crown needed sales and marketing to be based in Asia. 65-70% of business was in Asia and growing. IS thinks it may have been a combination of James Packer and individuals on the Board with a strong influence telling Jason what he needed to do. IS doesn't think Michael had a pre-existing relationship with Crown. He was previously based in Hong Kong working for Wynn Casino in Macau.

#### **Cash at the Cage**

- 28 IS advised that, when a patron came to the Cage with a Hotel receipt, they had choices – they could deposit or do a partial deposit and take some chips. If a patron asked for cash, Crown had to give them cash. If this happened, it would only have been on one or two occasions, but IS doesn't remember it ever happening. If someone did a China Union Pay transaction, then they wanted to play with the money. If someone cashed out a China Union Pay transaction, then there would be an AUSTRAC threshold transaction.

#### **Star**

- 29 CC asked about IS's earlier comment that Star kept the China Union Pay process going for longer. IS advised that some patrons in Melbourne would fly to Sydney for a day or two, play and then come back either with a Star cheque or a TT from Star to Crown in favour of themselves. IS has knowledge of this, more often than not, through the customer them telling the host or salesperson. CC asked whether a host or salesperson would ever tell customers that Crown can't do China Union Pay but they could go to Star to do it. IS doesn't know whether certain individuals have said that, but he never did. From an operational perspective, it wouldn't be a sensible thing to suggest that customers go to a competitor.

***AD showed IS document CRW.523.002.0028 – Email from Phillip Batsakis to Debra Tegoni, copied to Jason O'Connor dated 28 February 2014 attaching the VIP International credit and debit card policy and the NAB agreement***

- 30 AD notes that it appears that IS wasn't at that time an approver and asked whether he would have had to seek approval of others. IS confirmed that was correct.
- 31 AS asked whether IS recalls there being any limit on whether debit or credit cards were allowed. IS thought it could be either.

#### **Internationally domiciled requirement**



- 32 IS confirmed that his team would have filled in the request for approval forms. AD asked what the team would have needed to know to verify that the customer was internationally domiciled. IS advised that they would look at the customer's address in SYCO and their passport. He also noted that Crown picks patrons up from the airport and know whether they arrive via international flight. Bookings are also made by the international sales office in the customer's country of origin.
- 33 AD noted that, at times, the VIP International team may have been dealing with people who were originally international but then chose to reside in Australia. IS advised that they did monthly audit checks. A person may be flagged by how often they open a program or join a junket. If this hit a trigger point, Crown would require proof of international status. If Crown suspected or had doubts about the person, they would run a VIVO check on the patron's passport. Crown had access to VIVO, used by Border Force, to check people coming in on jets from overseas. Crown used that facility if they had suspicions based on frequency of visits that the person was domiciled in Australia. This was one of Crown's compliance obligations because, if it was offering an international program to a patron, that patron needed to be domiciled outside Australia because Crown gets a tax break.
- 34 AD asked what would trigger this and IS advised that there was a monthly report from Compliance and, if someone had been at Crown consistently for more than two months, they would ask for proof. AD asked whether IS's team understood this as non-negotiable. IS confirmed that they did and advised that he is one of the people who gets the compliance report. Over the decade he's been back in Melbourne, IS has converted three or four international patrons to local VIP.

#### **Approval limits**

- 35 AD noted that IS's approval limit went up over time. At some point, perhaps the March 2014 policy, he was able to approve up to \$50k which went up to \$200k. AD noted that there is some suggestion of a particular individual, ██████████ who withdrew an amount equivalent to \$6m between 13 March 2015 and 15 July 2015 and asked whether that is something IS would have noticed or been aware of due to compliance reports. IS recalled a gaming machine patron – JE advised that this was a different person.
- 36 AD asked whether IS was aware of a situation where customers wanted to withdraw more than \$500k and there was a question of whether anyone was prepared to approve a larger limit. IS advised that he did not, but he wouldn't be surprised if certain people at the time asked Executives to. The highest approver was EGM of the department – then, Jason. IS couldn't see Jason going against the policy. AD noted that there have been some large amounts, including almost \$3m in one transaction. IS expressed shock and advised that he had no knowledge. JE asked why IS didn't think Jason would go against policy. IS advised that he had known and worked with Jason for a very long time. When Jason was EGM of department, he got the department to do things the right way. When IS came back to Melbourne, he sat in Jason's office for a few hours and went through various things Jason wanted looked at and tidied up.
- 37 IS advised that, in 2015, the group GM would have been Jacinta. He thinks that, if either Jason or Jacinta were going to put their name on a higher amount, they would have spoken to someone above them. The only people he could think of are Barry Felstead and Rowen.

