



INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW

INQUIRY UNDER SECTION 143 OF THE CASINO CONTROL ACT 1992 (NSW)

**THE HONOURABLE PA BERGIN SC
COMMISSIONER**

**PUBLIC HEARING
SYDNEY**

**FRIDAY, 16 OCTOBER 2020
AT 10.00 AM**

Continued from 15.10.20

DAY 45

Any person who publishes any part of this transcript in any way and to any person contrary to an Inquiry direction against publication commits an offence against section 143B of the *Casino Control Act 1992* (NSW)

MS N. SHARP QC and MR A. BELL SC appear as counsel assisting the Inquiry

MR N. YOUNG QC appears with MS C. HAMILTON-JEWELL and MR E. BATROUNEY for Crown Resorts Limited & Crown Sydney Gaming

5 **Proprietary Limited**

MR T. O'BRIEN appears for CPH Crown Holdings Pty Ltd

MS N. CASE appears for Melco Resorts & Entertainment Limited

10 COMMISSIONER: Yes. Thank you, Mr Bell.

MR BELL: I call Ms Helen Coonan.

15 COMMISSIONER: Yes, Ms Coonan, would you prefer to take an affirmation this morning or make an oath? An affirmation, yes. I think you may have muted your computer, Ms Coonan.

MS COONAN: I'm learning how to drive, Commissioner. I said - - -

20 COMMISSIONER: Thank you. I understand from what I saw that you wish to take an affirmation; is that correct?

MS COONAN: Thank you very much, yes.

25

<HELEN ANNE COONAN, AFFIRMED

[10.00 am]

30

<EXAMINATION BY MR BELL

COMMISSIONER: Yes, thank you, Ms Coonan. Yes, Mr Bell.

35 MR BELL: Would you please state your full name?

MS COONAN: Yes. Helen Anne Coonan.

MR BELL: Your business address is known to those assisting this Inquiry. Would you please state your occupation?

40

MS COONAN: Company director.

MR BELL: And you've been a non-executive director of Crown Resorts since December 2011; is that correct?

45

MS COONAN: That's correct.

MR BELL: And you are currently the chair of Crown Resorts?

MS COONAN: Yes.

5 MR BELL: And are you the chair of the finance committee of the board of Crown Resorts?

MS COONAN: Yes, as and when required. I don't think I've actually ever chaired a finance committee meeting, but I am the chair of it, if it needs to meet.

10

MR BELL: And are you a member of the corporate responsibility committee?

MS COONAN: Yes.

15 MR BELL: And is it the case that you attend by standing invitation meetings of the risk management committee and the corporate governance committee of those?

MS COONAN: Yes, I try to.

20 MR BELL: And is it also the case that you attend by standing invitation meetings of the board of Crown Sydney, the licensee of the Barangaroo restricted gaming facility?

MS COONAN: Yes, I think I've attended most since I've become chair.

25

MR BELL: Have you been approved by the Independent Liquor and Gaming Authority of New South Wales as a close associate of the licensee?

MS COONAN: Yes.

30

MR BELL: Can I show you the code of conduct for employees of Crown Resorts which was issued in August 2008 and in force until July this year. It's exhibit M3, INQ.010.003.0082.

35 MS COONAN: It's coming, yes. Yes, Mr Bell.

MR BELL: And if I could ask you to look at paragraph 1 of the page ending in .0084.

40 MS COONAN: Yes.

MR BELL: Do you see that it provides that it's a fundamental principle of Crown Resorts that:

45 *...all of our business affairs shall be conducted legally, ethically and with strict observance of the highest standards of integrity.*

MS COONAN: Yes, that's correct, Mr Bell. I just can't see it, though. Could you just tell me again where it was.

MR BELL: Yes, you should be on the page ending .0084.

5

MS COONAN: Yes, I've got that.

COMMISSIONER: It's page 1.

10 MR BELL: Page 1 of the document and paragraph 1 at the top of the page.

MS COONAN: Yes. Yes, correct.

15 MR BELL: And you are aware that there's a new code of conduct issued in July this year which contains statements to similar effect?

MS COONAN: Yes.

20 MR BELL: And do you say that at all times since you've been a director of Crown Resorts, you've expected everyone at Crown Resorts to act in accordance with that principle?

MS COONAN: That's the expectation, yes, Mr Bell.

25 MR BELL: Yes. And can I take you to the third edition of the Australian Stock Exchange Corporate Governance Principles which were in force in the period up to October 2016, which are exhibit O5.

MS COONAN: Yes, I have it now.

30

MR BELL: And if I could ask you to look at page – I'm sorry, it's INQ.100.001.0308. If I could ask you to look at page 28 of the principles, the page ending in .0337.

35 MS COONAN: Sorry, just a moment. Steady on.

COMMISSIONER: Yes, go a little bit slowly please, Mr Bell.

40 MS COONAN: Yes, I've got page 28; could you just direct me again please, Mr Bell?

MR BELL: Yes. Do you see it's headed Principle 7: Recognise and Manage Risk?

MS COONAN: Yes.

45

MR BELL: Do you see that it states in the second last paragraph of the left-hand column that:

The board of a listed entity is ultimately responsible for deciding the nature and extent of the risks it is prepared to take in order to meet its objectives.

MS COONAN: Yes, I see that.

5

MR BELL: I take it that you agree with that statement of principle?

MS COONAN: I do.

10 MR BELL: And do you see it states in the last sentence of the left-hand column that it's:

...the role of the board to set the risk appetite for the entity, to oversee its risk management framework, and to satisfy itself that the framework is sound.

15

MS COONAN: Yes.

MR BELL: I take it that you agree with that statement?

20 MS COONAN: Yes, I do.

MR BELL: And do you agree that it follows from those principles that it was a matter for the board of Crown Resorts to set the risk appetite in relation to its strategy in China?

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MS COONAN: Sorry, Mr Bell, just repeat that again. I just lost you at the end.

MR BELL: Do you accept that it follows from those principles that it was a matter for the board of Crown Resorts to set the risk appetite in relation to its strategy in
30 China in the period up to October 2016?

MS COONAN: Yes.

MR BELL: And may I ask you now to look at the current edition of the ASX
35 corporate governance principles, the fourth edition, which is exhibit P22.

MS COONAN: Thank you. Yes, I've got it now.

MR BELL: And that's INQ.100.001.0408. If I could ask you to look at page .0416,
40 please.

MS COONAN: Yes.

MR BELL: Now, do you see, by reference to the fifth bullet point on the right-hand
45 column, the principles state that:

The board of a listed entity should be responsible under its charter for whenever required challenging management and holding it to account.

Do you agree with that?

5

MS COONAN: Sorry, Mr Bell. You said the fifth point on 0416. I've got - - -

MR BELL: In the right-hand column.

10 MS COONAN: The right-hand column, right. Yes.

MR BELL: Yes. Do you agree with the principle that's there stated, that the board of a listed entity should be responsible under its charter for, whenever necessary, challenging management and holding it to account?

15

MS COONAN: Yes.

MR BELL: And can you see that that references footnote 15 down the bottom of the page?

20

MS COONAN: Yes.

MR BELL: Which relates to the point that the principles refer to a statement by Commissioner Hayne in his report on the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, that boards cannot operate properly without having the right information and boards do not operate effectively if they do not challenge management. Do you agree with that statement?

25

MS COONAN: I certainly agree with it. But there's another point – another stage to that, of course, is that you still have to be actually given the information even when you challenge for it.

30

MR BELL: No doubt. But do you agree that it's unsatisfactory for the boards of Australian public listed companies to simply say they were not informed of important matters?

35

MS COONAN: If that's all they said, yes.

MR BELL: And do you agree that boards of listed companies have an obligation to constructively challenge management and ask the hard questions?

40

MS COONAN: Of course, yes.

MR BELL: Could I ask you to look at exhibit AB59.

45

MS COONAN: Apparently, we don't have a hard copy of that, Mr Bell.

MR BELL: Can you see it on the – we will try and get it on the screen for you.

MS COONAN: Thank you, if you could font it up a bit for me too, thanks.

5 COMMISSIONER: Yes. That'll be done.

MR BELL: It's INQ.100.001.0831. Can you see that on the screen, Ms Coonan?

10 MS COONAN: I can actually see it. I'm having a bit of trouble actually reading it. Sorry, I've now got a hard copy. Thank you very much. I can see it, yes.

MR BELL: Yes. So do you see it's a speech by an ASIC Commissioner in July 2017 outlining ASICs approach to corporate culture.

15 MS COONAN: Yes, a very good man, Mr Price. Yes.

MR BELL: Right. And if you could turn to page 2, which is the page ending in .0832, do you see that under the heading Why Culture Matters to ASIC, the speaker says:

20

ASIC is concerned about culture because it is a key driver of conduct. Poor culture very often leads to poor outcomes for investors and consumers, impacts on the integrity of the Australian financial markets and erodes investor and consumer trust and confidence.

25

Do you agree with those sentiments?

MS COONAN: Yes.

30 MR BELL: And if I could ask you to turn to the next page, page 3, page ending in .0833, do you see that under the heading The Role of the Board in the second paragraph, the speaker says:

35 *The board plays a role in setting the tone, influencing and overseeing culture and ensuring the right governance framework and controls are in place.*

Do you agree with those sentiments?

40 MS COONAN: Yes, I do.

MR BELL: And do you agree that a corollary of that proposition is that poor corporate culture in an Australian listed company reflects on the adequacy of the board's role in setting the tone and influencing and overseeing culture?

45 MS COONAN: Yes, I think that there's a lot of steps involved in coming to that conclusion, but I think for the purposes of our discussion, that's a reasonable way to put it.

MR BELL: And do you agree that directors of publicly listed companies have an obligation to be completely truthful and completely accurate in their communications to shareholders?

5 MS COONAN: Yes, so far as they reasonably can.

MR BELL: Yes. And do you agree that the directors of publicly listed companies in Australia have an obligation to be completely truthful and completely accurate in the communications which they make to the Stock Exchange and to the media?

10

MS COONAN: Yes.

MR BELL: In the period up to October 2016, were you aware that there were employees of a subsidiary of Crown Resorts living and working in China?

15

MS COONAN: I think the answer to that is yes, but the precise nature of – of their engagement, I'm not sure.

MR BELL: All right. Were you aware, prior to the China arrests, that there were approximately 20 employees of a subsidiary of Crown Resorts living and working in China?

20

MS COONAN: Around about that number; I couldn't be certain that it was 20 but I was certainly aware that there were people on the ground in China doing Crown's work.

25

MR BELL: And were you aware that the people on the ground had a role to encourage Chinese citizens to visit the Crown Resorts' casinos in Melbourne and Perth?

30

MS COONAN: I understood that they had a promotional role, yes.

MR BELL: And were you aware, prior to the China arrests, that the work being done by the China-based sales team included assisting customers to apply to Crown Resorts for a credit limit for gambling at Crown Resorts' casinos?

35

MS COONAN: No, I wasn't aware of that.

MR BELL: And were you aware, prior to the China arrests, that the work being done by the China-based team included assisting VIP gamblers with their travel arrangements to Australia?

40

MS COONAN: No, I wasn't aware of that then.

MR BELL: And were you aware that part of the work being done by the China-based team included assisting VIP gamblers with obtaining visas for entry into Australia?

45

MS COONAN: No.

MR BELL: Were you aware, prior to the China arrests, that the work being done by the team in China included encouraging customers to repay gambling debts that they
5 had incurred to Crown Resorts?

MS COONAN: I'm not sure that I was actually aware, but I would assume that would be correct.

10 COMMISSIONER: You mean you assume that they would be encouraging them?

MS COONAN: Yes, I don't think their role was to allow a lot of bad debts to accumulate that wouldn't be able to be paid.

15 COMMISSIONER: Yes, just let me understand. At the time – Mr Bell is asking you up to the time of 2016 you were, at that time, a director of Crown Resorts, as I understand it - - -

MS COONAN: Yes, I was.

20

COMMISSIONER: That's right, is it?

MS COONAN: Yes, I was, Commissioner.

25 COMMISSIONER: Yes, thank you.

MR BELL: And at any time up to the China arrests, did you read any legal advice provided to Crown Resorts about whether the activities of the staff in China
30 complied with the business laws of China?

30

MS COONAN: No.

MR BELL: Were you aware, in the period up to the China arrests that neither Crown Resorts nor any subsidiary had any licence or permission from the Chinese
35 authorities to conduct any business activities in China?

35

MS COONAN: No.

MR BELL: Were you aware, in the period up to October 2016, that it was possible for operators of foreign integrated resorts to obtain a representative licence from the
40 Chinese authorities to market their hotel and resort facilities in China?

40

MS COONAN: No, I wasn't aware of that.

45 MR BELL: And were you aware, in the period up to the China arrests, that China business law advice obtained by Crown Resorts, was interpreted by management to

mean that the staff in China would be complying with the business laws of China if they operated there without a licence as long as they did not establish an office?

5 MS COONAN: No, I didn't know that until it was mentioned to me by Mr Johnston at – at or around a board meeting after the Korean arrests. That's when I first heard about legal advice. And - - -

MR BELL: Right.

10 MS COONAN: - - - would you like me to just tell you about that or - - -

MR BELL: Well - - -

15 MS COONAN: On that point?

MR BELL: I just want to be clear, first, that – was this an occasion when he told you that China business law advice obtained by Crown Resorts was interpreted by management to mean that the staff in China would be complying with the business laws of China operating without a licence as long as they did not establish an office?

20

MS COONAN: No, it - - -

MR BELL: Is that something he discussed with you?

25 MS COONAN: Not even remotely that detail.

MR BELL: I will come back to what Mr Johnston said to you a little later, if I may.

30 MS COONAN: Yes.

MR BELL: Did you believe, in the period up to October 2016, that Crown Resorts had made a conscious decision not to open an office in China?

35 MS COONAN: No.

MR BELL: Was it your understanding up to the China arrests that Crown Resorts did not, in fact, have any offices in China?

40 MS COONAN: No, I didn't have any knowledge of that.

MR BELL: Okay. Can I ask you to look at exhibit CD9. That's CRL.506.007.8870.

45 MS COONAN: Yes, I have it.

MR BELL: Confidential link, I should have said.

MS COONAN: Yes.

MR BELL: This was the board paper on the media allegations made in July 2019,
5 which you considered prior to the board agreeing to publish its response to those
allegations?

MS COONAN: Yes.

MR BELL: If I could ask you to look, please, at the page ending in .8882, which is
10 page 10 of the paper.

MS COONAN: Yes.

MR BELL: Do you see it says there in the first bullet point at the top of the page:
15

Crown made a conscious decision not to open offices in mainland China.

Is that something that you first learnt when you read this board paper?

20 MS COONAN: I'm not entirely sure. It may – I may have seen a reference to that
in one of the drafts of the VCGLR report into the China investigations.

MR BELL: But it was certainly well after the China arrests had occurred?

25 MS COONAN: Yes. Yes. I just can't be certain whether this was the first occasion
on which this came to my attention.

MR BELL: All right. And do you see that in the next bullet point it says:

30 *Crown is aware that other casino operators did have dedicated offices in
China.*

MS COONAN: Yes.

35 MR BELL: Is it something that you only learnt after the China arrests that Crown
Resorts was operating in a different manner to other casino operators who did have
dedicated offices in China?

MS COONAN: Well, I didn't know that prior to the arrests, Mr Bell, yes.
40

MR BELL: Now, were you aware, prior to the China arrests, that despite that
conscious decision by Crown Resorts not to open offices in China, the company was,
in fact, operating an office in Guangzhou without any signage in the period from
August 2015 to October 2016 which was leased in the name of two employees who
45 were then reimbursed for the rental?

MS COONAN: No, I wasn't aware of that.

MR BELL: And were you aware, prior to the China arrests, that this unofficial office contained computers, customer information and gifts and was used to process visa applications for VIP gamblers from all over China?

5 MS COONAN: No.

MR BELL: And were you aware that there had been a previous unofficial office used in Guangzhou from at least 2012 to August 2015?

10 MS COONAN: No.

MR BELL: And were you aware that this previous unofficial office was run from premises, which were not legally registered, in a semi-residential building which a Crown Resorts executive described as being subject to random checks by authorities, and posing many risks?

15

MS COONAN: Not prior to the arrests, no.

MR BELL: And are you aware that Mr Craigie, the managing director of Crown Resorts at the time, has given evidence that this unofficial office in Guangzhou was apparently an attempt to disguise from the Chinese authorities the fact that Crown Resorts was conducting an office in Guangzhou and had not been authorised by him?

20

MS COONAN: I didn't actually hear precisely what Mr Craigie says but I accept that you have characterised it correctly.

25

MR BELL: Thank you. And are you aware that both Mr Alexander and Mr Packer have given evidence to this Inquiry that this unofficial office in Guangzhou was not authorised by either of them?

30

MS COONAN: Yes, I've heard that.

MR BELL: And do you agree that if what I have put to you is correct, the management of Crown Resorts was acting contrary to its own understanding of the business laws of China, which were interpreted to mean they could conduct activities there without a licence as long as they were not conducting an office?

35

MS COONAN: Mr Bell, I – I'm not quite sure how you're putting that, but my understanding is that at all times the operations in China were considered to be legal by the operatives who were there.

40

MR BELL: Yes, and I will come to the criminal laws of China in a little while, but if you would accept as an assumption that management of Crown Resorts interpreted the business legal advice which they had obtained to mean that they could conduct activities in China legally without a licence as long as they were not conducting an office. Would you kindly make that assumption?

45

MS COONAN: Yes.

MR BELL: It would follow from that, would it not, that the fact that they were
operating an office in Guangzhou was contrary to their understanding of the business
5 law advice at the time?

MS COONAN: I just simply don't know that, but on the assumption you are
putting, that sounds to be a conclusion that could be drawn.

