



**Crown Resorts
July 2019 Allegations
Confidential and Legally Privileged**

As Board members are aware, there have been several allegations in print and TV media over the last several days by journalist Nick McKenzie, Nick Toscano and Grace Tobin (The Age, Sydney Morning Herald and Channel Nine 60 Minutes).

Please find following general commentary and specific commentary on each of the key allegations and individuals referenced.

A. General Commentary (as per Richard Murphy)

- The '60 Minutes' programme and related articles in the Fairfax press contain a mish-mash of hyperbole, exaggeration, unsubstantiated allegations, unsupported connections and outright falsehoods, laced with speculative, ill-informed or misinformed opinions of self-appointed experts of dubious authority (and in one case, dubious integrity).
- They follow a pattern of media reporting in relation to Crown and James Packer by Fairfax Media over a lengthy period.
- In relation to the detention of Crown group staff in China in 2016, the '60 Minutes' programme essentially rehashes some of the content of a 'Four Corners' programme around 2 years ago (absent some allegations which have since proven to be false).
- The foundation of the criticism of Crown is two key propositions that:
 - promotion of gambling in China is an offence in itself; and
 - Crown knew it was an offence and deliberately flouted the law.
- These propositions are wrong, and the journalists involved know, or ought to know, that they are wrong. (It is somewhat ironic in the circumstances that the '60 Minutes' programme purports to take the high moral ground on what Crown allegedly knew or ought to have known, based in part on internal documents evidently obtained illegally or improperly.)
- The relevant prohibition under China law is contained in Article 303. At all times Crown understood that its staff were operating in a manner which did not breach that provision.
- Also, at all relevant times, Crown obtained legal and government relations advice. The fact that staff were nevertheless detained and convicted is not an indication that the advice was wrong or disregarded, but an illustration of the challenges involved in anticipating how foreign laws will be interpreted and enforced.

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- In relation to Crown's dealings with junket operators, it is misleading to characterise the junket operators as Crown's business partners.
- Junkets are an established and accepted part of international casino operations. Macau-based junkets are required to be licensed there and are subject to regulatory oversight and probity checks.
- Junkets arrange for their customers to visit casinos all around the world, including other Asian destinations, the US and Australia. Crown deals with junkets and their customers in essentially the same way as other international casinos.
- Crown has a comprehensive anti-money laundering program, supervised by AUSTRAC. It goes without saying that Crown, as an ASX listed company subject to extensive regulatory supervision and scrutiny, would never knowingly facilitate criminal activity or the laundering of the proceeds of crime.
- Whenever Crown becomes aware of conduct which may be unlawful, or of any matter which calls into question the integrity of a junket or patron, it brings the matter to the attention of the relevant investigative authorities and works with them as appropriate. By way of example, the person shown in footage aired on the '60 Minutes' programme to receive a plastic bag of cash at a vegetable market, was excluded by Crown at its own volition from the casino in March 2013 (6.5 years ago) and Crown assisted the Australian Federal Police with their investigation into his activities.

B. Key individuals

1. [REDACTED]

[REDACTED] (\$'000) (Junket Operator)	Melb	Perth	Total
Turnover	\$50,033	\$0	\$50,033
Theo Win (1.4%)	\$700	\$0	\$700
Actual Win	\$3,421	\$0	\$3,421
Actual Win Rate	6.84%	0.00%	6.84%
Actual Commission	\$397	\$0	\$397
Net Actual Win	\$3,024	\$0	\$3,024
All Comps	\$9	\$0	\$9
First Program	Jan 2003	n/a	Jan 2003
Last program	Oct 2003	n/a	Oct 2003

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██████████ (\$'000) (Junket Operator)	Melb	Perth	Total
Turnover	\$5,880,305	\$963,411	\$6,843,717
Theo Win (1.4%)	\$82,324	\$13,488	\$95,812
Actual Win	\$81,394	\$14,710	\$96,104
Actual Win Rate	1.38%	1.53%	1.40%
Actual Commission	\$46,814	\$6,213	\$53,027
Net Actual Win	\$34,580	\$8,496	\$43,076
All Comps	\$2,192	\$236	\$2,428
First Program	Feb 1997	Aug 2002	Feb 1997
Last program	Jul 2016	May 2014	Jul 2016