#### ***IS checked Sales Force for Hong Wei Lu***

- 38 IS advised that Sales Force is Crown's database which is in the cloud.



- 39 IS advised that employees all have different security levels depending on their position. IS has level 6 access which was previously the highest. Level 7 was introduced about a year and a half ago and was created because of PEP / customers coming from China. IS thinks Hong Wei Lu is level 7 which is why he doesn't come up for IS.

***IS was showed a spreadsheet of China Union Pay transactions***

**Junkets**

- 40 IS advised that most of the customers on the list are junket players. CA asked about the interaction between China Union Pay and junkets. IS advised that a patron does a China Union Pay transaction then goes to the Cage and the funds are deposited into the patron's account. If the patron asks the Cage to transfer money to junket X, the funds are transferred in the system and sit with junket X's account. The licensee for that junket then needs to withdraw chips from the Cage and give them to the player.
- 41 CC asked whether junket players have their financial relationship with the junket rather than with Crown. IS confirmed that's correct. CC asked whether, back in 2013-16, the junket then had a financial relationship with Crown so that someone who is a junket player doesn't ever pay Crown. IS advised that a person can have a financial relationship with Crown. For example, a person could have residual funds in their deposit account and may go to the Cage and transfer the funds in their DAB account to the junket account to funds their gaming or they could send a TT in their name which gets processed at the Cage and transferred to the junket.
- 42 CC asked whether the financial relationship is just that, if Crown has money for them, Crown transfers it to the junket. If, however, the customer wants to gamble \$5m, the junket will buy the chips off Crown and the customer then owes the junket \$5m. If the customer loses \$5m, they pay the junket who pays Crown. If the customer wins \$10m, the junket cashes the chips and the customer gets the additional \$5m. IS advised that junket programs could be open for a month and players often come and go during a trip. Crown therefore normally doesn't do a cash out mid-program. Normally they will allow 2% of credit to be drawn down for the trip. That way, Crown knows they will get paid properly. The relationship between Crown and the junket is at the point of settlement. Customers have an agreement with the junket and all their dealings are with the junket.
- 43 CC asked whether China Union Pay transactions for players on junkets would be used by the players or whether they might be used as a way of paying the junket. IS advised that it could be to fund the trip, although he thinks there's a high probability that losses are settled in the player's home country. CC gave the example of someone from China and asked why they would do a China Union Pay transaction in Australia which attracts at 2% commission [IS corrected – 1.65%] when they could pay the junket in China. IS noted that there could be a variety of reasons – including those relating to the exchange rate, the amount customers want to play or because customers need additional funds because they're losing. It also could be that Crown and the junket are paying different rates.

**Purged individuals**

- 44 AD asked whether IS has knowledge of transactions taking place where the individual's details or ID is not recorded. IS advised that he couldn't see that happening as the transaction needs to occur through the patron's account. If the patron didn't have an open account with 100 points of ID, Crown couldn't process the transaction.



- 45 AD noted the references to “purged individual” on the spreadsheet. IS advised that Crown has been cleaning up “gunk” on the system. Some customers had different accounts at different Crown properties. About three years ago, the customer’s number at their home property (Melbourne or Perth) became their primary number which is why there are references to “purged” and “merged” individuals. The financial and play data from the other accounts was put into the patron’s primary account so it can still be extracted. IS advised that Finance should be able to extract the data from the ledger. Where the spreadsheet says “purged individual”, the customer’s name and number should still come up. IS suggested asking Rob to ask Phillip Batsakis to see if he can run a search from the data warehouse.