10 MR BELL: All right. And do you agree that if what I have put to you is correct,
this conduct by Crown Resorts management was contrary to the fundamental
principle of Crown Resorts that all of its business affairs be conducted legally,
ethically and in accordance with the highest standards of integrity?

15 MS COONAN: Well, my understanding is that the people on the ground thought
that at all times they were behaving legally and acting legally. As to ethically – and
what was the other matter you put, ethically and?

MR BELL: Integrity.
20

MS COONAN: Integrity, yes, integrity. If they thought they were acting legally,
I'm not sure that you can necessarily draw the fact that they were also not acting
ethically.

25 MR BELL: Well, let's go back a few steps, if we can. Please assume that
management interpreted the business law advice to mean that they could operate
legally in China without a business licence as long as they did not conduct an office.
Can you make that assumption?

30 MS COONAN: Well, yes, but I don't know whether that was correct, yes.

MR BELL: But also assume that VIP international executives were, in fact,
conducting an unofficial office, without any signage, which was not being leased in
the name of Crown Resorts, but was being leased in the name of the employees who
35 were being reimbursed for the rental; that in terms of the period from August 2012
to 2015, they were operating in a semi-residential area which the Crown Resorts
Executive was saying posed many risks and was subject to random checks by the
authorities. So if you assume that what I've put to you is right, would you agree that
the way in which Crown Resorts management was conducting itself was contrary to
40 the fundamental principle that it act ethically and with integrity?

MS COONAN: On the assumptions, I think that could be a conclusion you could
get to, but I think there's a few steps in between.

45 MR BELL: What would the steps be?

MS COONAN: Well, the steps are to understand exactly what the staff understood they were doing; understood – and certainly what their legal advice was; what their interpretation was; and what the requirements were for either not or – for either having or not having an office in Guangzhou. But on the assumption you put to me,
5 I don't think that's something would I would quibble with, your conclusion.

MR BELL: Thank you. Now, Mr Alexander and Professor Horvath have given evidence to this Inquiry that if Crown Resorts was conducting unofficial offices in Guangzhou contrary to the directions of senior management whilst other casinos
10 openly conducted offices, then trying to operate under the radar like this may have increased the danger to the staff in China if this conduct came to the attention of the Chinese authorities. Do you agree with that?

MR YOUNG: Commissioner, I object to the question. Commissioner, there are
15 multiple questions in that very long recitation.

MR BELL: Well, I will try and break it up. So, Ms Coonan, both Mr Alexander and Professor Horvath have given evidence to this effect: if Crown Resorts was operating unofficial offices in Guangzhou contrary to the direction of Crown senior
20 management whilst other casinos were openly conducting offices – so are you with me so far with the proposition?

MS COONAN: Yes.

MR BELL: Then, if they did that, it may have, in fact, increased the danger to the staff in China if what they were doing came to the attention of the authorities. And my question is do you agree with Mr Alexander and Professor Horvath?
25

MS COONAN: Well, I mean, if there was some divergence from whatever the practice or requirements were at the time, obviously, that could increase some of the scrutiny, I suppose. But it's difficult for me, because I don't really know what those
30 people thought or what they were doing at the time.

MR BELL: Yes.
35

MS COONAN: So I'm relying on your characterisation of what Mr Alexander and Mr Horvath said. I'm not being difficult. I'm just hesitant to agree when I'm not really clear about the propositions.

MR BELL: And I do accept and understand that you weren't aware of these matters at the time yourself.
40

MS COONAN: Yes.

MR BELL: But do you agree that, if what I have put to you is correct, and Crown Resorts was operating an office in Guangzhou contrary to the directions of senior management, then that was a matter that should have been drawn to the attention of
45

the risk management committee of the board because it was obviously a risk to the staff?

MS COONAN: Yes. I'd agree with that.

5

MR BELL: And the evidence indicates that, in 2012, at least three executives of Crown Resorts, who remain executives today, were aware that the company was conducting this unofficial office in Guangzhou in a semi-residential area, subject to random checks by authorities and posing many risks. And Mr O'Connor has given evidence to this inquiry that, as far as he was aware, it wasn't being kept a secret in Crown Resorts that these unofficial premises, without any branding or signage, was operating in Guangzhou since at least 2012. Does that suggest to you that there was a failure in the business culture of Crown Resorts at the time?

10

MS COONAN: I will come to that, Mr Bell. But could you just clarify for me, do you mean it was – it wasn't a – it wasn't a – it was an open secret to Crown or in China or – I'm just not quite sure where we get to, so your conclusion follows.

15

MR BELL: Well, perhaps I can do it this way. Perhaps I can actually take you to the documentary evidence.

20

MS COONAN: Sure.

MR BELL: Could you have a look, please, at exhibit P3.

25

MS COONAN: And I might just say, just so we're at one here, it was the statement that it's not an open secret, and I'm just not knowing – I'm just not knowing who it was open to.

30

MR BELL: Yes, I understand.

MS COONAN: Thank you. Thanks, Mr Bell. Yes, I've got that email now.

35

COMMISSIONER: Well, just pause for a moment while it is brought up on the screen.

MS COONAN: I have it in hard copy, Commissioner.

COMMISSIONER: Yes. You're ahead of me, though, Ms Coonan.

40

MS COONAN: Sorry.

MR BELL: The reference is confidential link CRL - - -

45

MS COONAN:

MR BELL: CRL.625.001.0060.

MS COONAN: Yes, I have it. Thank you.

COMMISSIONER: Yes.

5 MR BELL: So this is an email chain, you'll see, from June 2012. And if you start at the end of the chain.

COMMISSIONER: 006.

10 MR BELL: Perhaps, at 0065.

MS COONAN: Yes.

MR BELL: You see an email towards the bottom of the page, "Dear Michael".

15

MS COONAN: "Dear Michael". Yes, I've got that.

MR BELL: If you turn to page .0068 it's from Mr Albouy, the senior vice-president China and Taiwan.

20

MS COONAN: Yes.

MR BELL: And it's not clear from this email who else was copied in on it, but we'll come to that. But you see it says:

25

Please see attached proposal for a new Guangzhou office and upgrade.

MS COONAN: What page?

30 MR BELL: The bottom of .0065.

MS COONAN: 65, yes. Sorry. I was back on 8. Thank you. Yes. Yes, I've got that.

35 *Dear Michael, please see attached - - -*

MR BELL: If you could turn to page .0066.

MS COONAN: Yes.

40

MR BELL: Do you see he says:

45 *The current Guangzhou office is not legally registered and the environment unsuitable for our team. We are based in a semi-residential building which is subject to random checks by authorities and poses many risks.*

MS COONAN: Yes, I see that.

MR BELL: And then if you go forward in the email chain, you see that there's an email from Mr O'Connor at page .0064, to Mr Albouy.

MS COONAN: Thank you. So that starts on 0063 and goes over to 0064 and says:

5

Do we understand the legal implications of doing something like this? Do we need to seek guidance from our legal people? Jason.

Yes.

10

MR BELL: Do you see it's copied into Mr Theiler and Mr Mackay?

MS COONAN: Yes, I see that. Yes.

15

MR BELL: Mr Theiler is an executive of Crown Resorts still is, is he?

MS COONAN: Yes, I know that. Yes.

MR BELL: And so is Mr O'Connor?

20

MS COONAN: Yes. Mr O'Connor is still with the company. I'm not sure who Mr Mackay is.

MR BELL: All right. So if we move forward – it's a little bit difficult to follow, I agree – but if you look at page .0062, do you see that Mr Albouy sends an email to Mr O'Connor saying:

25

Please advise who I am to contact.

30

MS COONAN: 62?

COMMISSIONER: 63.

MR BELL: It goes from 0062 to 0063.

35

MS COONAN: Thank you. Yes:

Please advise who to contact.

40

Yes, I see that.

MR BELL: And then if you go to the first page, .0060, there's an email from – and it goes over to 0061 – and Mr Albouy says – it's an email to Jan Williamson. Is she still in the legal Department of Crown Resorts?

45

MS COONAN: I am not sure. I think so I think so.

MR BELL: Yes.

MS COONAN: But I'm just not sure, Mr Bell. Sorry. Just to make sure I am with you here, am I looking at 0060 down the bottom?

5

MR BELL: Yes.

MS COONAN: Yes.

10 MR BELL: Going over to 0061. So Mr Albouy says to Ms Williamson:

Please see email chain below. Pending the plan below, we have, of course, faced some recent issues regarding our activities in China and want to know if it's advisable we proceed with the Guangzhou office.

15

And he means by that the new Guangzhou office.

MS COONAN: Right.

20 MR BELL: He says.

In a way, this move somewhat legitimises our operations but will await your urgent advice before proceeding.

25 MS COONAN: Yes, I see that.

MR BELL: And then there's further emails in which this chain is forwarded by Mr O'Connor.

30 MS COONAN: Yes, I can see all those people.

MR BELL: Yes. Mr Albouy, Ms Williamson, Mr Mackay and Mr Theiler.

MS COONAN: Yes.

35

MR BELL: So that was the state of knowledge in 2012. The evidence is that no action was taken in light of these emails and that that office in the condition and subject to the risks which Mr Albouy described, continued until August 2015, when a new office was organised. And to take you back to where I started, Mr O'Connor's evidence, transcript page 2004, line 30, was that as far as he was aware, it wasn't

40

being kept a secret at Crown Resorts, that these unofficial premises without any branding or signage were operating in Guangzhou since at least 2012.

MS COONAN: I follow. Thank you for taking me through that, yes.

45

MR BELL: That's all right. So having taken you through that, do you agree that this is suggesting a failure in the business culture of Crown Resorts at the time in operating this unofficial office contrary to the directions of senior management?

5 MS COONAN: Yes, I think that's – that's a reasonable conclusion. And what I would say is that I think the failures here, if that's the right description, really relates to a failure of execution of the risk management framework rather than that the framework not being there or perhaps not being adequate. But we might come to that but, you know, I do agree that there was a failure of – there was an operational
10 risk here.

MR BELL: Do you accept that the board of Crown Resorts has to bear the ultimate responsibility for that?

15 MS COONAN: Yes, I think we do.

MR BELL: And to your knowledge has the board conducted any inquiry to understand how or why these failures occurred?

20 MS COONAN: That's a very good question, if I just may answer it a little more fully. After the China arrests, the board received legal advice not to pursue an inquiry at that time and that related to other proceedings, and in subsequent years there have been a lot of inquiries. I think we're getting to the stage now where there's probably about five lots of inquiries into these most unfortunate events. What
25 I would say about it is I – I do think that there will come a point where we can have a very good look at what falls to the bottom, so to speak, where there may be gaps in all of the inquiries that have been carried out into – into these matters. There's exhaustive inquiry going on in a class action matter. There's an inquiry, no doubt, that you will come to, being conducted by the VCGLR into the China matters.

30 There's inquiries of course into – at different levels, into what to do about risk management. All of these are very important, and I do take the point that has been, I think, teased out in this Inquiry, that there may be a role to really have a good look back and make sure we haven't missed anything. There are lessons to be learned and
35 I accept that. Sorry to be a bit long-winded there.

MR BELL: No, not at all. Not at all. At any time in the period up to the China arrests did you read any legal advices provided to Crown Resorts about whether the activities being conducted by the employees in China complied with the criminal
40 laws of China in relation to gambling?

MS COONAN: No, but my understanding is that at all times the law was being observed in China.

45 MR BELL: All right. And have you read any legal advices about that issue since the China arrests?

MS COONAN: Not – not in terms, but I’ve had extensive legal advice about it. I think Mr Murphy, from MinterEllison, has attended the board of Crown, I think, some 21 times, some 21 occasions, and given an update on these matters.

5 MR BELL: Yes, but I take it that you haven’t, yourself, read the legal advices that were available prior to the China arrests. You’ve relied on other people - - -

MS COONAN: No, I haven’t. I haven’t.

10 MR BELL: Now, I want to come now to the conversation with Mr Johnston that you referred to a little earlier.

MS COONAN: Yes.

15 MR BELL: You say in your statement to the Inquiry dated 17 September 2020 that at about the time of the South Korean casino operators being arrested, Mr Johnston either at or after a board meeting said that the South Korean arrests related to currency movements across borders of mainland China and that Crown had obtained legal advice confirming that Crown staff did not operate in that way; is that correct?

20

MS COONAN: Yes, more or less words to that effect.

MR BELL: And you also say that Mr Johnston didn’t otherwise indicate that there was any risk of Crown staff in China being investigated or detained; correct?

25

MS COONAN: Yes. That’s correct.

MR BELL: Are you able to recall now whether what Mr Johnston told you was either in a board meeting or after a board meeting?

30

MS COONAN: I’ve heard others say it could have been before the board meeting. So directors mill around a bit at the time of a board meeting. They gather before and sometimes there’s a break and people gather for, you know, some other conversation and then people don’t rush off at the end; there’s usually a bit of chat while people are packing up their – their board packs and things of that nature. So I just can’t be precise but I do recall that it wasn’t only me. It wasn’t on the agenda. It was more in the – more in the nature of a mention. And that’s really the best of my recollection. I can’t place, in a time sense, where, at that board meeting it took place.

35

40 MR BELL: So does it follow that not all the members of the board may have been present to hear this communication?

MS COONAN: Yes, I think that’s correct.

45 MR BELL: And did Mr Johnston tell you that the arrest of the South Korean staff occurred in a context where the Chinese authorities had announced a general crackdown on foreign casinos luring Chinese citizens to gamble overseas?

MS COONAN: No, I don't think it was that extensive and, from recollection, I may not have even known about the Korean arrests or I may have heard some reference to it. I'm just not sure whether he was the bearer of that unhappy news.

5 MR BELL: But I just wanted to understand whether, when he did inform you of that, he told you that the context was that there was a general crackdown on foreign casinos luring Chinese citizens to gamble overseas?

10 MS COONAN: I don't think it was that specific. I think he said there had been an incident where some Koreans who were operating a casino or working for a casino, had – had been arrested because of the particular way in which they were behaving, namely, moving currency across the borders. That was the – what I recall about the conversation. He did tell me that there was legal advice which fortified the view that what Crown people were doing on the ground was not illegal and I pricked up my
15 ears, and as I say in my statement, I subsequently asked Mr Neilson, the company secretary, at the time what the provenance of the advice was because I wanted to make sure that it was reputable and hopefully likely to be correct.

20 MR BELL: Yes. And were you, in fact, aware, prior to the China arrests, that there had been a crackdown on foreign casinos announced by the Chinese authorities in relation to foreign casinos luring Chinese citizens to gamble abroad?

MS COONAN: No, I wasn't aware of that.

25 MR BELL: And did Mr Johnston say anything to you or in your presence on this occasion about Crown Resorts staff being questioned by the Chinese police?

MS COONAN: No.

30 MR BELL: Did he say anything to you or in your presence about the Chinese police requiring Crown Resorts to provide a letter to Chinese police in relation to the questioning of its employee?

35 MS COONAN: No, certainly not.

MR BELL: No.

MS COONAN: That would have been a serious matter.

40 MR BELL: It would have been an obvious escalation in the risk to the safety of your staff?

MS COONAN: I would have thought it was an undeniable red flag.

45 MR BELL: Yes. Now, you have mentioned that you asked Mr Neilson where the legal advice had been obtained from, and you say in your statement that Mr Neilson

told you that the advice was provided by a US-based law firm with a regional presence in East Asia and expertise in Chinese law; is that correct?

MS COONAN: Yes.

5

MR BELL: And was that the full extent of your understanding of whether the staff in China were complying with Chinese gambling laws in the period up to the arrests?

MS COONAN: Yes.

10

MR BELL: Now, may I ask you to look at the advertisement published by the board in July 2019, which is exhibit CD13.

MS COONAN: Yes. Yes, thank you for that. I've got that now.

15

MR BELL: That's CRL.501.025.6932. Do you see that in relation to the detentions in China - - -

MS COONAN: Yes.

20

MR BELL: - - - the right-hand column - - -

MS COONAN: Yes.

25

MR BELL: - - - you wrote:

30 *Also, at all relevant times Crown obtained legal and government relations advice from reputable independent specialists. 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 can be interpreted or enforced.*

Do you agree that the implication of what you have written is that Crown relied upon all the legal advice which had been obtained at the time?

35

MS COONAN: Yes, clearly, and this particular piece of advice was, as I understand it, authored by Mr Murphy from MinterEllison.

40 MR BELL: Yes. Now, as you hadn't seen the legal advices yourself, did you rely upon assurances from Mr Murphy or from management prior to approving the advertisement that Crown Resorts had, in fact, relied on all the legal advice which it had obtained up to the time of the arrests?

45 MS COONAN: Yes, I relied on – on the – in this particular respect, relied on the internal memorandum and I think these words are reproduced almost exactly from that memorandum.

MR BELL: Yes. Now, were you aware, prior to approving the advertisement, that after the Crown Resorts staff were arrested in China in October 2016, the internal lawyers of Crown Resorts realised that they didn't have a significant number of the legal and government relations advices that had been provided to the VIP
5 international executives?

MS COONAN: No, I didn't know that.

MR BELL: Or that after the arrests, the internal lawyers had to request copies of all
10 of the advices from the external lawyers to find out what advice had been given?

MS COONAN: No.

MR BELL: And could I ask you to look, please, at exhibit M for Mike 154.
15

MS COONAN: Thank you. Yes, thanks, I've got it.

COMMISSIONER: Could we have the reference please, Mr Bell?

MR BELL: Yes. CRL.545.001.0128.
20

COMMISSIONER: Thank you. Yes, thank you.

MR BELL: You see that there's an email from Mr Chen at the bottom of the first
25 page going over to the second page, to an external lawyer in Beijing saying – this is 24 February 2015 saying:

*The climate has gotten quite destabilised. We have competitors that have
30 pulled their entire teams out of China. Would you please advise whether you think our executives should be avoiding entering China and whether we should be pulling staff out?*

I take it that you weren't aware, prior to approving the advertisement in July 2019,
35 that advice in those terms had been sought from the lawyers in Beijing?