- Crown has not had any dealing with ██████████ since March 2013
- ██████████ was the main Junket Representative for the ██████████ Junket (Indonesian Junket).
- ██████████ received Victorian Regulator approval on 7 November 1994.
- ██████████ also played at Sky City Auckland, Star, Treasury, Aspinalls, Galaxy, City of Dreams, Sands Macau, Genting Malaysia and Venetian Las Vegas.
- Victorian Regulator approved ██████████ as a Junket Operator himself on 25 February 2003.
- ██████████ was convicted of recklessly dealing in monies believed to be the proceeds of crime (2013) in Australia and released on 15 September 2014.
- ██████████ was one of 30 charged after raids by Federal Police which included three found guilty of importing methamphetamines worth \$25 million in 17 pallets of tiles into WA (19/9/2014 as reported on ABC news).
- As reported in the media, ██████████ alleges that he used the ██████████ Junket account to move approximately \$600k to Hong Kong in approximately 2012.
- Crown barred ██████████ on 21 March 2013.
- Crown cooperated with all AFP requests and Crown received emails of thanks from the AFP.



- Post release from jail, █████ applied to have his barring revoked which was declined by Crown.
- █████ is still the subject of an indefinite barring.
- Crown filed a number of transaction reports to AUSTRAC related to the █████ Junket including involving █████

2. Simon Pan (Zhao Yuan Pan)

PAN, ZHAO YUAN aka Simon Pan (\$'000) (Non Program @ Melb, Premium @ Perth)	Melb	Perth	Total
Turnover	\$20,125	\$2,400	\$22,525
Theo Win (1.4%)	\$282	\$34	\$315
Actual Win	\$560	\$146	\$706
Actual Win Rate	2.78%	6.09%	3.13%
Actual Commission	\$0	\$0	\$0
Net Actual Win	\$560	\$146	\$706
All Comps	\$26	\$12	\$38
First Program	Sep 2018	Dec 2016	Dec 2016
Last program	Jul 2019	May 2019	Jul 2019

- Simon Pan was a junket representative for Ngok Hei Pang and then Song Junket.
- Pan is no longer a junket representative and has not been for several years.
- Pan is Victorian based and is currently a premium local player.
- Pan was recently barred for three months from 21 February 2019 to 21 May 2019 as a result of several attempts to bring excluded patrons to the Mahogany Room and history of abusing employees when asked for his card at the door or when signing in guests.
- Pan also played at Star and Sky City.
- We have no adverse entries regarding the allegations of owning a brothel or human trafficking.



- There have been a number of Law Enforcement Enquiries regarding Pan:

○ REDACTED – SECRET INFORMATION

○ REDACTED – SECRET INFORMATION

3. Tom Zhou (Zhou Jiuming) (aka “Mr Chinatown”)

ZHOU, JIUMING (\$'000) (Premium + KP)	Melb	Perth	Total
Turnover	\$691,901	\$127,500	\$819,401
Theo Win (1.4%)	\$9,687	\$1,785	\$11,472
Actual Win	\$17,051	(\$3,652)	\$13,399
Actual Win Rate	2.46%	-2.86%	1.64%
Actual Commission	\$4,360	\$1,020	\$5,380
Net Actual Win	\$12,691	(\$4,672)	\$8,019
All Comps	\$587	\$0	\$587
First Program	Feb 2006	May 2010	Feb 2006
Last program	May 2010	Oct 2012	Oct 2012

- Crown has not dealt with Zhou as a player since 2012 and ceased all dealings with him in October 2016.
- Zhou was a premium player, Junket financier and Junket Player (under the Tian Di and Geng Jinkai junkets)
- Zhou self-excluded on 27 March 2016
- Zhou was subsequently barred as well due to various breaches of his self-exclusion.
- World Checks have been carried out on Zhou since 2004, with no material adverse information recorded.
- Zhou also played in Vegas, Star, Sky City Auckland and Adelaide.
- Law Enforcement/Regulatory Enquiries:

REDACTED – SECRET INFORMATION

- 2016 – 2017 a number of LEA requests.