#### AML

- 46 AD asked whether IS had any AML training in his role over 2012-2016. IS can’t remember when the company AML training started, but he does that every year. The training was revamped last year, but it could still be better.
- 47 AD asked whether people were frequently reporting suspicious transactions. IS used his team as an example and said that anything to do with money more often than not occurred in a salon or at the Cage – if a SMR needed to be done or threshold transaction report needed to be done – it was done by a Cage person. This is the same for a customer sending TTs. If there were 10 cash deposits for \$9k all in favour of the same patron, the Cage would report it as they were the ones receiving it. They need to do the paperwork for TTs coming in.
- 48 AD asked whether China Union Pay was also something for the Cage to think about. IS advised that, when a transaction occurred, a threshold transaction report would be completed by the person at Cage. CC asked whether all China Union Pay transactions, because they were all over \$10k, would have led to threshold reports. IS advised that he thinks so and that Rob could ask Steve Hancock.
- 49 IS noted that, in the earlier example of a China Union Pay transaction exceeding the \$500k limit, a SMR would have been done or senior people at the Cage would be told and they could do a SMR. CC noted that SMR is a report to AUSTRAC and asked what it would be about the fact of departing from Crown’s internal policy that would trigger a SMR. IS advised that, if he was doing the transaction, he would have done a SMR because it was over the policy limit and nowhere in the policy does it say that if you want to exceed the limit you have to get certain approval. CA asked what it is about exceeding the policy that is relevant for AUSTRAC and IS advised that it is a large amount of money. They can get a patron sending in TTs from five different locations and that would quite possibly lead to a SMR. With China Union Pay, IS thinks a SMR would have been done. At the bare minimum, a threshold transaction would have been done. There was a change in SYCO where, if more than \$10k was being deposited, the AUSTRAC part had to be filled in before the funds were deposited into the account.
- 50 AD noted that IS’s team had a more client-facing role than the Cage and asked whether, if a customer started telling the team about a patron to patron transfer, the team would have made a SMR. IS advised that it would have if it was brought to his attention. AD asked whether the team was trained to know that it should be a SMR. IS advised that it’s not a specific example in the online training, but he would remind his operations team, because they’re dealing with financials, of their obligation to report if they overhear discussions about patrons getting chips from the Cage and giving them to someone else. That would need to be reported because Crown doesn’t know who that second person is, and they might not be on a program. This could be an example of proxy betting, where someone wants to go under the radar and doesn’t want to bet





under their own name, so they sit next to someone on a program and tell them how to bet. If Crown staff see that at the table, they put a stop to it. IS advised that junkets do under the table bets where they will go up to 10x higher than the table limit. This is particularly prevalent in Macau.

- 51 CC asked whether, from Crown's perspective, the issue that Crown is missing out on potential winnings or if there's other legal or compliance issues. IS advised that, with under the table betting, the funds haven't come through in order the fund gaming. He expects there's tax implications for the government because the money hasn't come through the system. More often than not, under the table betting is done on a Hong Kong dollar differential. At Crown, customers used to be able to nominate to be on an Australian dollar program or a Hong Kong dollar program. There were different chips for the different programs. Individuals playing on the Hong Kong dollar program would be given a private table. If they were playing in a salon, the Australian dollar chips would be swapped out and the Hong Kong dollar chips swapped in. They no longer have that option. In Macau, they all use the Hong Kong dollar so the purpose of the Hong Kong dollar program was firstly that they're used to it and secondly that the majority of junkets had Hong Kong dollar lines so there was no dallying with exchange rates.