MS COONAN: No.

MR BELL: And if you could look at the advice that was given, which is the
40 previous page, .0128, do you see that the lawyers' advice is:

*I agree that it seems prudent to limit travels of senior executives to mainland
45 China at this point given that the regulatory environment is being tightened up and the picture is not entirely clear. I'm not sure whether it has come to the point that you have to pull the entire team out of China. One option is that you could have some key executives tentatively working - - -*

COMMISSIONER: Key employees.

MR BELL:

...key employees tentatively work outside China, eg, Hong Kong.

5 Now, I take it that you weren't aware at the time of approving the advertisement that legal advice had been provided in those terms?

MS COONAN: Not in those terms.

10 MR BELL: And - - -

COMMISSIONER: In similar terms?

15 MS COONAN: I don't think in any terms. My understanding was, as I previously indicated, Commissioner.

COMMISSIONER: Yes, thank you.

20 MR BELL: I assume you're aware that Crown Resorts didn't, in fact, take any of the China-based staff out of China prior to the arrests?

25 MS COONAN: No, I don't think we had the opportunity to do that, sadly. If matters had been escalated, I think that – we were deprived of the choice of looking carefully at that and taking people out. It seemed a pretty obvious thing that should have happened.

COMMISSIONER: I suppose the alternative was just to shut the operations for a time.

30 MS COONAN: Yes, and that. But you know, but to look critically at what needed to be done, Commissioner.

COMMISSIONER: Yes, thank you.

35 MR BELL: Did you first learn that advice had been sought and given in these terms through the hearings of this Inquiry?

40 MS COONAN: I think that is correct. My only hesitation, Mr Bell, is I've had bits of advice since the arrests in many, I suppose, exchanges with legal advisers. I wouldn't like it to be thought that we weren't paying attention to what was being said. But I hadn't – I really haven't seen this, and I don't think, looking at it now, my honest answer is I wasn't aware of it.

45 MR BELL: Yes. And you may have already answered this question, but do you agree that the fact that advice was being sought and given in these terms needed to be drawn to the attention of the full board of Crown Resorts?

MS COONAN: Absolutely.

MR BELL: And were you aware, prior to approving the advertisement in July 2019, that Crown Resorts management hadn't sought confirmation from Crown Resorts
5 internal lawyers about the soundness of the opinions that the external lawyers were providing?

MS COONAN: No. No, I wasn't aware of that. I don't know whether reliance was misplaced but I certainly wasn't aware of that.
10

MR BELL: And were you aware, prior to authorising the announcement, that Crown Resorts management had not sought confirmation from Crown Resorts' internal lawyers about the soundness of the factual assumptions which the external lawyers were making?
15

MS COONAN: No.

MR BELL: Were you informed prior to authorising the advertisement in July 2019, that Crown Resorts management were relying upon VIP international executives who were not themselves lawyers to interpret the legal advice about Chinese criminal law which had been provided?
20

MS COONAN: No, I think I got that whole question. No.

MR BELL: And were you informed prior to authorising the advertisement that Crown Resorts management didn't seek assurances from the VIP international executives about the soundness of the factual assumptions they had given to the external lawyers?
25

MS COONAN: No, and may I just say, Mr Bell, that I would have expected that senior management had either all the facts at their disposal or certainly the means to ascertain those facts. So I think that's a roundabout way of agreeing with you.
30

MR BELL: And do you agree that if what I have put to you is correct, it indicates that the management of the legal advices being received about the Chinese criminal law prior to the arrests, was inadequate from a risk perspective?
35

MS COONAN: Yes, they should have had the advices.

MR BELL: Are you aware of any changes or reforms which have been made by the legal department of Crown Resorts to ensure that this kind of inadequate management doesn't recur in some other context?
40

MS COONAN: Well, I am aware that there has been quite a bit of changeover in the legal department, and the – any lawyer or, you know, department such as Crown who has to be told to get a legal advice, I really wonder. But there has been some changes.
45

MR BELL: Do you agree that it would be important for the board to ensure that this kind of inadequate management of the legal advices doesn't occur in any other context?

5 MS COONAN: Yes, of course. I mean, there should be – yes, I agree with you. That should be part of the general risk strategy to make sure that legal compliance does all those things.

10 MR BELL: Now, there has been evidence given to this Inquiry that it was widely understood by management prior to the China arrests, that there was a potential for arbitrary action by the Chinese authorities. Was that a matter that you personally recall turning your mind to prior to the China arrests?

15 MS COONAN: No.

MR BELL: There has also been evidence given to this Inquiry that it was widely understood by Crown Resorts management prior to the China arrests that China was a country where the law could be enforced inconsistently. Was that a matter that you personally recall turning your mind to prior to the China arrests?

20 MS COONAN: No.

MR BELL: Now, can I ask you to look back again at the board paper that you looked at prior to the advertisement. It's exhibit CD9, which is confidential link CRL.506.007.8870. If you could turn to page .8881.

COMMISSIONER: Page 9 of the document.

30 MR BELL: Page 9 of the paper – I'm sorry.

MS COONAN: That's all right. Is that it? Yes. I have got it, thank you.

MR BELL: Do you see in the last bullet point at the bottom of page .8881, it says:

35 *It was understood, based on legal and government relations advice, the promotion of gambling was that it was not illegal to promote gambling if it was to groups to less than 10 and no kickbacks were being received.*

40 Was that something that you only came to understand after the China arrests?

MS COONAN: Yes.

MR BELL: So there were two questions: the size of the group and whether kickbacks were being received. In relation to the first question, did you understand, prior to approving the announcement in July 2019, that in relation to the first aspect, the size of the group being organised for gambling, that management of VIP international understood that it would be illegal to organise more than 10 people to

participate in a gambling tour on a single occasion but that it would be legal to organise 10 or more people to participate in two gambling tours on cumulative occasions?

5 MS COONAN: I'm sorry, Mr Bell. Would you just mind repeating that? Did I understand - - -

MR BELL: Yes. Okay.

10 MS COONAN: And when?

MR BELL: Yes. I will start again.

MS COONAN: Thank you.

15

MR BELL: So the first aspect was it was the size of the group. Do you follow?

MS COONAN: Yes.

20 MR BELL: And did you understand that VIP international executives at the time thought it would be illegal for them to organise a gambling tour for more than 10 people on one occasion but that it would be perfectly legal for them to organise 10 or more people cumulatively on two separate occasions.

25 MS COONAN: That management understood that. I think that seems to be what they interpreted, yes.

MR BELL: Right. And then the second aspect, do you see, is kickbacks?

30 MS COONAN: Yes.

MR BELL: And in relation to that aspect, did you understand that VIP international understood that it would be illegal for the staff to get a kickback or fee directly from the gambler but that it would be legal for staff to get a fee from their employer which
35 was based on the gambler's turnover?

MS COONAN: I think that was the basis on which they were proceeding.

MR BELL: And do you agree that both of those points involve quite fine
40 distinctions?

MS COONAN: I think that's fair to say. Yes.

MR BELL: And, obviously, a lot turned on those distinctions being resolved in
45 accordance with Crown Resorts' interpretation, having regard to the safety of the staff in China?

MS COONAN: Yes.

MR BELL: And do you agree that it follows that there was an element of risk in management of VIP international relying on those fine distinctions, having regard to
5 their views about the potential for arbitrary action by the Chinese authorities and their view that China was a place where the law could be enforced inconsistently?

MS COONAN: Yes. I think legal interpretation is a risky business, as we well know, and there are many, many law reports where people have made fine
10 distinctions, Mr Bell, as we both know.

MR BELL: Quite. And having regard to the risk and the consequences that follow if they were wrong, do you agree that emphasised the importance of the board of Crown Resorts of being aware of all factors which escalated that risk?
15

MS COONAN: Before the arrests, I think that's certainly true.

MR BELL: Yes. Now, could I take you, please, to exhibit M30, which is CRL.545.001.0611. Do you see this is an email from Mr Chen to Mr Felstead dated
20 the 26th of March 2013?

MS COONAN: Yes.

MR BELL: And if I could take you to the last substantive paragraph, you see that
25 Mr Chen says:

*This is one thing that it is important to understand when it comes to the China team: they are living in constant fear of getting tapped on the shoulder. In a country where due process is inconsistently applied, it's a risky place to be for
30 all our team.*

Do you agree that it's unacceptable for staff of a listed Australian company to expressing fears for their safety in performing their work?

35 MS COONAN: Absolutely, I do.

MR BELL: Were you ever informed, at any time up to the China arrests, that the staff in China were expressing fears for their safety?

40 MS COONAN: Sadly, not.

MR BELL: And do you agree that the fact that the staff in China were expressing fears as to their safety should have been drawn to the attention of the full board of Crown Resorts and the relevant committees, including the risk management
45 committee and the occupational, health and safety.

MS COONAN: Yes, I do, Mr Bell; right up the line.

MR BELL: Has the board of Crown Resorts taken any steps itself to understand how and why this matter wasn't drawn to its attention at the time?

5 MS COONAN: This has been teased out in – in various processes. And, as I mentioned to you a little earlier, on legal advice, the Crown board hasn't initiated shall I say a sort of ground-up inquiry, but it may not be done yet, Mr Bell. As I said, there's a lot of water to flow under the bridge yet and, in my role as chair, I will be very interested to see if there are still some questions that need to be answered relating to these matters.

10 MR BELL: Do you agree that the failure to report to the board of Crown Resorts that staff were expressing fears as to their safety was a serious failure by executives who were aware of the issue?

15 MS COONAN: Yes.

MR BELL: And do you see that this email was provided to Mr Felstead more than three years prior to the arrests?

20 MS COONAN: Yes.

MR BELL: At the time he was the chief executive officer Australian Resorts and was the executive with ultimate responsibility for VIP international, reporting in to Mr Craigie.

25 MS COONAN: That's correct.

MR BELL: As I understand it, he remains in that position today. Do you still have confidence in Mr Felstead occupying a senior executive's position?

30 MS COONAN: Well, I have to tell you that Mr Felstead's current position is now redundant. Mr Felstead was getting very near to wishing to retire. I think recent events have escalated his desire to do that. And he will part with the company about the end of the year, on my understanding. Arrangements and agreement has been reached with Mr Felstead.

35 COMMISSIONER: Can I just ask you, if I may, about the matter that you raised a moment ago, Ms Coonan, in respect of not doing the investigation on legal advice. Do you remember telling me that?

40 MS COONAN: Yes, Commissioner.

45 COMMISSIONER: I understand the sensitivities of being sued in a class action, but I presume that the reason that Crown hasn't done the investigation is because of the class action; is that right?

MS COONAN: Well, that's one of the matters of course, yes. It's the principal reason, I think, to be fair.

5 COMMISSIONER: All right. And so the difficulty that is faced is that Mr Brazil gave evidence that he was demanding an inquiry to be done. Did you become aware of his evidence in that regard?

10 MS COONAN: Yes, I – I did, Commissioner. And I can – I can tell you about that, if you'd like to hear about it.

COMMISSIONER: All right. And so what we have is no proper, if – I'm not being offensive – but there has been no proper look back - - -

15 MS COONAN: Yes.

COMMISSIONER: - - - at what happened to try to take from those events steps forward to ensure that it doesn't happen again; that's right, isn't it?

20 MS COONAN: Apart from the VCGLR investigation into the China - - -

COMMISSIONER: Yes.

25 MS COONAN: - - - arrests. I think that's – that's correct. What I – the way I try to describe it there's not a sort of bottom-up, you know, forensic pulling apart of it.

COMMISSIONER: Yes.

MS COONAN: But there is an enormous amount of information.

30 COMMISSIONER: Yes, yes.

35 MS COONAN: And so that's why I'm making the distinction between letting some processes finish and seeing, you know, is there some fundamental assistance to going back and trying to do our best to put this together if there need to be answers.

40 COMMISSIONER: I'm sorry. Mr Bell was asking you about whether there had been a review or – and you said that you did not, or Crown did not, because of legal advice. That was at a time immediately after the arrests, as I understand it. Is that right?

MS COONAN: Yes. And has continued, Commissioner.

45 COMMISSIONER: Yes. And so what I was just wanting to raise with you is, why would it matter? I mean, isn't it more important to get to the bottom of it, even if you are at risk in a case?

MS COONAN: Well, I mean - - -

COMMISSIONER: That's the point that I wanted to raise.

MS COONAN: Okay. So that's one view but - - -

5 COMMISSIONER: Yes.

MS COONAN: That's one view – and I'm not necessarily disagreeing with you.

COMMISSIONER: Yes.

10

MS COONAN: What I'm saying is that if we have – we've got legal advice, and you would disregard it, possibly, at your peril. And there are, obviously, a lot of stakeholders to consider in a decision such as that.

15 COMMISSIONER: Yes.

MS COONAN: So – and – and issues to do with the running of a public company. So I think if you – if you had your druthers, if you were free of that kind of advice, which I have always regarded as a constraint, you might have done it differently.

20

But we've got this Inquiry. We've got the VCGLR inquiry, which hasn't yet been concluded, and we have, of course, the class action. So there's three major looks – look-backs at this. And - - -

COMMISSIONER: And so isn't the difference, though, you are licensed. You see, what I'm putting to you is that this is the Inquiry that's taken, since July, to extract the evidence, as you understand. But we still don't have a position that Crown has focused itself backwards. Ms Siegers said she didn't do so. Mr Brazil said he wanted it to happen. And, as I understand it, these legal proceedings and this Inquiry and the VCGLR is seen more as an impediment rather than a catalyst. So I was wanting to, really, explore with you, notwithstanding the legal advice, isn't, when you are a licensed entity, a good idea to have a very good look and say to the regulator: "Look, we've got problems. We had problems here." Wouldn't that be a better culture?

30

35 MS COONAN: I think, in retrospect, you could be right. But what I'm saying is, if we're going back to Mr Brazil's advice, he was pushing on an open door, Commissioner. We were all keen - - -

COMMISSIONER: Yes.

40

MS COONAN: - - - keen to do this.

COMMISSIONER: Yes.

45 MS COONAN: As I say, I think we're constrained by – by other – other matters. I think we - - -

COMMISSIONER: You mean the legal advice?

MS COONAN: Yes. And I think we are certainly assisted by the sorts of probes that we've gone through and, hopefully – my attitude that it's not the end of it and
5 that we do have to have not only done it at the time, but there is – I think there is a good case for a review to see if there's anything we've missed. I do accept that.

COMMISSIONER: Yes. Thank you, Ms Coonan. I'm sorry to interrupt, Mr Bell.

10 MR BELL: You told us that you weren't aware - - -

MS COONAN: I'm sorry. Mr Bell, I missed the beginning.

MR BELL: You've told us that you weren't aware, up to the time of the China
15 arrests, that the Chinese authorities had announced a crackdown on foreign casinos luring Chinese citizens to gamble abroad; is that correct?

MS COONAN: That's correct.

20 MR BELL: And forgive me if I've already asked you, but if I haven't, do you agree that that was an obvious escalation of the risk of the safety of the staff in China, especially having regard to management's view about the potential for arbitrary action by the Chinese authorities and their view - - -

25 MS COONAN: I certainly think it's an escalation.

MR BELL: Yes. Now, are you aware that Mr Felstead, Mr O'Connor and Mr Ratnam have given evidence to this Inquiry that they were aware of the
30 announcement, in February 2015, by the Chinese authorities of a crackdown on foreign casinos?

MS COONAN: Well, I will accept that from you. I wasn't aware.

MR BELL: Yes. All right. And are you aware, and if not would you accept it from
35 me, that Mr Johnston has given evidence to this Inquiry that, in or about February or March 2015, he became aware of reports that the Chinese authorities were cracking down on foreign casinos luring Chinese citizens to gamble abroad?

MS COONAN: I accept that from you.
40

MR BELL: And are you aware that Mr Dixon, chairman of the risk management committee of Crown Resorts at the time, has said that he was not aware, in the period up to October 2016, of any reports of an announcement to the effect that foreign
45 casinos would be targeted as part of the Chinese Government crackdown?

MS COONAN: I accept he said that in his statement.

MR BELL: And are you aware and, if not, would you accept it from me, that a second member of the risk committee at the time, Ms Danziger, has given to this Inquiry that she was not aware of the crackdown on foreign casinos announced by the Chinese authorities?

5

MS COONAN: Yes.

MR BELL: And do you agree that the failure to ensure that the crackdown on foreign casinos announced by the Chinese authorities was drawn to the attention of the risk management committee of the board and, indeed, the full board of Crown Resorts, prior to the arrests demonstrates a failure in risk management processes at the time?

10

MS COONAN: Yes. It demonstrates a failure in operational risk, or execution risk; it does.

15

MR BELL: Could it also, do you agree, indicate a cultural failure to engage with risk management processes at the time?

MS COONAN: I agree with that. There was a tendency to try to manage all these things on the ground, as we now know.

20

MR BELL: Yes. Have you got any insights that you can offer as to how or why these failures occurred?

25

MS COONAN: Yes, I can, as a procedural matter. It wasn't escalated up through the various processes that were set in place by quite a complex and comprehensive set of risk management procedures and policies; they weren't properly applied.

MR BELL: Can I ask you to look at exhibit M139. That's CRL.545.001.0025. So this is an email from Mr Michael Chen, VIP international offices, dated the 9th of February 2015. And the evidence is that recipients of emails to VIP international offices included the staff of China. And turning to about one-third of the way down the page, do you see that Mr Chen says:

30

Just as we departed our all-hands meetings, a number of articles came out this past weekend regarding the Chinese Government seeking to crack down on Chinese gambling abroad.

MS COONAN: Yes, I see that.

40

MR BELL: Do you see that?

MS COONAN: Yes.

45

MR BELL: And then, about halfway down the page, Mr Chen says:

Let me share with you what we are doing.