4. [REDACTED]

[REDACTED] (\$'000) (Premium + KP)	Melb	Perth	Total
Turnover	\$2,176,611	\$85,974	\$2,262,586
Theo Win (1.4%)	\$30,473	\$1,204	\$31,676
Actual Win	\$71,155	\$2,317	\$73,472
Actual Win Rate	3.27%	2.70%	3.25%
Actual Commission	\$13,827	\$451	\$14,279
Net Actual Win	\$57,328	\$1,866	\$59,194
All Comps	\$2,098	\$62	\$2,160
First Program	Jun 1996	Jan 2008	Jun 1996
Last program	Jul 2016	Jul 2010	Jul 2016

- Crown has not dealt with [REDACTED] since July 2016.
- [REDACTED] was never a junket operator.
- [REDACTED] was a premium player in his own right and a Junket Player under the following junkets:
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
- [REDACTED] last rating was in April 2016
- [REDACTED] self-excluded 15 July 2016
- Due Diligence enquiries indicate that he has links to China Government and Military

➤ REDACTED – SECRET INFORMATION

➤ [REDACTED]

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- [REDACTED] also played at City of Dreams in Macau, on Star Cruises (Genting), Star and Sky City Adelaide.

5.

[REDACTED] (\$'000) (Junket Operator)	Melb	Perth	Total
Turnover	\$25,841,198	\$2,851,245	\$28,692,442
Theo Win (1.4%)	\$361,777	\$39,917	\$401,694
Actual Win	\$416,705	\$79,380	\$496,084
Actual Win Rate	1.61%	2.78%	1.73%
Actual Commission	\$305,499	\$29,322	\$334,821
Net Actual Win	\$111,205	\$50,058	\$161,264
All Comps	\$17,248	\$1,855	\$19,103
First Program	Jun 2010	Jun 2010	Jun 2010
Last program	Jul 2019	Jul 2019	Jul 2019

- Junket Operator at Crown since 2010
- [REDACTED] is the Executive Chairman of the Board of SunCity Group Holdings Limited, a publicly listed company on the HK Stock Exchange.
- [REDACTED] holds a Junket Operator's licence in Macau, issued by the DICJ. The licence must be renewed annually and involves [REDACTED] undertaking probity annually.
- [REDACTED] is the largest Junket Operator in the World.
- SunCity operates at: Star, Sky City Auckland, Les Ambassadeurs, Galaxy Macau, City of Dreams Macau, Sands Cotai, Sands Macau, Sands Parisian, Solaire Macau, Solaire Philippines, Star World Macau, Star Cruises, Wynn Macau, Genting, City of Dreams Manila, Naga World Philippines, Venetian Macau and Landing South Korea.
- [REDACTED]
- [REDACTED]
- In 2014, a dedicated room was allocated to [REDACTED] to operate its junkets. The room is controlled by Crown (dealers, security, surveillance, cage).

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- Adverse entries in due diligence media reports:
 - “reference to appears to be a former member of 14k Triad’s Macao branch under the leadership of Juok Koi Wan”
 - “accused of being related to Chinese Triad. In 2012 US government reported that Chau and 2 others were involved in organised Crime and were restricted to do business only in Macau and China. The US government insisted that the Macau government enforce strong regulations with respect to Macau casino businesses to curb money-laundering due to unlicensed gambling.
 - Alleged ██████ indirectly benefited from US\$81millions stolen from the account of Bangladesh’s central bank at the Federal Reserve Bank of New York in February 2016 which ended up in Philippines, i.e. received through is casinos.
- Law Enforcement Enquiries
 - VicPol – 2016 Intel
 - REDACTED – SECRET INFORMATION
 - REDACTED – SECRET INFORMATION
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 - REDACTED – SECRET INFORMATION
 - REDACTED – SECRET INFORMATION
 - VicPol footage requests regarding ██████ room allegedly dealing with proceeds of Crime cash and bag of cash in the carpark, \$980k deposit, Purana Task Force December 2018.