#### **Current processes**

- 52 CA noted that IS had pointed to three ways funds might be remitted to Crown – licensed money changers, ATDF and patron set off and asked whether it's the case that Crown's processes no longer permit any of those to be used. IS advised this is correct. Following the China arrests in October 2016, Rowen put a stop to China Union Pay and there was a cancellation of junket licenses. In 2017 and 2018, IS worked with the Cage and more steps were put in place. If a patron wanted to transfer funds to another DAB, everything was clearly tracked. If you zoomed in on one transaction, you could clearly see who sent the money to who. Gradually things were tightened up.
- 53 IS noted that originally money was accepted from any money changers. In around 2017, there was a vetted list of approved money changers in certain countries which were the only ones that could be used. Now none are accepted.
- 54 In late 2018 or in 2019, if there was a third-party (i.e. patron to patron) transaction or a TT was coming from the approved licenced money changer, Crown needed the photo ID and address of the remitter. The report to AUSTRAC would include the remitter.

#### **Banks approached by China**

- 55 AD asked whether IS recalls who told him about NAB telling Crown they had been approved by China. IS thinks it was someone from Hotel and he told his supervisors. The bank was asking for copies of the transactions.
- 56 IS noted that, since 2016, the Chinese government started to push to keep as much money within China. As of March 2021, it is illegal for anyone to promote gambling to a Chinese national. This flows to the territories of Hong Kong and Macau who are under Chinese rule. Fines can be imposed, and people can be imprisoned. IS was part of a group who 8 or 9 years ago predicted this would happen. It means that people can only gamble in Macau and the money stays in the Chinese economy.
- 57 CA asked whether IS had anything more to do with or heard the results of the inquiries. As far as IS is aware, Crown gave the invoices to the bank and didn't hear anything else. CA asked whether the revelation that the funds were used to buy chips caused a



problem for NAB. IS didn't think NAB knew the transactions were for the purpose of chips. He advised that the invoice is from Crown Towers Hotel and patrons had to be staying in the Hotel. It was, essentially, a Hotel invoice. If he was NAB and received the Hotel invoice, he would expect it was expenses from the Hotel rather than the casino.

- 58 CC asked who from Crown's commercial team was responsible for dealing with banking arrangements. IS advised that, at a high level, Roland and Jason or Ken Barton (**Ken**) (financial controller) would have been having discussions with the CFOs. At the micro level, Ken when he was Resorts CFO did deal with the banks a lot. Matthew Luttick (**Matt**), financial controller, also did.

#### **Compliance with currency controls**

- 59 CA asked whether, at any time, there was a question asked or consideration given to whether the China Union Pay transactions involved Crown doing more than just letting patrons bring in funds however they liked and was more a matter of Crown playing a facilitating role. IS advised that his personal view is that Crown came up with the process more to be competitive. People told themselves they were offering it because it was legal but, at the back of their mind, they knew they were doing it because patrons couldn't move money out of China. Crown was facilitating a way for patrons to get funds out of a country they otherwise couldn't get funds out of. In Australia, it was legal to do it that way. AD asked: "just not in China" and IS nodded. IS advised that it was being camouflaged because it was done at the Hotel. The funds weren't coming directly into the operating account where all other funds come in as TTs, cheque deposits or cash exchanges.
- 60 CA asked whether there were any rules or processes that Crown had to put in place to ensure that it was not infringing or doing the wrong thing in relation to currency controls overseas. IS advised that, from the process end, they did not accept TTs from trust accounts or company accounts. CA asked whether this was an AML issue or a currency control issue. IS advised it was an internal thing. Focusing on foreign currency control laws, IS advised that Crown was receiving TTs from countries that allowed TTs to be sent (i.e. Malaysia, Singapore, Hong Kong, Macau and Taiwan) so he doesn't believe this would have breached the law. Those countries have cash rules too and transactions above a certain limit need central bank approval. If you didn't tick the boxes, the transaction couldn't occur.
- 61 CA asked whether there is anything in foreign currency rules that Crown needed to account for. IS advised that there have been times over the years where Crown's receiving bank has bounced the funds back. If that happens, the bank informs Matt or their other contact person that the transaction has been bounced and the reason. Crown then tells the customer to check with their bank.