And, at paragraph number 2, he says - - -

5 MS COONAN: Sorry. Just wait. I'm sorry. You've lost me. Wait a minute.
Sorry, Mr Bell.

MR BELL: That's all right.

10 MS COONAN: I got the:

Just as we departed –

15 I've got that. What para am I on now?

MR BELL: Well, then, at the start at the of the next paragraph. He says:

Rest assured –

20 etcetera.

MS COONAN: Yes. Sorry. Yes.

25 MR BELL: And then he says:

Let me share with you what we're doing –

and there are three numbered paragraphs.

30 MS COONAN: Yes.

MR BELL: And in the second numbered paragraph he says:

35 *We will be applying for Hong Kong/Singapore work permits for all of our
China staff that does not currently hold a foreign passport. This is purely a
precautionary measure that will allow you to say that you work out of an
oversees location and are on business travel to China.*

40 Do you agree that this proposal was inconsistent with Crown Resort's fundamental
principle that all of its business affairs be conduct ethically and in accordance with
the highest standards of integrity?

45 MS COONAN: I think that's a very good question. From this email, though,
they're talking about precautionary measures. I think it would depend if they're
trying to obscure the basis on which they were in China – that's on a reading of this –
or whether they're trying to look after people who are working in China. But

whichever is the correct interpretation, Mr Bell, I – I – I’m just – I’m just not quite sure. But if it’s – if it’s the latter interpretation, that’s not appropriate.

5 MR BELL: Well, firstly, do you see he is talking about a proposal:

...for all of our China staff that does not currently hold a foreign passport.

MS COONAN: Yes, yes.

10 MR BELL: So talking about Chinese citizens - - -

MS COONAN: Yes.

15 MR BELL: - - - with Chinese passports working in China.

MS COONAN: Yes.

MR BELL: Do you follow?

20 MS COONAN: Yes.

MR BELL: Then he talks about giving them foreign visas so that they can say that they work out of an overseas location and are on business travel in China.

25 MS COONAN: Yes.

MR BELL: Isn’t it reasonably clear that he was proposing to try – and put it bluntly – to have a deception of the Chinese authorities to believe that Chinese nationals working in China were, in fact, only there on business travel?

30 MS COONAN: If that’s the way you interpret it, I agree with that. Lots of people have passports and work in other countries. These, being Chinese nationals, probabilities say that the view it’s – that your interpretation is correct. I just don’t think it’s quite as clear as it might otherwise be, respectfully.

35 MR BELL: On the probabilities that you accept, do you agree that that’s the case: it was a proposal which was unethical and not in accordance with the highest standards of integrity?

40 MS COONAN: On your interpretation. Yes.

MR BELL: And you do accept – I don’t want to labour the point – but you do accept that that’s the more probable interpretation?

45 MS COONAN: I think probabilities favour that view. It’s just I think there is another interpretation there. And one thing, I suppose, you’d to know more about to be definitive.

MR BELL: All right.

COMMISSIONER: It's certainly something that you wouldn't endorse writing about, surely, in an email like this?

5

MS COONAN: I certainly wouldn't be writing an email like this, Commissioner.

COMMISSIONER: No. And that's – on that test, really, I think whatever Mr Chen was doing to try and keep the business going, notwithstanding the problems, he was trying to ensure that the business continued, as I read it.

10

MS COONAN: Yes.

COMMISSIONER: Do you agree with that?

15

MS COONAN: I think he was trying to manage on the ground. Yes.

MR BELL: Now – and can I ask you to assume that Mr Drew Stuart, who was the general manager risk and assurance of Crown Melbourne from 2007 to 2018, has given evidence to this Inquiry that he would have taken that fundamental ethical principle into account in identifying appropriate risk mitigation strategies for Crown Melbourne or Crown Resorts?

20

MS COONAN: Yes.

25

MR BELL: Will you make that assumption?

MS COONAN: Yes.

MR BELL: So do you agree that this proposal by Mr Chen illustrates a problem with risk management strategies being dealt with on the ground rather than through the proper risk management processes, because strategies developed on the ground may insufficiently focus on the company's core values?

30

MS COONAN: Yes.

35

MR BELL: Now, another response of management of the VIP international unit to the crackdown of foreign casinos in February 2015 was to remove Crown Resorts' logos from the tails of private jets used to transport high rollers to Australia. Were you aware, in 2015, that it was decided to remove Crown Resorts' logos from the jets?

40

MS COONAN: No, Mr Bell. No.

MR BELL: So an outside observer might conclude that part of the response of the management of the VIP international unit to the crackdown on foreign casinos seems to have been to try and make the business activities in China less visible. And do

45

you agree that that also illustrates a problem with risk management strategies being dealt with on the ground rather than through the risk management processes of the company which would have been surely - - -

5 MS COONAN: Yes. I mean, plainly, I agree these matters should have been escalated.

MR BELL: Yes. Now, you told us a little bit earlier about your conversation with Mr Johnston.

10

MS COONAN: Yes.

MR BELL: But were you aware, at any time after the China arrests, that two employees in China were questioned by the Chinese police in about July 2015?

15

MS COONAN: No.

MR BELL: And were you aware, at any time up to the China arrests, that one of those employees in Wuhan was questioned by the Chinese police about whether he was organising gambling tours, and he falsely denied that allegation?

20

MS COONAN: No.

MR BELL: And were you aware, at any time up to the China arrests, that this employee had been required by the Chinese police to provide a letter from Crown Resorts, which Mr Chen had said, in an email, was to corroborate the employee's statement to the Chinese police?

25

MS COONAN: No. I was not aware of it.

30

MR BELL: And were you aware, at any time up to the China arrests, that a Crown Resorts subsidiary did provide a letter to the Chinese police on behalf of that employee in Wuhan?

35 MS COONAN: Could you just repeat it? Sorry.

MR BELL: Yes. Were you aware, at any time up to the China arrests, that a Crown Resorts subsidiary did, in fact, provide a letter to the Chinese police in support of its employee in Wuhan.

40

MR YOUNG: Just a moment. I - - -

COMMISSIONER: Just pause.

45 MR YOUNG: Hang on just a moment. I object, Commissioner. Following on from the previous question, it's implicit that the letter the subject of this question is the

same letter described in the interior question, and the evidence is that that's not the case.

5 COMMISSIONER: Well, that's your interpretation of the evidence. It's quite clear that the employee didn't tell the authorities the truth. But I understand your point, that what was asked for was a letter indicating his employment status.

MR YOUNG: Yes.

10 COMMISSIONER: And I do understand your distinction. And I'm very alert to your submissions, Mr Young.

MR YOUNG: Yes.

15 COMMISSIONER: I can ask Mr Bell to make it clear that it was in support of his employment.

MR YOUNG: Yes.

20 COMMISSIONER: But I think Ms Coonan can deal with the question.

MR YOUNG: Yes. Thank you, Commissioner. I thought that was only fair to the witness to point that out.

25 COMMISSIONER: Yes. Thank you. Thank you, Mr Young.

MR BELL: And I'm happy – I'm happy to put it a slightly different way.

30 COMMISSIONER: Yes. Thank you.

MR BELL: But, Ms Coonan, were you aware at any time up to the China arrests that a Crown Resorts subsidiary did, in fact, provide a letter to the Chinese police in relation to the questioning of that employee in Wuhan?

35 MS COONAN: I was not aware.

40 MR BELL: Now, this questioning of the employee occurred approximately three weeks after the arrest of some 14 or 15 South Korean casino staff in China. Do you agree that if what I have put to you is correct, the questioning of the Crown Resorts employee in Wuhan coming so soon after the arrest of the South Korean employees was an obvious escalation in the risk to the safety of the staff in China?

45 MS COONAN: I would – I would think so. I would really like to know what the – what took place at the time of the arrest and there's a lot there. But I think what you're putting to me is the close proximity – if I understand your question correctly, the close proximity of the Korean arrests event with this event were together events that should have been escalated. Have I got it?

MR BELL: Yes. To be precise, what I'm suggesting for your consideration, is that bearing in mind management's overall views about potential for arbitrary action and the fact that China was a place where the law could be inconsistently applied, here you have 14 or 15 South Korean employees being arrested in China, and three weeks later a Crown Resorts' employee is being questioned by the Chinese police about whether he is organising gambling tours. What I'm suggesting is that that was an obvious escalation of the risk to the safety of the staff in China?

MS COONAN: Yes, I think it could be, yes.

MR BELL: Now, are you aware that the evidence given to this Inquiry indicates that Mr Felstead was aware of the questioning of the staff in Wuhan, the requirement for a letter from Crown Resorts but informed only one member of the board by email, Mr Michael Johnston, that Mr Michael Johnston did nothing about it?

MS COONAN: You're asking me to assume that, yes.

MR BELL: Right. Please assume that. And on that assumption – sorry, I need to give you another assumption, which is that - - -

MS COONAN: Okay.

MR BELL: - - - although Mr Felstead reported that matter to Mr Johnston, he did not report the matter to his direct report, namely, Mr Craigie. Would you also make that assumption?

MS COONAN: Yes.

MR BELL: Do you agree that the failure of Mr Felstead to report the matter to Mr Craigie, his direct report, in circumstances where he reported the matter to Mr Johnston, indicates that the proper reporting lines had somehow been compromised?

MS COONAN: I'm really sorry, Mr Bell, just to ask for a clarification please. I think your earlier question said "and Mr Johnston didn't tell the board." I think he might have told some people, I don't know. But I don't know whether you're asking me to assume that or are you asking me to assume that the proper reporting got out of whack because Mr Craigie didn't know but Mr Johnston did. I'm terribly sorry to have to ask - - -

COMMISSIONER: Can I just indicate something – sorry to interrupt, Ms Coonan. Mr Bell, I would be grateful if you would take Ms Coonan to the document which is exhibit AB21, which is the correspondence. I think in the circumstances I would be grateful. Yes. This is CPH.001.242.3531. It's the correspondence that has been referred to, Ms Coonan, and you can have a look at it and we'll wait until it comes up on the screen – I hope.

MS COONAN: I've got it.

COMMISSIONER: I think that's a different one. So I am just asking the operator to bring up CPH.001 and so if you go to 3532, please. The next page, please, operator. And if you look at 3532, you will see that Mr Zhou is the lawyer speaking to Mr Chen there, at the bottom. Can you see that, Ms Coonan?

5

MS COONAN: I would just like it a bit larger, please, if possible.

COMMISSIONER: Yes. Thank you, Mr Bell.

10 MS COONAN: Thank you very much. Yes. Yes, now I've got it, thanks. Mr Zhou to Michael.

MR BELL: So before I get to the emails – and at this stage I just want to explore something you said a little earlier. I think you said that you thought Mr Johnston had
15 discussed the matter with other people?

MS COONAN: I don't know that, but you said he didn't tell the board. I don't know whether he told some directors. He certainly didn't tell the board as a whole when I was present.

20

COMMISSIONER: Are you speaking about the arrest or the Koreans?

MS COONAN: No, he told the – it was the Koreans, definitely, yes.

25 MR BELL: Just before we get to what Mr Johnston did or didn't do or know - - -

MS COONAN: Yes.

MR BELL: - - - at the moment I would like to focus on Mr Felstead and to whom
30 he reported.

MS COONAN: Yes.

MR BELL: And just leaving to one side Mr Johnston, the evidence is that he
35 reported the matter to Mr Johnston but he did not report the matter to Mr Craigie, his direct report.

MS COONAN: Yes.

40 MR BELL: My question is, in those circumstances, would you agree that the proper lines of reporting had, for whatever reason, been compromised?

MS COONAN: Yes, I think that's correct.

45 MR BELL: In terms of Mr Johnston – and can I take you through these emails that the commissioner has drawn your attention to, and they start with an email from Mr Zhou, the Chinese lawyer, dated 9 July 2015 at page .3532, to Mr Chen.

MS COONAN: The operators - - -

COMMISSIONER: Enlarge it again, please.

5 MS COONAN: Thank you. Thank you; I've got it, yes.

MR BELL: I won't name the employee in Wuhan, but he says he has just spoken to him.

10 MS COONAN: Yes.

MR BELL:

15 *The interview was straightforward. The police department asked him what he does. He said he's an employee of Crown Hotels, assists Chinese tourists to go to China.*

MS COONAN: Australia.

20 MR BELL:

...to go to Australia.

MS COONAN: Yes.

25

MR BELL:

30 *The police department said that somebody had reported that he organises overseas gambling tours. He said he had no knowledge about it. He believes that the police department was persuaded by his explanation because he has a good record. The police department needs a letter from Crown to confirm that he is an employee of Crown.*

So that's the first email in the chain; do you see that?

35

MS COONAN: Yes, thank you.

MR BELL: And then starting at the page .3531 and going over to 3532 there's an email from Mr Chen to Jan Williamson, a lawyer at Crown Resorts, copying in Mr O'Connor saying:

40

45 *Our staff in Wuhan was invited by local police late this afternoon to come for an interview. He was told by police that a tipster reported he was organising gaming tours and he denied it. He said he worked for Crown Resorts and assisted in organising leisure trips for customers. After two hours he was released. Police requested that Crown furnish a letter prior to 12pm tomorrow corroborating his statement.*

And so on; do you see that?

MS COONAN: Yes.

5 MR BELL: And then Mr O'Connor, do you see, forwards that email to Mr Felstead on 10 July 2015?

MS COONAN: Just waiting for it to font up a bit.

10 COMMISSIONER: Yes, thank you.

MS COONAN: Thanks.

COMMISSIONER: Just enlarge the top half of that page, thank you. Yes.

15

MS COONAN: Yes, from Barry – Barry Felstead to Michael, yes – Mike.

MR BELL: Well, that's right. You see, first of all, Mr O'Connor forwards it to Mr Felstead and then the same day Mr Felstead forwards it to Mr Johnston saying:

20

This is what we will be up against in China at the moment.

MS COONAN: Yes, thank you for showing that to me; I wasn't aware of any of this, yes.

25

MR BELL: All right. Now, the evidence to this Inquiry is that Mr Johnston did not inform any member of the board - - -

MS COONAN: Yes.

30

MR BELL: - - - about this email and, in fact, did nothing about it. Can you make that assumption?

MS COONAN: I can assume that.

35

MR BELL: Yes. And do you agree that the failure of a senior executive, Mr Felstead, and a member of the board, Mr Johnston, to inform the rest of the board and any member of the risk management committee of the board about these matters demonstrates a failure in the risk management processes of Crown Resorts.

40

MS COONAN: Yes, I think they missed the final step.

MR BELL: The final step being to notify the risk management committee - - -

45 MS COONAN: And the board – and the board.

MR BELL: - - - and you and your colleagues on the board.

MS COONAN: Yes.

COMMISSIONER: Mr Felstead told me he thought he'd advised the board by telling Mr Johnston. Did you understand that?

5

MS COONAN: No, I didn't understand that.

COMMISSIONER: Yes, I see.

10 MS COONAN: But Mr Felstead attended board meetings. He was one of the executives who was present during a normal board meeting and gave a report.

COMMISSIONER: Yes, thank you.

15 MR BELL: And do you agree that the whole board of Crown Resorts needed to be aware of the questioning of the staff and the requirement for a letter so that it could consider whether the strategy in China was still within its risk appetite and, if so, whether some appropriate risk mitigation strategy should be put in place?

20 MS COONAN: Yes, I would – I would guess that the risk appetite would be nil in those circumstances.

MR BELL: Yes. And so the risk mitigation strategies would have been along the lines of removing the staff or shutting the operation down or something of that nature.

25

MS COONAN: Well, you could actually consider properly the business proposition.

30 MR BELL: Yes.

MS COONAN: But I'm assuming, and it would be subject to the whole board, but, you know, it's not worth the candle if you've got these kind of escalating risks.

35 MR BELL: Yes. Now, Mr Packer, Mr Alexander, Mr Craigie, Professor Horvath and Ms Halton have all given evidence to this Inquiry that if what I was stated is correct about the questioning of a staff member in Wuhan and the requirement for a letter for the Chinese police, it suggests a corporate governance problem because, for whatever reason, material information which the board needed to know, was not shared by Mr Johnston with the rest of the board. Do you agree with your colleagues?

40

MS COONAN: Well, yes, I do. I just don't understand the – certainly, Mr Johnston knew – knew something. But Mr Felstead also, as I say, presented to the board. I don't think it relieves Mr Felstead from having brought this forward, so I do think that the final conclusion that it does demonstrate an issue with the – with the framework and its application is correct.

45

MR BELL: Would that be a convenient time, Commissioner?

COMMISSIONER: Yes. Ms Coonan, also, you've got the compounding problem in this email that not only was the staff member questioned but you've got an
5 informant in place. Do you see that in the second – please, operator, down the bottom.

MS COONAN: Thank you. Starting - - -

10 COMMISSIONER: You see in the second paragraph - - -

MS COONAN: He was told by police that a tipster - - -

COMMISSIONER: Yes. So you've got an informant informing on Crown on the
15 ground.

MS COONAN: Yes.

COMMISSIONER: So whether that was appreciated by anyone is not known but
20 the fact that you have not only got the employee questioned but you've also got someone informing on the company would certainly, as you've said, raise the red flag immediately, wouldn't it?

MS COONAN: I do think that that's a concern. I mean, I have no experience of –
25 of – personally of what that would mean in China but I think anywhere, having a tipster means that there's a concern.

COMMISSIONER: Yes. Ms Coonan, I'm just going to take a short adjournment for about 10 minutes or so and I will return, and we will have further evidence. Yes,
30 thank you.

MS COONAN: Thank you.

35 **ADJOURNED** [11.38 am]

RESUMED [11.52 am]

40 COMMISSIONER: Thank you. Yes, Mr Bell.

MR BELL: Ms Coonan, do you agree that the risk management failures and the corporate governance problems, which you've acknowledged in relation to the China
45 arrests, are serious issues?