6. The Company

- There was reference to an entity called “The Company”. We have no records or knowledge of this entity.



7. [REDACTED]
- [REDACTED] declined to accept our offer to settle on terms presented to her as part of her redundancy.
 - [REDACTED]'s husband ([REDACTED]) has been vocal on the detentions both at the time and subsequently.
 - [REDACTED] contacted Maurice Blackburn to see if they could act for [REDACTED]. Maurice Blackburn referred them to Rigby Cooke who are now acting for [REDACTED]. Rigby Cooke sent a letter to Crown seeking compensation (\$1.5m). Minter Ellison were instructed to act on Crown's behalf. Minters has requested further detail from Rigby Cooke related to the claim. Rigby Cooke has not responded to the request for information.
 - [REDACTED] was an administration clerk working in Shanghai.
 - Her TPV was approximately \$28k AUD per annum.
 - Her roles involved assisting with visa processing, staff travel and general office duties.
 - She was not involved with sales or marketing.

C. 60 Minutes Allegations

1. Data leak

- We are currently making internal enquiries on this.
- It is apparent that some of the general comments made by Jenny Jiang may have come from documentation provided at sales meetings to our international sales staff.

2. Illegal to promote gambling in China (Nick McKenzie)

- Legal and risk advices were obtained by management regarding its activities in China.
- It was understood (based on legal and government relations advices) that promotion of gambling was that it was not illegal to promote gambling if it was to groups of less than 10 and no kickbacks were being received.



- 3. They are the only casino operator that I know of who has opened marketing offices in China. Nobody else has (Ben Lee).**
- This is incorrect. Crown made a conscious decision not to open offices in Mainland China.
 - Crown is aware that other casino operators did have dedicated offices in China.
 - Various other casino operators were active in China undertaking the same or similar activities as Crown staff.
- 4. High-rollers received gifts, commissions, lucky money and complimentary travel (NM)**
- This is correct. It is worth noting that this is common practice in the casino industry and in the Australian casinos our main competitor (Star) generally provide higher commissions and complimentaries.
- 5. Assist with immigration and general investment information (NM)**
- This is correct.
 - Most casinos will assist customers with immigration queries. Crown was the first Australian casino to assist customers with enquiries around business opportunities and relocation opportunities. This practice has now been adopted by both Star and Sky City.
 - We did coordinate and assist with the facilitation of visa applications (we had dedicated staff for this). On occasion, we would assist wherever possible with general enquiries around business opportunities and relocation opportunities in Australia, for example, putting players in contact with real estate agents and business brokers.
- 6. Crown staff received “huge bonuses for netting the big whales (NM)**
- Sales staff were entitled to bonus’ plans for meeting various sales targets.
 - This is general industry practice.



7. South Korean arrests (NM/BL)

- Crown took advice when the South Koreans were arrested which confirmed that the South Koreans were acting in a manner differently to Crown and that Crown should continue to operate in accordance with its practices.
- In this respect our advice (and general industry commentary) was that the South Koreans were involved in the movement of funds (bags of hard currency) across international borders, despite receiving warnings from the authorities that this would not be tolerated.

8. Procedures for staff if approached by Chinese Authorities (NM)

- A document was prepared in 2012 as part of risk management processes, with the assistance of external advisors regarding a process to follow if approached by Chinese Authorities.

9. Use of casino cage for washing money (NM/RQ)

- All cash transactions greater than \$10,000 are reported to AUSTRAC as Threshold Transactions.
- Further, irrespective of the amount, any suspicious matters are also reported to AUSTRAC as Suspicious Matter Reports.