MS COONAN: Yes.

MR BELL: Can you hear me?

COMMISSIONER: I think the – can we just get the sound right, Ms Coonan. There's a little problem with the sound.

5

MS COONAN: Thank you. Thanks, Commissioner.

COMMISSIONER: We can hear you now. Yes, Mr Bell.

10 MS COONAN: Sorry.

MR BELL: Ms Coonan, do you agree that the – do you agree that the risk management failures and corporate governance problems, which you have acknowledged in relation to the China arrests, are serious issues?

15

MS COONAN: Yes.

MR BELL: And do you agree that they're serious issues which had potentially catastrophic consequences for the staff in China?

20

MS COONAN: Certainly, very serious consequences. I think imprisonment is getting close to catastrophic.

MR BELL: And are you aware, and, if not, would you take it from me, that both Mr Packer and Mr Alexander, the executive chairman and executive deputy chairman at the time, have been able to offer no insights or comments as to how or why these failures occurred?

25

MS COONAN: I haven't heard all the evidence. I'll take it from you that they said that, Mr Bell. I mean, I have a slightly different view. I think the root cause of it is pretty obvious, and that is that people tried to manage on the ground. I think that they probably missed the political and social changes in China and probably put overreliance on legal advice; that's what I think is the cause.

30

MR BELL: Yes. And the evidence which has been given to this Inquiry – and I think you may have acknowledged this to the Commissioner a little earlier – is that the company has not itself, at this point, conducted a review into how or why these failures occurred; is that correct?

35

MS COONAN: I think it's fair to say we are piggybacking on other inquiries, on legal advice.

40

MR BELL: Yes. And do you agree that if the company had investigated these matters thoroughly, after the China arrests occurred, it may have avoided the need for regulators in two States to conduct these inquiries?

45

MS COONAN: That's speculation, Mr Bell. I – I don't know.

MR BELL: Can I ask you to look at exhibit AA185 - - -

MS COONAN: Yes.

5 MR BELL: - - - which is confidential link CRL.569.001.0011. And do you see an email from Mr Dixon to Ms Manos dated the 10th of July 2019?

MS COONAN: Yes.

10 MR BELL: And it's informing Ms Manos about what occurred at an in-camera meeting of the board. Do you see that?

MS COONAN: Yes. And copied in Mr Alexander.

15 MR BELL: Yes. And this was an in-camera meeting of the board on the 12th of June 2019; is that correct?

MS COONAN: Yes.

20 MR BELL: And in relation to the first half of the email, had you read the draft report which was being discussed at the meeting?

MS COONAN: Yes, I had. It was part of the board pack.

25 MR BELL: I see. And you understood that the draft report had indicated that there were a number of factors escalating risk to the safety of the staff in China, and the failure to report those matters to the chief executive officer of the board demonstrated a governance and risk management failure?

30 MS COONAN: In the draft report – sorry?

MR BELL: Yes.

MS COONAN: Sorry. In the – sorry. The email says:
35

Concern was expressed at some aspects of the document.

Yes, that's certainly true.

40 MR BELL: Well, perhaps I should take you to the draft report that's referred to. It's - - -

MS COONAN: I think I know what – I think I know what you mean. Yes. I know what you mean.

45

MR BELL: All right. Well, do you accept that the draft report had identified what it described as risk management and governance failures?

MS COONAN: Yes. If you want to ask me about each of them, I better have a look at it.

COMMISSIONER: Yes.

5

MR BELL: No, I don't. I really just wanted to get your agreement or otherwise to the general proposition that you understood that the report had indicated that there were corporate governance and risk management failures.

10 MS COONAN: Well, I don't - - -

MR YOUNG: Commissioner, I object. Just a moment.

COMMISSIONER: Just pause. Yes.

15

MR YOUNG: There are two questions there, Commissioner. And the witness asked for them to be separated. Can that be done?

20 COMMISSIONER: I think what Ms Coonan asked was to be taken to the report, which is a little different to the separation of the question. But I'm sure Mr Bell will accommodate your submission, Mr Young.

MR YOUNG: Thank you, Commissioner. That was as I heard it.

25 COMMISSIONER: Yes. That's all right.

MR BELL: Ms Coonan, do you have the document described as MFIB - - -

MS COONAN: Yes.

30

MR BELL: - - - which has the reference INQ.150.040.0001 on the first page?

MS COONAN: I don't - I'm sure I've got the right document. It doesn't have that on the first page. Yes.

35

MR BELL: I believe your copy doesn't have those numbering. But if you could turn to page 7 of the report, paragraph 16.

MS COONAN: Yes. Give me a moment and I'll be there.

40

MR BELL: Can you please - please just read paragraph 16 to yourself. And tell me when you have done so.

MS COONAN: Yes.

45

MR BELL: This is hearing room only, please.

MS COONAN: Yes, I've read that paragraph 16.

MR BELL: And you understood, when you read the draft report at the time, that the view was expressed in it that the failure to escalate matters to the chief executive officer and the board of Crown Resorts demonstrated a governance and risk management failure?

MS COONAN: That's what the draft says. Yes.

MR BELL: And if I could return to Mr Dixon's email, exhibit AA185, CRL – confidential link CRL.569.001.0011. Were you one of the executive – one of the directors expressing concerns about the implications in the document that some executives had not fully conveyed the level of risk in the Crown operating in China to the board?

MS COONAN: It was – it was a board discussion. I usually contribute. And this was certainly in a draft form that meant that some concerns were raised as to the matters that have been set out by Ms Manos.

MR BELL: And did you have concerns about the implications in the draft report that some executives had not fully conveyed the level of risk in China to the board?

MS COONAN: So that was, I think, the main substance of the concern that was discussed in camera.

COMMISSIONER: But is it you or others?

MS COONAN: All, I think; you could say it was a collective concern. But, certainly, yes, I was one.

COMMISSIONER: Thank you.

MR BELL: And did you join with your colleagues in requesting the executive chairman, Mr Alexander, to speak to the CEO, Australian Resorts, Mr Felstead, about the issues raised in the documents and request that Mr Felstead speak to the document at the next meeting of the board?

MS COONAN: Yes. Well, this was a draft. And the way in which the board thought to deal with it was exactly as it's represented here; that the executive chairman would have a word to Mr Felstead, see what it was all about, and then speak to the document. I'm not sure whether it was the next meeting of the board or at a meeting of the board, but the thrust of that is correct.

MR BELL: Yes. And the fact that you and your colleagues were taking that step reflected the serious concerns, I take it, that you held at the time about the governance and risk management failures in relation to the China arrests?

MS COONAN: I think it was – it was – yes. But the anterior problem, or the anterior question, was to understand what was behind it and what was being said of Mr Felstead in the report. He was a key component of our inquiry.

5 MR BELL: Yes. And would it be fair to say that you were making that inquiry, because were you concerned about the suggestion of risk management failures and corporate governance failures?

10 MS COONAN: I think failure to escalate known issues.

MR BELL: Yes.

15 MS COONAN: I don't know that we got quite to the next bit. I think we were very interested to know what Mr Felstead's explanation was.

MR BELL: But I don't want to labour the point, but I just want to be clear that you were concerned about what you'd read in the draft VCGLR report, were you?

20 MS COONAN: Yes.

MR BELL: And if I could ask you to look at exhibit CD1. This is your statement to the inquiry, dated September this year, CRL.698.001.0001.

25 MS COONAN: Yes.

MR BELL: If you could look at paragraph 17, please, which is on the page ending .0003.

30 MS COONAN: Yes, yes.

MR BELL: It's referring to media coverage from 27 to 29 July 2019.

MS COONAN: Yes.

35 MR BELL: And you say that you watched the 60 Minutes program when it was broadcast on the 28th of July 2019?

MS COONAN: Yes.

40 MR BELL: Did you watch the whole of the program?

MS COONAN: I believe I did.

45 MR BELL: And did you also – you say you also read articles in the Fairfax media in the lead-up to the broadcast over the weekend?

MS COONAN: I think – I think I read some. There was an absolute blizzard of – of media. I have to say that I would have read some.

MR BELL: Yes. Now - - -

5

MS COONAN: I certainly remember the – the voiceovers saying:

Crown Casino exposed: sex trafficking, drugs and money laundering.

10 That really stuck in my mind. It was – that that was a promo for the 60 Minutes program.

MR BELL: Yes. Can I take you to exhibit O53.

15 MS COONAN: This is – I'm sorry. Sorry, Mr Bell, I've got it.

COMMISSIONER: That's all right. We'll have the number brought up in a minute.

MR BELL: Yes, it's - - -

20

MS COONAN:

MR BELL: Yes, INQ.500.001.2381. Do you see this is an article – this version was published in The Age – it was also published in the Sydney Morning Herald on that weekend – headed Gangsters, Gamblers and Crown Casino: How It All Went Wrong.

25

MS COONAN: Yes. I take it that you've read that article.

30 MR YOUNG: Just a moment - - -

MS COONAN:

MR YOUNG: Just a moment, Ms Coonan.

35

COMMISSIONER: Yes. Yes, Mr Young.

MR YOUNG: Commissioner, when this article was referred to yesterday, I think, Mr Bell said the same article appeared in the Sydney Morning Herald and gave an exhibit number G3. That doesn't bear out that this article was published in the Sydney Morning Herald.

40

COMMISSIONER: What's the point?

45 MR YOUNG: Well, Mr Bell's question inserted a line to the effect that the version - - -

COMMISSIONER: The version in The Age is - - -

MR YOUNG: And I can't recall – it's certainly published in The Age, I'm not questioning that.

5

COMMISSIONER: Yes.

MR YOUNG: But Mr Bell added something to suggest it was published elsewhere, and I'm not sure that is right.

10

COMMISSIONER: Yes. All right. Well, thank you for pointing that out. Yes, Mr Bell.

MR BELL: Well, I'll just have that double-checked, Commissioner.

15

COMMISSIONER: Thank you very much.

MR BELL: But is it likely that you read this article, Ms Coonan, over the weekend of 27 and 28 July?

20

MS COONAN: It looks like it might have been a very long article or a feature article. I – I don't have a recollection of having read it, Mr Bell, to be perfectly honest.

25

MR BELL: You did read some articles in the Fairfax press over that weekend; is that right?

MS COONAN: Yes, I think that would be correct. You know, a selection of them – yes. I was more concerned in focusing on the program. We had been told about that program, that it was about to be broadcast, and I was particularly keen to see what that was about. I think that was why I had heard about – I had listened carefully to the promos.

30

MR BELL: Yes. Well, while we are here, can I ask you to look at - - -

35

MS COONAN: Sorry, Mr Bell, I also should say I don't know whether this is a point or not a point that it's at all relevant, but I don't – I don't read The Age.

MR BELL: No. Well, perhaps I will come back to this article then, in a little while.

40

MS COONAN: Yes, that's my - - -

MR BELL: If I could ask you to look at the transcript of the 60 Minutes program, which is exhibit O54, INQ.100.010.1074.

45

MS COONAN: Yes, thank you, I've got it.

MR BELL: If I could ask you to look at page .1077.

MS COONAN: Yes.

5 MR BELL: And you see down the left-hand column there's some paragraph numbers and - - -

MS COONAN: Yes.

10 MR BELL: - - - I'm just going to take you to some of them, starting at the number 66, Voiceover:

15 *What could happen to Jenny and her colleagues by doing what Crown demanded of them became obvious in mid-2015 and Chinese police swooped on the staff of a Korean casino. The message it sent should have been loud and clear for Crown.*

Then at 67, Steve Vickers:

20 *In China my experience has been that the Chinese Government often sends a warning. The pebble has dropped in the water. The ripples go out and if you are tuned in, you can see that something has changed.*

And then to 69, Steve Vickers:

25 *To me, that's a wake-up call. That would be whoops, things are, you know, things have happened.*

Nick McKenzie:

30 *I mean, a bunch of Korean casino operators were arrested in broad daylight. Isn't that one hell of a wake-up call?*

71, Steve Vickers:

35 *That's a big wrap on the knuckles from the Chinese Government but it's difficult to stop the momentum sometimes.*

Did you understand when you read the program that - - -

40

MS COONAN: I'm sorry, what program?

MR BELL: I'm sorry, when you watched the program – you understood when you watched the program that one of the things the media was alleging was that Crown Resorts had failed to heed warning signs of the Chinese authorities, thereby putting staff at risk?

45

MS COONAN: I think that's what it's saying but what I would say is that it really underscores how difficult it is to understand changes that were taking place in China, you know, certainly through western eyes, that's for sure. And I think it's – the way I would put it is that the staff failed to appreciate the fact that there were shifts in the political and social fabric of China and that's, I think, borne out. We only have to look at how serious it is now, Mr Bell.

MR BELL: Yes. So you did understand that there was this allegation that warning signs hadn't been heeded?

MS COONAN: Yes, that was an allegation, yes.

MR BELL: And if I could go back to exhibit O53; at this stage can I just ask you to take it from me, and we'll, in due course, be providing the documentation to establish this, but at this stage if you would take it from me it's either right or wrong that exhibit O53 was also published in the Sydney Morning Herald on the weekend of 27 and 28 July.

MS COONAN: Certainly. It's probably right, yes. I still don't - - -

MR BELL: And it's something you may or may not have read; is that - - -

MS COONAN: That's true. That's to the best of my recollection.

MR BELL: All right. And if you could turn to the page numbered .2392.

MS COONAN: Yes.

MR BELL: Down the bottom of the page, it says:

In late 2016, Crown staff were arrested - - -

MS COONAN: Sorry, Mr Bell. Just wait a moment, 2392?

MR BELL: My apologies, it's .2392.

MS COONAN: Yes. Yes.

MR BELL: Down the bottom of the page it says:

In late 2016, Crown staff were arrested en masse. It's not as if they hadn't been warned months earlier. 15 Korean casino workers were arrested in China for promoting gambling. After the 2015 warning Jiang says her colleagues were no longer nervous; they were scared.

So if you read that, that would have been another indication that the media were alleging that Crown hadn't heeded warning signs that were available to it?

MS COONAN: I'm aware of that allegation, yes.

MR BELL: Yes. And whilst we're here, can I ask you to look at page .2393, the following page.

5

MS COONAN: Yes.

MR BELL: At the top of the page, do you see it says:

10 *Yet behind the scenes Crown was worried. Sources had confirmed it advised its Chinese staff to obtain foreign work visas to make it appear as if they were not working in China.*

Do you see that?

15

MS COONAN: Yes.

MR BELL: And going back to the transcript of the 60 Minutes program, if I could take you to paragraph 76 on page .1078.

20

MS COONAN: Yes.

MR BELL: I will just read you paragraph 76 to 79, Voiceover:

25 *That Crown's internal emails show it was becoming worried, but rather than down tools executives devised other plans just to circumvent the Chinese gambling laws. Staff were told to be more under the radar, to meet VIP gamblers in smaller groups.*

30 Then a quote from a document:

We will be applying for Hong Kong/Singapore work permits for all of our China staff.

35 Voiceover:

And to obtain foreign travel documents so it looked like they weren't even working in China.

40 Then a quote from a document:

This is purely a precautionary measure that will allow you to say that you work out of an overseas location and were on business travel to China.

45 And you recognise that as the email I took you to a little earlier to, from Mr Chen.

MS COONAN: Yes, I do.

MR BELL: So you understood that the media allegations included an allegation that Crown had instructed staff to falsely claim that they weren't really working in China but were working elsewhere?

5 MS COONAN: Yes.

MR BELL: And you would understand that in substance, that was - - -

10 MS COONAN: Well, sorry, just before that, sorry, I should clarify that. Could you just ask me that question again please, Mr Bell.

15 MR BELL: Yes, of course. My question was: did you understand when you watched this program or read any articles over the weekend – over that weekend, that one of the allegations being made by the media was that Crown had instructed staff to falsely claim that they were not really working in China but were working elsewhere?

MS COONAN: Yes, that's the allegation, yes.

20 MR BELL: And you would understand that this was an allegation, in essence, of an ethical failure?

MS COONAN: Yes. I don't think it – it's a legal allegation. Yes.

25 MR BELL: Yes. Now, could I ask you to look at the board's announcement in July 2019, which is CD13.

MS COONAN: Yes.

30 MR BELL: It's CRL.501.025.6932. You describe the media allegations as a deceitful campaign in the heading?

MS COONAN: Yes.

35 MR BELL: And if you look at the section headed Detentions in China, and we looked at this a little earlier, but do you see it commences by saying that:

The program also rehashed some of the content of an earlier Four Corners program in relation to the detention of Crown Group staff in China?

40

MS COONAN: Yes.

MR BELL: Do you see that?

45 MS COONAN: Yes.

MR BELL: And then it talks about the Chinese criminal law and article 303?

MS COONAN: Yes.

MR BELL: And the section I read to you earlier?

5 MS COONAN: Yes, that's what we visited at the beginning of my examination.

MR BELL: Yes. And then do you see at the end of that section, there's an attack on Jenny Jiang, a junior employee, by questioning whether she was paid for her appearance?

10

MS COONAN: Yes, I see that.

MR BELL: And you were aware that she was one of the Crown Resorts employees who had suffered arrest and detention in China?

15

MS COONAN: That's what the 60 Minutes program said.

MR BELL: Right. And you were questioning her objectivity on the basis she had made an successful demand for compensation?

20

MS COONAN: That's what this says, yes.

MR BELL: Nowhere in this announcement did you identify the concerns that you held at this time about risk management and governance failures in relation to the China arrests?

25

MS COONAN: The answer to that is no. We were concentrating specifically on the allegations that were made in the 60 Minutes program, and what we were most focused on – if I could just outline this, Mr Bell, and maybe we can go to this if you wish – what the board was most focused on was the allegations that Crown was deliberately getting into bed with – with criminals, that we wilfully were engaged in money laundering, that we broke the law in China, and that we were engaged in circumvent visa requirements. They were the four main things that most concerned the board in the allegations. So it was attributing the motivations to those factors.

35

MR BELL: Yes, but you were aware that the media had alleged that Crown Resorts had failed to heed warning signs at the time - - -

MS COONAN: Yes.

40

MR BELL: - - - as we discussed.

MS COONAN: Yes.

45 MR BELL: And you had concerns about the fact that warning signs had not been escalated and that this was being suggested as a risk management and governance failure?

MS COONAN: Well, I told you what we were focused on. I'm aware that - - -

MR BELL: Yes.

5 MS COONAN: That we were focused on that and what we've actually dealt with in
the media article. If we had done it a different way, we might have been able to deal
with everything that was on the cooker, if that's the right way to put it. But that was
what we were focused on. We were faced with a – a ferocious attack, as we saw it,
on our motivations and our integrity. We didn't think it was true. And we thought it
10 was a proportionate response to a pretty ferocious attack. So that's the broad
framework for how we approached it. Now, I know we can parse, we can look at it
in detail – and I realise it's open to different interpretations. I'm trying to give you
and the Inquiry an honest view of the sorts of matters we were trying to address.

15 MR BELL: I have no doubt that there were other serious matters that you wanted to
address, but do you agree it would have been appropriate to acknowledge, in this
document, that there were concerns about failure to heed warning signs and these
were risk management failures?

20 MS COONAN: I think it would have – I apologise, Mr Bell. I cut you off. I'm
very sorry.

MR BELL: That's all right. Well, I will put it again. But, I mean, do you think, in
the circumstances, it would have been appropriate to acknowledge that you and your
25 colleagues did have concerns about the fact that warning signs hadn't been escalated
to the board, and that these were risk management and governance failures?

MS COONAN: I just don't think we could have got it into the ad – ad, Mr Bell.
And, as I've said, my honest answer to this is we couldn't possibly have dealt with
30 all issues that were of concern and importance, but we dealt with these allegations.
And we were critically engaged with the contention that we had deliberately broken
the law in China. I don't think we did, and I still don't think we have.

MR BELL: And do you think it would have been appropriate to acknowledge the
35 allegation of ethical failure in relation to the proposal to provide Chinese nationals
with foreign work visas?

MS COONAN: You could have gone through a catalogue, Mr Bell. What I'm
trying to say, open to criticism though it may be, that what we were focused on was
40 the matters that I've outlined, for the reasons I've outlined, and the fact that, as
you've heard, no doubt, from other witnesses, there was a real concern to set the
company straight in the sense of, you know, it was – it was a real – a real attack, and
we thought we had to deal with these particular, what we thought, were unfair
assertions.

45 MR BELL: And with the benefit of hindsight, do you regret having made this
announcement in the terms in which it was made?

MS COONAN: Look, to be perfectly honest with you, I think the language could have been softened. I do agree with you that I think some of the adjectives were perhaps a bit strong. I'd have certainly perhaps referred, for example, to junket operators, instead of "robust", I probably would have said "extensive". And in
5 respect of money laundering, instead of "comprehensive", I would have probably found some other description. So I think that, you know, there is a point that we certainly could have softened the language. But, at the time, all I can really tell the Inquiry is that our views were sincerely held. The documents and information we
10 relied on – there may have been misplaced reliance but that's what – that's what we did rely on. So it was those reports from management plus legal advice relating to the specific 60 Minutes allegations about the motivations and matters that I've told you.

COMMISSIONER: That last paragraph shouldn't have been in, should it?
15

MS COONAN: Which one, Commissioner? Sorry. "As an ASX company"?

COMMISSIONER: No,.

20 *The 60 Minutes program featured a former junior employee under the - - -*

MS COONAN: Yes. I agree with you. Yes. I agree with you. I agree with you.

COMMISSIONER: Most unsatisfactory.
25

MS COONAN: Yes. I agree with you. I don't think that was – that was appropriate.

COMMISSIONER: Yes. Thank you. Yes, Mr Bell.
30

MR BELL: So, Ms Coonan, I want to turn to another topic now.

MS COONAN: Yes.

35 MR BELL: You're aware that Mr Packer resigned from the board of Crown Resorts in December 2015?

MS COONAN: 2015, yes.

40 MR BELL: Yes, and why did you understand that he left the board at that time?

MS COONAN: I really didn't know. I didn't have a conversation with Mr Packer at the time. Plus – so, I – I mean, it's speculation, but Mr Packer has had episodes of being very unwell from time to time, but I didn't know.
45

MR BELL: Can I ask you to look at exhibit AA51, please. So this is CPH.001.635.7066.

MS COONAN: Yes.

MR BELL: You see this is the company's ASX media release dated the 21st of December 2015 in relation to Mr Packer stepping down as a director?

5

MS COONAN: Yes.

MR BELL: And do you see, in the second paragraph, under the words:

10

Mr Packer said –

he said:

15

Now is the right time to focus my endeavours on my new role as I outlined to shareholders when I stepped aside as chairman in August. I intended to devote my energies to a number of key development projects in Sydney, Melbourne and Las Vegas, as well as Crown's online platform.

MS COONAN: Yes.

20

MR BELL: Was your understanding of why Mr Packer was stepping down consistent with what's conveyed in this media release?

25

MS COONAN: Well, that was a public statement made by Mr Packer. And he was very – I think he – so far as I understand it, from what was said at the board meeting, he wanted to concentrate his energies on these projects, free of the obligations of chairing Crown – chairing the main board.

30

MR BELL: Did Mr Packer tell you at this time that he had made threats to a businessman in connection with the privatisation of Crown Resorts?

MS COONAN: No.

35

MR BELL: Did Mr Rankin inform you of that matter?

MS COONAN: No.

40

MR BELL: Were you otherwise aware, at the time of Mr Packer's resignation in December 2015, that he'd made threats to a businessman in the context of the proposed privatisation of Crown Resorts?

MS COONAN: No. No. But I did know that there are times when he wasn't well.

45

COMMISSIONER: Did you ever become aware of that threat until recent times?

MS COONAN: No. Not until Mr Packer gave his evidence, but I hadn't been aware of that.

COMMISSIONER: Yes. Thank you.

MR BELL: Do you recall that, at this time, a services agreement was being
5 negotiated with Mr Packer for him to act as president global strategy of Crown
Resorts?

MS COONAN: Not – not with any great clarity. I certainly remember the – you
know, he was very invested, personally, in making sure that Sydney was realised.
And, at that stage, we had, I think, the development in Alon in Las Vegas. We were
10 moving into online platforms. I think it was – all of that I recognise.

MR BELL: Yes. Could I ask you to look at exhibit AA30. It's confidential link
CRL.545.001.0072 – sorry, .0972. My apologies.

15 MS COONAN: I'm sorry. Sorry. Is it - - -

MR BELL: Exhibit AA30.

MS COONAN: Yes. I just apologise, what page?
20

MR BELL: Well, the first page, the reference down the bottom is
CRL.545.001.0972.

MS COONAN: Yes. Thank you. I've got that.
25

MR BELL: And do you see that the first agenda item on that page is an update on
CPH and Mr Rankin - - -

MS COONAN: Yes.
30

MR BELL: - - - updating on the process with Hellman and Friedman?

MS COONAN: Yes.

35 MR BELL: What was the process with Hellman and Friedman, as you understood
it, at the time?

MS COONAN: I don't think there was very much information about Hellman and
Friedman other than, potentially, if I recall, as an equity investor. I may not have the
40 right terms.

MR BELL: And if you look at the next page, .0973 in the bottom right-hand corner,
you see there's an agenda item related to party transactions, services agreement –
service agreements with James Packer and CPH?
45

MS COONAN: Yes.

MR BELL: And is it the case, from the Crown Resorts' point of view, that it was ready to proceed with the agreement with Mr Packer as president, global strategy at this time?

5 MS COONAN: I really can't – can't say, Mr Bell. I just haven't got that clarity of recall.

MR BELL: Well, let's perhaps just review the minutes. Do you see that Mr Rankin thanked the independent directors and those members of the management team for
10 them negotiating and reviewing the transactions. He said that:

Given the current process with Hellman & Friedman, CPH did not want to proceed with these arrangements at the time.

15 That is, the services agreement with Mr Packer and CPH.

MS COONAN: He said that work done – yes.

MR BELL: And you see there was then a discussion about the merits of proceeding
20 with the transaction, awaiting the outcome of the Hellman & Friedman process.

MS COONAN: Yes.

MR BELL: And Mr Mitchell said that:
25

As there was no certainty that any proposal would be received, there were good arguments in proceeding with the arrangements now.

MS COONAN: Yes.
30

MR BELL: And Mr Craigie is recorded in the minutes as saying that:

*The nomination and remuneration committee was satisfied with the contract documents. Crown could only proceed if CPH were prepared to sign the
35 document.*

MS COONAN: Yes.

MR BELL: And then Mr Rankin is recorded in the minutes as saying:
40

CPH did not want to proceed at this time and believed it was in everyone's best interests.

So, should we understand it – is it consistent with your recollection that Crown
45 Resorts was content to proceed with the service agreement with Mr Packer?

MS COONAN: I – I – I think so. And I think it was just deferred, from - - -

MR BELL: Yes.

MS COONAN: - - - from this meeting, if I recall correctly. Yes. Sorry. I've just seen the top of the next page:

5

Discussion about how it would be dealt with.

Yes.

10 MR BELL: Yes.

MS COONAN: Yes, the arrangement being deferred. Sorry. I'm reading ahead.

15 MR BELL: Not at all. And so, according to the minutes, Mr Rankin said that CPH didn't want to proceed with the services agreement with Mr Packer given the current process with Hellman & Friedman. Was that the extent of your understanding as to why Mr Packer didn't want to, or CPH didn't want to, proceed with the service agreement at that time?

20 MS COONAN: Can I say I don't definitively recall, but that sounds perfectly plausible, because we hadn't proceeded with internal arrangements because of things such as the offer from Wynns and the Melco agreement, things more or less get overtaken. So it's possible. I just – I just don't clearly recall, Mr Bell. I'm sorry.

25 MR BELL: That's all right. And do you have any recollection of whether you were informed of any other reason why Mr Packer didn't want to proceed with the service agreement?

30 MS COONAN: No. And I wasn't on the nominations and remuneration committee. They might have had a better grasp of it.

MR BELL: You don't recall being informed that Mr Packer was suffering any illness at this time?

35 MS COONAN: No, not at that time. I had a general knowledge that Mr Packer was, from time to time, unwell. But certainly not for this purpose, did I think that, or know that.

40 MR BELL: And when did you last have any communication with Mr Rankin?

MS COONAN: Not since he left the board. So he stepped down.

COMMISSIONER: So that's January 2017?

45 MS COONAN: Yes, yes. Sorry. Sorry, Commissioner. He was a director for a short time after he ceased being chair. And he might have attended one or two meetings and then he left the board.

COMMISSIONER: So, just on Mr Rankin, did you know that Mr Rankin had advised management to be on high alert in respect of the prospect of your staff in China being arrested?

5 MS COONAN: No.

COMMISSIONER: So, in June 2015, the chairman-in-waiting, Mr Rankin – he became chairman in August – suggested to management that they should be on high alert having regard to the arrests of the Korean staff. But you were never informed
10 of that; is that right?

MS COONAN: Never informed of that. And I understood, from Mr Packer, that Mr Rankin was alleged to be a China expert, but he never told us.

15 COMMISSIONER: And when – I’m terribly sorry, Ms Coonan. What did you say?

MS COONAN: No, no. I said – and Mr Packer, I think, was of the view that Mr Rankin was a China expert.

20 COMMISSIONER: Yes. And when you discussing the report with Mr Bell the report from the VCGLR about when that was written, you remember that?

MS COONAN: Yes.

25 COMMISSIONER: You may recall, if you’ve got it nearby – do you have the report nearby; the VCGLR draft?

MS COONAN: We can find it. Yes, thank you.

30 COMMISSIONER: Yes. Could you just read paragraph 20 on page 7, the page that Mr Bell took you to.

MS COONAN: Yes.

35 COMMISSIONER: And it goes over to the top of the next page, if you just read that to yourself.

MS COONAN: Yes. Yes.

40 COMMISSIONER: And so one of the things that is missing from that analysis is clearly Mr Rankin’s warning to the staff; would you agree with that?

MS COONAN: Yes.

45 COMMISSIONER: And one of the things that’s missing is the knowledge in the board, albeit cocooned in Mr Rankin’s head at the time. Would you agree with that?

MS COONAN: Yes.

COMMISSIONER: And, at any stage, prior to you saying farewell to Mr Rankin in the middle of 2017, were you informed that Mr Rankin had advised the staff that
5 they should be on high alert in respect of your own employees in China with the danger of arrest?

MS COONAN: No.

10 COMMISSIONER: Thank you, Ms Coonan. Yes. , I'm sorry to interrupt.

MR BELL: Ms Coonan, could I ask you to look at exhibit Y13, CRL.525.001.0001.

MS COONAN: Yes.

15

MR BELL: Now, do you see this is the services agreement that was ultimately entered into between Crown Resorts and Consolidated Press Holdings - - -

MS COONAN: Yes.

20

MR BELL: - - - in 2016?

MS COONAN: Yes.

25 MR BELL: And if you turn to page .0004, do you see that agreement is dated the 1st of July 2016?

MS COONAN: Yes.

30 MR BELL: And you've been aware since that time that this agreement has been in place, I take it?

MS COONAN: That's true. Yes.

35 MR BELL: And did you understand that the purpose of the agreement was to provide for Crown Resorts to pay CPH for services provided by certain CPH executives of Crown Resorts?

MS COONAN: Yes.

40

MR BELL: And if you look at the schedule of CPH executives who were providing – or were to provide services, at page .0024, do you see that they included - - -

MS COONAN: Just wait one second. So zero - - -

45

COMMISSIONER: Yes. Just go a bit more slowly, please, Mr Bell. Thank you.

MR BELL: Apologies. It's page point-zero - - -

MS COONAN: All right. I'm a very slow page Turner, Mr Bell. Now I've got it.
Thank you.

5

MR BELL: So at page .0024, do you see that two of the executives who are providing services under this agreement were Mr Johnston and Mr Jalland?

MS COONAN: Yes.

10

MR BELL: If you look at clause 11.1 at page .0015.

MS COONAN: 11.1. Yes.

15

MR BELL: You see it sets out a conference procedure?

MS COONAN: Would you like – would you like me to just read that? May I just refresh my memory please? Thank you.

20

MR BELL: Of course.

MS COONAN: Yes, thank you, I've read that.

25

MR BELL: So were you aware at the time of the agreement that if a CPH executive perceived an actual or potential conflict of interest in providing services to Crown Resorts, there was a mechanism for that to be resolved?

MS COONAN: Yes, it was the only way this agreement could work appropriately.

30

MR BELL: And if I could ask you to look at clause 14.4, starting at page .0017, and going over to page .0018; you may want to read that.

MS COONAN: If I may, thank you. Yes, thanks, Mr Bell.

35

MR BELL: So you were aware at the time of the agreement that it made provision for confidential information to be provided to CPH and the executives so that they could provide the services to Crown Resorts?

MS COONAN: Yes.

40

MR BELL: And you understood that information about the services agreement was disclosed – and including the amounts paid under it, was disclosed in the annual reports of Crown Resorts from 2017 onwards?

45

MS COONAN: Yes.

MR BELL: Now, if I could ask you to look at exhibit Y6, which is confidential link CRL.508.006.5500. I'll say that again, CRL.506.006.5500.

MS COONAN: Yes.

5

MR BELL: You see these are minutes of a meeting of the board of Crown Resorts on the 31st of October 2018 which you attended?

MS COONAN: Yes.

10

MR BELL: If you look at page .5509 - - -

MS COONAN: I've got zero – yes, 09, thank you. Yes.

15

MR BELL: The final page of the minutes.

MS COONAN: Yes. Thank you.

MR BELL: You see that - - -

20

MS COONAN:

MR BELL: Do you see that the minutes record that you joined in a resolution with your colleagues to approve of the controlling shareholder protocol?

25

MS COONAN: Yes.

MR BELL: And did you understand that a purpose of the controlling shareholder protocol was to permit Crown Resorts to provide its confidential information to Mr Packer notwithstanding that he was no longer on the board of Crown Resorts or CPH?

30

MS COONAN: I think that's right and later, of course, it wasn't – there was a separate protocol.

35

MR BELL: What do you mean by that?

MS COONAN: I'm sorry, Mr Bell. Yes, sorry. Yes, that's correct.

40

MR BELL: Yes. There was no other protocol with Mr Packer, was there?

MS COONAN: No, no, no, sorry, I was – I've had it reviewed recently, Mr Bell, and I had conflated the two events. I had recently had the controlling shareholder protocol reviewed this year - - -

45

MR BELL: I see.

MS COONAN: - - - because it had come to my attention that it may have been used – being used ad hoc, so I'd had the review.

MR BELL: When did that come to your attention?

5

MS COONAN: In about June. I just wanted to check how it was being used.

MR BELL: I see. So if we could look at the protocol, which is exhibit Y5, confidential link CRL.509.014.8430. We'll just have to wait for a moment. We've lost everyone.

10

MS COONAN: Yes, I have that.

COMMISSIONER: Yes, we are back now, thank you very much, Mr Bell. We just lost vision for a moment. Yes. Yes, if you could ask that again please, Mr Bell.

15

MR BELL: Yes. So Ms Coonan, hopefully you have exhibit Y5, confidential link CRL.509.014.8430.

MS COONAN: Yes.

20

MR BELL: Do you see this is the confidential – I withdraw that. Do you see this is the controlling shareholder protocol dated 31 October 2018?

MS COONAN: Yes.

25

MR BELL: If I could ask you to look at clause 2.10, page .8433.

MS COONAN: Yes.

30

MR BELL: You understood at the time that this agreement was entered into, I take it, that there are a number of people who were authorised to share confidential information under the protocol including directors and officers and key management personnel?