10. Former AFP officer Roman Quaadvlieg says Crown Casino has long been a soft-target for money laundering.

- Crown is well engaged with both AUSTRAC, and state and federal law enforcement agencies and regularly provides intelligence and support for their enquiries and activities.

11. Hong Kong Jockey Club has black banned [REDACTED]

- Crown was unaware of this allegation.
- There has been recent articles on [REDACTED] re:
 - Online gaming – claims they are running an illegal online gaming business which SunCity has denied



- Junket room audit – DICJ has carried out an audit on ██████████ activity in Macau and determined that it was appropriate with no issues.
- 12. Crown has also jumped into bed with a Melbourne brothel boss (Simon Pan) with links to alleged links to human trafficking (NM)**
- There is no reference to any links with a brothel, AFP raids or human trafficking that are on our system.
 - We carry out due diligence on our active player database (which includes carded local players) on an ongoing basis through our new and enhanced search system (Dow Jones).
 - Should we receive any adverse information that is crime related (informal or otherwise), we will carry out further diligence including where appropriate speaking with law enforcement directly through our security and police lines of communication.
- 13. “Meet the man they call Mr Chinatown. He’s been Crown’s most lucrative Melbourne junket operator and he is responsible for enticing China’s biggest whales to Melbourne and Perth to drop millions of dollars on Crown’s high-roller tables. It’s an arrangement that has made him and the casino filthy rich.”**
- Please see earlier comments re Zhou
- 14. “The fact that the President’s cousin ██████████ and Crown’s junket Mr Chinatown were on a Private jet in Coolangatta is politically explosive. And need an Aussie visa? Just call Crown.”**
- This was not Crown’s private jet or a Crown arranged trip.
 - Crown had a process in place where we would seek to expedite visas for high net worth individuals in China. This was done through the Australian Consulate and was subject to the checks and balances.
- 15. “We can reveal that Crown Casino asked a trusted security company run by ex-cops to work for Chinatown:**
- On or about April 2016 in response to a request from Crown VIP, Crown Melbourne’s GM Security and Surveillance passed on the name of a



reputable risk assessment professional - who he understand was subsequently introduced to a VIP player who had recently had his home burgled. The player was looking to upgrade his security in response to the burglary.

- Other than providing the name and contact details of the risk assessment professional. There was no further involvement by Crown security management.

16. "There were Ministers who approached the Agency, approached me personally, indicating that Crown weren't receiving a facilitated service for private jets coming into Australia, into Perth and Melbourne and were seeking some arrangements which smoothed out the processes there a little." (RQ)

- This is correct, Crown did make enquiries with government for any opportunity to provide a first class service for arriving international players into Australia. This largely related to a dedicated arrival experience. At no time did Crown ever request or suggest a reduction in the checks and balances for such international visitors.

17. "Victorian Casino Commission is widely regarded as very pro-Crown, very friendly towards Crown. I can't recall any major event where Crown has been suitably penalised for infractions of the law." (BL)

- This is clearly incorrect as evidenced by the recent record fines imposed on Crown by the VCGLR and the 20 Recommendations under the s25 Review process.
- Further research indicates that the Victorian regulator is far more robust in its dealings with Crown Melbourne when compared to other interstate counterparts.
- The VCGLR has to our knowledge never raised any issue with any of Crown's junkets and has only ever directed Crown to not deal with one International VIP, Richard Yong.



D. General Information

Junket processes

Inception (in advance of the provision of designated services under a Junket arrangement)

- Information collected:
 - Crown History (an analysis of relevant relationship with Crown – T/O, net win/loss for the JTO).
 - Other Casino Activity (check what the lines of credit are with other Casinos, both local and globally).
 - KYC ID details (passport, identity card, bank account details, residential address, business card, etc)
 - Dow Jones search for any alertable matters (e.g. Sanction, Politically Exposed, Special Interest, etc)
 - DICJ licence details (i.e. is the JTO licensed in Macau and if so, a copy of the licence details) / Police Check
 - Other relevant licence details
 - Wealth Insight Report
 - Wealth X Report
 - C6 Report
 - Company searches
 - Property searches
 - Bankruptcy searches (where available)
 - Internet searches

- Frequency of review:
 - Annual (in the background)
 - Any changes or adverse media reports are escalated to management.