35

MS COONAN: Yes.

MR BELL: And I take it that you were aware after this protocol was entered into in October 2018 that information was provided on a regular basis by board members and senior management of Crown Resorts to Mr Packer?

40

MS COONAN: I assumed there would be information. The regularity of it was not something I assumed.

MR BELL: I see. Now - - -

45

MS COONAN: But perhaps a more complete answer is I didn't know that.

MR BELL: Right. But you expected that it would occur; is that a fair way of putting it?

5 MS COONAN: I expected that within the confines of this agreement, if it was within Crown's interest that this agreement could operate appropriately.

10 MR BELL: Yes. Now, are you aware, and if not would you please take it from me, that Mr Michael Johnston has given evidence to this Inquiry that in the second half of May 2019 at a time when the company of which he was the director was negotiating the sale of 19.99 per cent of shares in Crown Resorts to Melco Resorts, Mr Johnston was reviewing confidential financial forecasts of Crown Resorts, as part of the budget process in his capacity as a CPH executive providing services to Crown Resorts?

15 MS COONAN: Yes, I can assume that.

20 MR BELL: And are you aware, and if not, would you take it from me that Mr Johnston has given evidence that he provided comments on Crown Resorts' financial forecasts knowing that those forecasts had been specifically requested by Mr Packer under the protocol?

MS COONAN: Yes, I accept your statement about that.

25 MR BELL: All right. And are you aware and, if not, would you also please take it from me that Mr Johnston has given evidence that at the time he failed to declare CPHs interest in the financial forecasts or to notify Crown Resorts that the company of which he was a director was negotiating a sale of Crown Resorts' shares to Melco Resorts?

30 MS COONAN: Yes, I will assume that.

MR BELL: And - - -

35 MS COONAN: I'm not clear what CPHs interest was that you're referring to, Mr Bell, I'm sorry.

MR BELL: Perhaps I need to ask you to make another assumption - - -

40 MS COONAN: Yes, okay.

MR BELL: - - - which is that Mr Johnston has given evidence that he used the information in the financial forecasts as the basis to provide certain information to Melco Resorts prior to the sale to Melco Resorts, would you also make that assumption?

45 MS COONAN: Yes.

MR BELL: Now, does it concern you, as chairman of Crown Resorts, that Mr Johnston failed to notify a conflict of interest in these circumstances?

MS COONAN: I wasn't chair at the time but as chair now, I would say yes.

5

MR BELL: And do you agree that if what I have put to you as assumptions are correct, that Mr Johnston should have notified a conflict of interest in that circumstance?

10 MS COONAN: I think he should have brought it to Crown's attention.

MR BELL: Yes. And is it the case that you have suspended the provision of confidential information to Mr Packer and CPH under both the services agreement and the controlling shareholder protocol in light of Mr Johnston's evidence to this Inquiry?

15

MS COONAN: Well, what I've done is I've directed that information flows cease, pending consideration by the board at a board meeting that I think is scheduled on Wednesday, because I want to be thoroughly comfortable with what these documents do. I mean, it may be that some provision of information can be appropriate. I did hear a mention a little earlier in this the Inquiry and I respectfully agree, with the Commissioner's observation that nominee directors usually are able to be that conduit in an appropriate way acting as a director of the – of the organisation.

20

MR BELL: Yes. Now, Mr Johnston has given evidence to this Inquiry – and if you're not aware of that, I would ask you to take it from me – that he acknowledges that if he had informed the rest of the board about the questioning of a staff member in China by the police and the requirement by the Chinese police for a letter from Crown Resorts, it's possible that the board may have put in place mitigation strategies, such as removing the staff to Hong Kong, which would have prevented the China arrests from occurring. Do you accept that as an assumption?

25

30

MS COONAN: Yes.

MR BELL: And then there is his conduct, in this case, in failing to notify a conflict of interest when he was reviewing confidential financial forecasts of Crown Resorts at the same time as he was negotiating a sale of Crown Resorts' shares. Do you still have confidence in Mr Johnston as a person on whom you can rely to fulfil his duties as a director of Crown Resorts?

40

MS COONAN: The answer to that, Mr Bell, is yes. And my reasons for it, if you wish me to go there - - -

MR BELL: Yes.

45

MS COONAN: - - - is that if he is no longer acting under the controlling shareholder agreement, he is no longer getting information under the services

agreement or providing services in an executive capacity, and he is no longer wearing a lot of hats, that is, he is not involved in some, perhaps, you might say, executive matters to do with the operations of Crown, he is a very, very fine diligent and dedicated board director who I think can make his – continue to make a good
5 contribution with those adjustments. So they're my reasons.

MR BELL: In that answer, you didn't deal with that part of my question which referred to his failure to notify the rest of the board about questioning of the staff member in Wuhan and the requirement for a letter for the Chinese police. Would
10 you care to address that?

MS COONAN: Yes. I mean, I do think that's a lapse. None of us are perfect. But I think, in terms of his general contribution to the board, I value it. I've worked very closely with him. I've even work closely with him on one matter under the services
15 agreement, and that was when I was chair of the audit and governance committee, in a most complex – eye-wateringly complex – tax matter where his expertise came to the fore. So I plan to have a look at Mr Johnston's workload. And I think our committees, in some respects, need some attention - - -

20 MR BELL: Yes.

MS COONAN: - - - and membership of those committees.

MR BELL: You're aware at the moment he is currently on – he's currently a
25 member of, I think, six committees of the board of Crown Resorts. Do you think it's perhaps time to lighten that load?

MS COONAN: Yes. He's wearing a lot – I apologise. Yes. He's wearing a lot of hats, as he – as, I understand, he has acknowledged. And I plan to relieve him of
30 some of his hats. He is a nominee director and, of course, nominee director or directors are – and appointment and removal of directors is a matter for the shareholders.

MR BELL: I would like to ask you some questions about Crown Resorts' securities
35 trading policy, which is exhibit AB44.

MS COONAN: Yes. Thank you.

MR BELL: Do you see that this is – it's INQ.010.003.0124.
40

MS COONAN: Yes.

MR BELL: Perhaps wait for the operator to bring that up. Thank you.

45 COMMISSIONER: Thank you.

MR BELL: Do you see that it's Crown Resorts securities trading policy, dated the 11th of December 2018. And I think the date appears at the bottom of the third page at .0126?

5 COMMISSIONER: .0127.

MR BELL: Indeed, I think it's every page.

COMMISSIONER: I see.

10

MS COONAN: Yes. I can see that. It's very, very small font. I see it.

MR BELL: Yes.

15 COMMISSIONER: Yes.

MR BELL: I take it that, in general terms, you're familiar with this policy?

20 MS COONAN: Yes, I would say so, but happy to be taken to any part of it, Mr Bell.

MR BELL: And, obviously, it's an important policy, would you agree, designed to ensure that Crown Resorts and its directors and officers operate within both the letter and the spirit of the law when it comes to securities trading?

25

MS COONAN: Yes.

30 MR BELL: And do you agree it's important that there's absolute clarity as to when directors and officers of Crown Resorts can trade shares in Crown Resorts and when they can't?

MS COONAN: Yes.

35 MR BELL: And if I could ask you to look at paragraph 2 .0126.

MS COONAN: Yes.

MR BELL: Do you see it states, in the second sentence, that:

40 *The policy regulates dealings in Crown securities by Crown's directors and employees?*

MS COONAN: Yes.

45 MR BELL: And it goes on to say that:

The policy also extends to dealing in Crown securities by any persons or entities who are close associates - - -

5 MS COONAN: Yes.

MR BELL:

- - - of Crown's directors and employees.

10 MS COONAN: Yes, yes.

MR BELL: And do you see that, in subparagraph (b)(i) and (ii):

15 *Close associates include companies which are managed by a Crown director*
- - -

MS COONAN: Yes.

20 MR BELL:

- - - or directly or indirectly controlled by a Crown director.

MS COONAN: Yes.

25 MR BELL: And if I could ask you to turn to the next page, clause 4.1, page .0127 you see that it:

30 *...prohibits Crown directors and employees and their close associates from trading in Crown securities while that person is in possession of inside information.*

MS COONAN: Yes.

35 MR BELL: And then you see, a little further above that on the page, there's a well-known definition of "inside information" as:

40 *Information which is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the financial product in question.*

MS COONAN: Yes.

45 MR BELL: Are you aware, and, if not, would you take it from me, that Mr Barton has given evidence to this Inquiry that the financial plan that he provided to Mr Johnston in the second half of May 2019 contained price-sensitive information which was not publicly available?

MS COONAN: I will take the assumption. Yes. I don't know that to be correct, but I'll will take the assumption.

5 MR BELL: Thank you. And are you aware, and, if not, please, would you also take it from me, Mr Johnston has given evidence to this Inquiry denying that the financial plan which Mr Barton provided to him in the second half of May 2019 contained price-sensitive information?

10 MS COONAN: Yes.

MR BELL: So, in those circumstances, do you have any concerns about how this securities trading policy is operating in practice?

15 MS COONAN: Well, there's two different views about the information. Without reviewing it, it would be very difficult for me to come to a view. But it, certainly, is something that, if there was – the conflict of the kind you refer to, with one officer saying it is sensitive, the other saying it isn't, it's something that needs to be looked at.

20 MR BELL: Yes. Is that a convenient time?

COMMISSIONER: It is a convenient time. Ms Coonan, I'm going to take the luncheon adjournment now, and if you could be kind enough just to come back just a little before 2 o'clock so we can ensure the technology is in place.

25 MS COONAN: Thank you.

COMMISSIONER: Yes. Thank you.

30 **ADJOURNED** [12.58 pm]

35 **RESUMED** [2.00 pm]

COMMISSIONER: Yes, thank you, Mr Bell.

40 MR BELL: Commissioner, could I tender exhibit AB60, which has just been provided to the interested parties.

COMMISSIONER: Yes.

45 MR BELL: It's the equivalent article in the Sydney Morning Herald to the article that I took Ms Coonan to, which was exhibit O53. It's in the presentation system and its reference is INQ.500.001.4222.

COMMISSIONER: Thank you, I will mark that as exhibit AB60. Thank you, Mr Bell.

5 **EXHIBIT #AB60 SYDNEY MORNING HERALD ARTICLE, EXHIBIT O53
(INQ.500.001.4222)**

10 MR BELL: Ms Coonan, this morning you said something to the effect that you had reviewed the controlling shareholder protocol in about June because it came to your attention that it may have been used ad hoc. Were you referring to June this year?

MS COONAN: Yes.

15 MR BELL: Could you explain the circumstances in which you had cause to review the protocol at that time?

20 MS COONAN: Yes. I basically wanted to make sure that the information that I assumed was being provided was being provided in accordance with – in accordance with the protocol. And so what I did was ask MinterEllison to review it, to ensure that it was still fit for purpose. And after we reviewed it at the board, there was some – there was a few instances of what I've called ad hoc emails and communications that I thought may not have – well, not so much not accorded with the protocol but I thought it needed to be a bit tighter and that if there were communications, they
25 needed to be better understood and provided properly in that context.

What I did was ask Ms Manos if she would write to every authorised person under that agreement and remind them of their duties and obligations under that agreement to provide information in the best interests of Crown and I also wrote to Mr Jalland,
30 in his capacity as CEO of CPH, to remind him of the same thing.

MR BELL: Was that in the context of Ms Manos attending for a private examination before this Inquiry, do you recall?

35 MS COONAN: No, I don't think so, but Ms Manos – it may well have been her suggestion that it could be a good idea to review it. And in the course of the review, MinterEllison identified a range of things that had happened under the agreement and it was my view that we needed to remind people of why it was there. Of course, it's a bit moot now because I have now directed that no information be provided at all
40 until we can have another look.

MR BELL: Are you able to recall any of the range of issues that MinterEllison drew to your attention?

45 MS COONAN: No, it wasn't anything that looked nefarious or out of order. There was a couple of – I think an email from a director, an email from Mr Alexander, that sort of line of country; nothing like confidential information that could really be of

detriment. But regardless of what it is, I think it needs to either comply or not comply, if we have it.

5 MR BELL: Was it drawn to your attention that Mr Demetriou was providing communications to Mr Packer under the protocol?

MS COONAN: It wasn't; Mr Demetriou wasn't identified as such. It was just identified generically.

10 MR BELL: And was it also drawn to your attention that in addition to - - -

MS COONAN: To the best of my – sorry, to the best of my recollection. It's possible if I went back and looked, I might find a name.

15 MR BELL: Yes. And was it also drawn to your attention at this time that in addition to members of the board and executives providing information to Mr Packer under the protocol, Mr Packer was also communicating requests, if I can call them that, to board members and executives in response?

20 MS COONAN: I think that was – that was identified either at that time or slightly earlier.

MR BELL: When, to the best of your recollection, did that come to your attention?

25 MS COONAN: I think it was in connection with the review. I haven't personally provided that sort of information to Mr Packer.

MR BELL: I see.

30 COMMISSIONER: When you say "in connection with the review", do you mean in June?

MS COONAN: Yes.

35 COMMISSIONER: I see.

MR BELL: Can I ask you to look, please, at exhibit AA154, confidential link HAC.502.001.0216.

40 MS COONAN: Yes.

MR BELL: Do you see this is your email to Mr Dixon on 31 May 2019.

MS COONAN: Yes.

45

MR BELL: The day after the Melco transaction was announced. And you have said, among other things:

Do you think we should convene an early meeting of independent directors on governance issues?

MS COONAN: Yes.

5

MR BELL: I was just wondering what governance issues you were referring to?

MS COONAN: I don't have a precise recollection of this – of this email. But interpreting it now, I think what I was saying, perhaps inappropriately, is that we needed to consider issues going forward because of the Melco transaction. But I didn't identify it as that.

10

MR BELL: And was one of those issues the fact that Mr Johnston hadn't informed you and your colleagues about the proposed sale before it occurred?

15

MS COONAN: Yes, I thought it would have been helpful if we had known, or appropriate if we had known.

MR BELL: No doubt that would have permitted you and Crown Resorts to consider its own position under the important regulatory agreements that it had with the regulator in New South Wales?

20

MS COONAN: Yes.

MR BELL: And if I could ask you to look at exhibit AA158. Sorry this is a confidential link. CRL.500.009.0008. Do you see it's an email of the same day of 31 May 2019, from Ms Manos to Mr Alexander?

25

MS COONAN: Yes.

30

MR BELL: And it is said to be a summary of the matters that they discussed earlier, and do you see that the first bullet point refers to the independent directors - - -

MS COONAN: Yes.

35

MR BELL: - - - wanting to meet separately from CPH to understand potential ramifications?

MS COONAN: Yes.

40

MR BELL: Have you raised some issues with Ms Manos in relation to the Melco transaction?

MS COONAN: I'm not sure that I did separately from – as I recollect it was an in-camera meeting of independent directors. But I do recall asking her, because I didn't know about Mr Ho – that is Mr Ho senior – but I was concerned about potential

45

regulatory ramifications of the transaction and what it would do to the agreements; whether it was permissible, in effect.

5 MR BELL: Yes. There was an in-camera meeting of the board, of the whole board, some 12 days later, on 12 June. Do you recall any separate meeting of the independent directors to discuss the issues arising from the transaction?

10 MS COONAN: No, I don't think – I don't think so. There may have been independent conversations, but I don't think there was a meeting, as such. I think, if I can suggest, that it was all a bit up in the air and we wanted to clarify a few matters so that that could inform our meeting.

15 MR BELL: Yes. Apart from yourself, can you recall any other of the independent directors raising issues about the impact of the transaction on the company's regulatory agreements with the New South Wales regulator?

20 MS COONAN: I think that was a general – a general concern. I wouldn't – I wouldn't reserve it just to myself. I think it was – there are a number of directors who were very interested in this, together with other issues, as to what it meant for Crown going forward and how we'd organise the board; whether there'd be requests for seats on the board; what that would mean to the CPH nominee directors; what the percentages would be; what would happen, because it was going to be in two tranches – those sorts of concerns, or inquiries.

25 MR BELL: Yes.

COMMISSIONER: You said you didn't know about Mr Ho, but that – I understand that you wanted to have an investigation in any event; is that right?

30 MS COONAN: Yes. We needed to know. I mean, it was in the schedule. And we had no idea – at least, I had no idea – sorry, I withdraw that. I did not know if Mr Ho Senior had any interest at all in Melco.

35 COMMISSIONER: I understand. Thank you. Yes.

MR BELL: But that's something, no doubt, you would have investigated, had you been informed about the transaction before it occurred?

40 MS COONAN: I – I – I – I do think that that was a critically important matter.

MR BELL: Yes. Can I take you to another topic. You attended the Crown Resorts annual shareholders' meeting on the 23rd of October 2019?

45 MS COONAN: Yes.

MR BELL: And I'd just like to play you an excerpt from the meeting. Operator, can you please play INQ.700.001.0018.

RECORDING PLAYED

MR BELL: Ms Coonan, you understood that the shareholder's question was
5 directed specifically to the information which was available to Mr Packer personally?

MS COONAN: Yes. I heard – I heard Mr Mayne's question.

MR BELL: Yes. And you understood that Mr Barton's response only related to the
10 services agreement and didn't disclose the control be shareholder protocol?

MS COONAN: Mr Bell, I will explain why, but I'm not quite sure I did appreciate
that the answer may not have been complete. I was, myself, up for election. And I
was actually looking at some notes and Q and As and various other things. Mr
15 Mayne asked me a number of questions. And if I'd realised that it was – that he
hadn't got that information fulsomely, I would have certainly dealt with it. It was
inadvertent.

MR BELL: Yes.
20

MS COONAN: But that's my explanation. And he – he asked me questions. He
didn't ask me again. I'm not blaming Mr Mayne. I'm saying that I didn't appreciate
the incompleteness of the answer at the time.