During the life

- As part of its on-boarding (know your customer) and ongoing customer due diligence systems, Crown uploads all new and active customers - including active junket operators, junket representatives and junket players - into the Dow Jones Risk & Compliance database on a daily basis through an automated process.



Dow Jones then screens these customers against global watch lists and alerts where a potential match is generated for a customer. Where an alert is generated (for example, to indicate a customer may be a PEP or a “special interest” person), Crown actions those alerts.

The uploaded customers then remain on a list in Dow Jones (which comprises up to 400,000 names), and Dow Jones screens these customers daily against the global watch lists for any change in status. Where an alert is generated, Crown actions the alert.

[Crown manages the list of 400,000 names, noting however that all junket operators, junket representatives and junket players are not removed from the list of 400,000 names.]

- Specific issues:
 - Cash transactions on the floor to which Crown is not a party are monitored by the VIP Team and recorded by the Cage.
 - SMRs reported as required.
- Transaction Monitoring Program:
 - The AML Team receives a daily report of Junket Player behaviour upon the close of Programs – this shows: the junket under which they are playing, their turnover and win loss, amongst other matters.
 - JTO, JR and JP behaviour will also be picked up through other TMP processes – i.e. TTRs, TTs and IFTIs, Alerts (if a high risk level), Directs etc.
 - In addition, the AML Team receives and actions each week RFI details and actions as appropriate (i.e. we look at the nature of queries from law enforcement agencies (i.e. Police, ATO), from the customer and from others and consider whether we have relevant information under section 41).



AUSTRAC Reporting

Melbourne Uploads

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar 19	Apr-19	May-19	Jun-19	FY 19
TTRs	3217	3362	3275	3626	3213	3358	3574	3960	3444	3476	3781	3952	42238
SMRs	200	241	112	211	206	181	183	149	176	190	203	161	2213
IFTIs	117	217	87	100	91	107	195	140	82	79	80	69	1364
Total	3534	3820	3474	3937	3510	3646	3952	4249	3702	3745	4064	4182	45815

Perth Uploads

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar 19	Apr-19	May-19	Jun-19	FY 19
TTRs	407	521	464	412	489	409	336	391	409	375	363	527	5103
SMRs	105	88	85	74	95	86	77	96	100	96	116	75	1093
IFTIs	22	30	20	25	29	20	31	15	50	36	27	32	337
Total	534	639	569	511	613	515	444	502	559	507	506	634	6533

Total by Month (Melbourne and Perth)

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar 19	Apr-19	May-19	Jun-19	FY 19
TTRs	3624	3883	3739	4038	4115	3767	3910	4351	3853	3851	4144	4479	47754
SMRs	305	329	197	285	301	267	260	245	276	286	319	236	3306
IFTIs	139	247	107	125	120	127	226	155	132	115	107	101	1701
Total	4068	4459	4043	4448	4536	4161	4396	4751	4261	4252	4570	4816	52761

Total (Melbourne and Perth)

FY 19	
TTRs	47754
SMRs	3306
IFTIs	1701
Total	52761

Other Federal Agencies

In 2018, Crown Resorts received 1853 request for information/ footage from law enforcement or commonwealth agencies including AFP/ ATO/ VicPol/ IBAC. In the last ten years, there have been 17608.



Victorian Regulator

VCGLR – All Junkets are sent to the VCGLR for notification. In the last 12 months, 6 junkets were sent to the regulator. Ever since 1994 Crown has been required to inform the Victorian regulator of its associations with junkets.