MR BELL: Yes. You do accept that the shareholders were entitled to completely
25 truthful and completely accurate information in response to it?

MS COONAN: Yes, I do. I do.

MR BELL: And do you accept some responsibility for the fact that the
30 shareholders, for whatever reason, were not given information which wasn't
completely truthful and accurate?

MS COONAN: I think we always have to accept responsibility for not complete
35 information, if that is warranted.

MR BELL: I would like to turn to another topic. Mr Packer said in his evidence
last week that he thought the board of Crown Resorts, in the future, would be more
independent than it was in the past. Do you agree that the board needs to be more
40 independent than it has been in the past?

MS COONAN: I think that's a fair reflection of the way in which we need to go
forward. I think Mr Packer's insights in that respect are right.

MR BELL: Yes. And do you have any thoughts as to how the board can achieve
45 more independence in the future?

MS COONAN: Yes. I mean, I do think that we need to have a careful and considered view about succession and board renewal, board refreshment. I do – and I can talk about that if you wish me to, Mr Bell. But I should say that while Mr Packer, at least, whilst CPH has its current shareholding, there will be nominee
5 directors; that's a relationship that needs to be carefully managed and calibrated. I appreciate that. But, independently of that, I think that we need to go through a very fulsome exercise of looking at the right framework for independence; that includes longevity through to independence of thought and ability to bring skills to bear on the board.

10

I have – completed a – at least, the board has completed a board questionnaire. I have a skills matrix. And I have commenced conversations with some of – with some directors relating to an orderly process for them to leave the board and get on some more independent directors – not more independent from them, but people who
15 will discharge their role as independent directors. I'm reasonably ready to start a recruitment process. And have given a great deal of thought to what else might be needed around the recruitment, what framework needs to be around on-boarding, around training.

20

I've heard loud and clear that I think there needs to be much more extensive AML training. I think that – I directed that every director had to do the capsule, the module that other people have talked about. I think I can make that more extensive. I have, personally, a good understanding of AML, and I think that's something that every director on this particular company needs to have. So there are a number of
25 matters that I think we need to look at: refreshment, board education and assistance to directors to on-board well.

25

MR BELL: Yes. And in terms of the structural issue, are you aware that the constitution of the Star Entertainment Group Limited contains provisions which
30 restrict the maximum shareholding of any shareholder to 10 per cent without the written approval of the New South Wales regulator?

30

MS COONAN: Yes. I was on the board when – when Crown – CPH had an interest. So I'm well aware of that.

35

MR BELL: Yes. And leaving to one side the issue of whether any such restriction within the constitution, or imposed by some other means, do you have any thoughts on the wisdom of maximum shareholding limits for shareholders in Crown Resorts to achieve greater independence?
40

40

MS COONAN: I think that's – that's a very difficult question. I think, whilst the shareholding is there, I think it's certainly my duty as chair, and the broader duty of the board, to properly manage that relationship, properly manage relationships with the nominee directors. I think they're the things that I can do. I really would not
45 want to opine on divestment or other things, or a timeframe for it. I mean, it's not a simple matter to be requiring large parcels of shares to be – to be divested.

45

MR BELL: Yes. You may be familiar with the regulation of responsible entities of managed investment schemes under the Corporations Act?

MS COONAN: Yes, I am.

5

MR BELL: Yes. And I am sure that you are aware in general terms the responsible entity has to have a compliance plan to establish its compliance with the relevant provisions of the Corporations Act. There has to be a compliance committee of the entity to monitor that compliance and the entity has to have a compliance auditor to ensure that there's some third-party oversight of that. Have you got any thoughts on whether there may be advantages for that kind of regime being put forward for casinos in this State to ensure compliance with the provisions of the Casino Control Act?

15 MS COONAN: It's an interesting point because it's – it's, in a sense, what we are seeking to do internally to separate out our compliance from the rest of the operational parts of the business, have separate audit, separate assurances and certificates and things of that nature internally. It may be that some verification or assurance process externally to the company, a bit like an external auditor with something like a casino as a broad industry requirement could be something to be thought about.

MR BELL: Thank you, Ms Coonan. I have no further questions, Commissioner.

25 MS COONAN: Thank you, Mr Bell.

COMMISSIONER: Ms Coonan, I just wanted to ask you something about a matter that you just said to Mr Bell, and that was that the matter – or to me, the matter of Mr Stanley Ho's interest in Crown via Melco, you understand?

30

MS COONAN: Yes.

MR BELL: And you said that to assess things was – and including that, was a critically important matter. Do you remember saying that?

35

MS COONAN: Yes, I do think that, yes.

COMMISSIONER: And so if I understand what happened, after you were notified on the 30 May or thereabouts of the transaction having been completed, was there discussion at any stage, that you can recall, about the prospect that Mr Stanley Ho – Dr Stanley Ho, may have had an interest in Melco? Was there any - - -

40

MS COONAN: It's a slight matter but one that I will share. I think somebody in one of these discussions might have said, "We'll have to see if the agreement can be modified" or something to that effect. Now, the agreement was completed so I don't know how realistic that was. But it certainly wasn't with the parties. So I'm not sure

45

what it meant but I do remember. There was a concern about at what point you can – you can approach a regulator also - - -

COMMISSIONER: Yes.

5

MS COONAN: - - - divesting yourself of shares; you're entitled to do that. You are entitled to operate, you know, on the exchange and we're required to register shares. So you know, there's a bit of an impasse there somewhere, a bit of a lacuna as to – as to what we could have done even if we had known about it but I just
10 mention it for the sake of frankness and completeness.

COMMISSIONER: Yes, of course. But so far as – if we can go back to Dr Stanley Ho, it's clear from the evidence that Dr Stanley Ho had an indirect interest in – he obtained an indirect interest by the transaction on one view of the evidence; that is,
15 he having through Great Respect and other structures, an interest in Melco and Melco obtaining the interest in Crown, that what has happened or what did happen was the very thing that Crown was very conscious of avoiding and the government was very conscious of preventing. And I just wondered whether, at that time, that somebody said, "We've got a problem because of Stanley Ho having an interest."

20

MS COONAN: I'm not sure that it was that specific but there was certainly concerns about what view the regulator would have about the transaction at all, and subsequently I think it became a matter of certainly comment that Mr Stanley Ho senior was roped into it in the way you have just described.

25

COMMISSIONER: And when you raised the point – and thank you for raising it – about the divestiture of shares and the like and what you might have been able to do post the information coming to you, one of the matters, if you had been in a position to do so, would have been to persuade CPH to try and persuade Dr Stanley Ho to
30 remove his interest?

30

MS COONAN: I guess that would have been one option with people negotiating the arrangement. I mean, I did hear that Mr Packer didn't remember or didn't – didn't remember or certainly wasn't aware of it. All the people advising him, one would
35 think that might be something you would turn your mind to. But I'm certainly no expert at – at helping you, Commissioner, with at what point you could have done anything materially different from Crown's perspective.

35

COMMISSIONER: But certainly, there could have been some very serious
40 discussions and steps taken, had you been advised before it was consummated?

40

MS COONAN: I think, through the prism – and to be perfectly honest, through the prism about what the regulator say about this, it would have led you, perhaps, to the – down the track, well, there's a problem with the schedule and the ownership
45 interests in Melco.

45

COMMISSIONER: Yes. Thank you, Ms Coonan. Yes, Ms Sharp.

MS SHARP: Commissioner, may I tender a new exhibit.

COMMISSIONER: Yes, of course.

5 MS SHARP: You should have a list marked exhibit AK on your bench. I tender exhibit AK1 through to AK13.

10 COMMISSIONER: Yes, thank you very much. I will mark those as exhibit AK1 through to AK13. The tender basis is noted as position reserved. Yes, thank you.

EXHIBIT #AK1 TO AK13 LIST MARKED AK

15 MS SHARP: Thank you.

<EXAMINATION BY MS SHARP

[2.26 pm]

20

MS SHARP: Ms Coonan, could I take you to - - -

MS COONAN: Good afternoon, Ms Sharp.

25 MS SHARP: Good afternoon, Ms Coonan. Could I take you to the transcript, please, for the 60 Minutes broadcast on 28 July 2019. It is exhibit F63 and I will have it called up on the live feed. INQ.100.010.1074.

30 MR YOUNG: While that is happening, may I mention there is a hard copy that Ms Coonan was taken to this morning, which is exhibit O54.

COMMISSIONER: Thank you. Thank you, Mr Young.

35 MS SHARP: Ms Coonan, could I just take your attention to the very top of the document.

MS COONAN: Sorry, Ms Sharp, I don't have it. Yes, now I've got it. Thank you.

40 MS SHARP: If I could take you to the very top, to the introduction, to the first row, you will see the presenter refers, midway down, to obtaining tens of thousands of documents from inside Crown's corporate headquarters. And then says:

45 *They show a lust for profits, drove an arrogant culture where almost anything, including courting people with ties to the criminal underworld, was not only allowed but encouraged.*

MS COONAN: Sorry, I have lost – is this Allison Langdon, the presenter? Yes, I see now, yes.

MS SHARP: Yes.

5

MS COONAN: Yes, I see that.

MS SHARP: Now, knowing what you know today, that is a fair and accurate observation, is it not?

10

MS COONAN: I – which part of it?

MS SHARP:

15 *They show a lust for profits, drove an arrogant culture where almost anything, including courting people with ties to the criminal underworld, was not only allowed but encouraged.*

MS COONAN: I don't agree with that.

20

MS SHARP: Do you agree with the proposition so far as it refers to an arrogant culture?

MS COONAN: No.

25

MS SHARP: Can I take you to another document, which I'll have called up on the screen. It's INQ.150.010.0439. And I think you will need to look at this on the screen, Ms Coonan. You will see - - -

30 MS COONAN: Yes, sorry, I can't – I can't read it, I'm sorry.

MS SHARP: I will have the top half of it enlarged for you, Ms Coonan.

MS COONAN: Okay. Yes.

35

MS SHARP: You will see there's a reference to a date of 27 March 2019?

MS COONAN: Yes.

40 MS SHARP: Now, you are the chair of the Australian Financial Complaints Authority?

MS COONAN: Yes.

45 MS SHARP: And what I'm going to do is take you to a comment attributed to you in your capacity as the chair of that organisation.

MS COONAN: Yes.

MS SHARP: If I could take your attention, please, to the third paragraph:

5 *Poor culture in financial institutions has been fingered as the main culprit that permitted a slew of bad practices, appalling treatment of consumers and small businesses and, in many cases, arrogant indifference to regulatory and compliance risk.*

10 Now, did you make that comment?

MS COONAN: I assume so.

15 MS SHARP: Can't this very same comment be applied to Crown Resorts in the lead-up to the media allegations made in July of 2019?

20 MS COONAN: Well, to begin with, a casino is not a financial institution. I agree with you that there are a number of matters in the lead-up to the advertisement that needed to have attention. I don't think we've ever given appalling treatment to consumers or small businesses, many of whom use our services. And arrogant indifference to regulatory and compliance risk; I think there were some shortcomings. I certainly wouldn't describe it as arrogant indifference.

25 MS SHARP: Can I take you, please, Ms Coonan, to your second statement.

MS COONAN: Yes.

MS SHARP: It's dated 17 September 2020.

30 MS COONAN: Yes.

MS SHARP: Can I take you please to pinpoint 0003 at paragraph 13.

35 MS COONAN: It's just coming. Paragraph 13?

MS SHARP: Yes. I'm sorry, apparently, I need to give the document ID to the operator. CRL.698.001.0001 at pinpoint 0003. At paragraph 13, Ms Coonan, you say that:

40 *As a board, we have to acknowledge that (a) the board did not always receive all of the information and inputs it required.*

Now, is that an acknowledgement that you are making for yourself or for the entire board?

45

MS COONAN: It reads as if I'm speaking on behalf of the board, but this is a personal statement.

MS SHARP: So you are not able to say whether the other members of the board agree with what you have said in paragraph 13(a)?

5 MS COONAN: My understanding is that the board is – has a unified view that that’s a correct statement: the board did not always receive all of the information and inputs it required.

10 MS SHARP: And if I could then take you, please, Ms Coonan, to paragraph 13(b), you say:

In my view, as a board, we have to acknowledge that while Crown had detailed systems, processes and structures in place in relation to risk and compliance which the board understood had been subject to regular external review, it has become clear that they require further enhancement.

15

MS COONAN: Yes.

20 MS SHARP: And then you provide examples of the need to continue to improve Crown’s anti-money laundering capability and the due diligence of junket operators and those associated with junkets. Again, is this a view you are expressing that is your personal view or something that you know to be true on behalf of the entire board?

25 MS COONAN: It’s my personal statement and I believe it to be true on behalf of the board.

30 MS SHARP: Ms Coonan, can we take it that you are aware that one of the key objectives specified in the Casino Control Act in New South Wales is to ensure that the management and the operation of a casino remain free from criminal influence or exploitation?

MS COONAN: Yes, it’s in the objects of the Act.

35 MS SHARP: Yes, and do you understand that that is in the objects of the Act because casinos are, of their nature, vulnerable to the infiltration by crime?

MS COONAN: I think that would have been one of the matters exercising the legislators on this occasion.

40 MS SHARP: Yes. And that is a matter that you, too, have always, during your tenure as a director, understood to be a vulnerability of casinos?

MS COONAN: Yes.

45 MS SHARP: May we take it that you have reviewed the Victorian regulator’s Sixth Review report?

MS COONAN: Yes.

MS SHARP: Could I take you to that report, please, Ms Coonan. Could I call up
CRL.508.001.8052 on the open screen. This is exhibit J1.

5

MS COONAN: Yes.

MR YOUNG: It's also Ms Coonan's exhibit C7 to her statement.

10 MS COONAN: Thank you.

COMMISSIONER: Thank you.

MS COONAN: Thank you. I have it.

15

MS SHARP: Thank you, Ms Coonan. Could I ask you to turn, please, to 134 which
is pinpoint 8189.

MS COONAN: The section on junkets?

20

MS SHARP: Yes, thank you.

MS COONAN: Yes.

25 MS SHARP: And you will see, Ms Coonan, it states that:

*The VCGLR, other regulators and law enforcement agencies are aware of the
significant potential risks of money laundering through casinos, particularly
through junket operations.*

30

MS COONAN: Yes.

MS SHARP: Now, at all times that you have been a director of Crown Resorts,
have you been aware of the significant potential risks of money laundering through
casinos and, in particular, through junkets?

35

MS COONAN: I – I would say to you, Ms Sharp that I think I've got a good
understanding of AML, and a good understanding of the risks that the legislation
contemplates, and through the operation of the casino I've certainly been aware of –
of the – of the risks of money laundering.

40

MS SHARP: And have you been aware of those risks at all times while you have
been a director of the Crown Resorts board?

45 MS COONAN: I believe so, yes.

MS SHARP: And have you at all times been aware that they are significant risks, Ms Coonan?

5 MS COONAN: Money laundering is a significant matter and any risk of it is significant, Ms Sharp.

10 MS SHARP: Yes. My question is slightly different, though, Ms Coonan. At all times, while you have been a director, have you been aware of the significant risk of money laundering in casinos?

MS COONAN: As a proposition – as a basic proposition, yes.

15 MS SHARP: Can I take your attention, please, a little further down the page. You will see a reference is made to Dr Horton's 2016 report - - -

MS COONAN: Yes.

MS SHARP: - - - and it stated in the report:

20 *It was noted that the Australian Federal Police had advised that junkets present*
–

and I will have you turn over the page to pinpoint 8190 –

25 *...junkets present an opportunity for the introduction of tainted funds at various entry points including the junket participants, junket operators and a source in Australia.*

30 MS COONAN: Yes.

MS SHARP: Now, at all times while you have been a director of Crown Resorts, have you understood that junkets do present this opportunity for the introduction of tainted funds into the casino?

35 MS COONAN: I think you would have to accept that large amounts of cash in casinos represent a risk from junkets.

40 MS SHARP: Now, for a considerable period while you have been a director of Crown Resorts, Crown Resorts was in a joint venture with Melco and operated under the company name "Melco Crown" a number of casinos in Macau.

MS COONAN: Yes.

45 MS SHARP: May we take it that for that reason you did develop some familiarity of how the gaming – that is, the casino gaming market in Macau operated?

MS COONAN: Not as significant as the – my understanding of the Australian jurisdictions. But I had an idea of the regulation and the steps taken to deal with junkets.

5 MS SHARP: Yes, and that is, no doubt, because the joint venture operated three different casinos in Macau?

MS COONAN: They operated three different casinos.

10 MS SHARP: Now, can I take you to a transcript of a recent 7.30 Report publication. If I can call up INQ.100.041.0001. That's exhibit AF55.

COMMISSIONER: Thank you.

15 MS SHARP: What I will do is have you shown and enlarged, Ms Coonan, the second page, which is .0002, and if we could enlarge the middle of the page where we see some quotes from Martin Purbrick.

20 MS COONAN: Thank you; I'm just getting a hard copy, Ms Sharp. Now I'm right. Thank you.

MS SHARP: Now, if I could direct your attention about midway down that page, you will see a quote from Mr Michael Johnston, and then a quote from Mr Martin Purbrick and he was a former senior investigator with the Hong Kong Jockey Club.

25 MS COONAN: Sorry to interrupt you, I've just got to make sure I'm in the right spot. I've got Damon Kitney, Grace – Barry O'Farrell, Grace Tobin, John Hewson. I haven't got Purbrick; is he over the page?

30 COMMISSIONER: No, further up the page, I think.

MS COONAN: Sorry, sorry, sorry. Wait a minute.

35 COMMISSIONER: If you just have a look at the screen, it will be highlighted, if you bring that up please, Ms Sharp.

MS COONAN: Okay. Thank you, Commissioner.

40 MS SHARP: If we highlight:

Well, I couldn't second-guess –
that quote.

45 COMMISSIONER: Enlarge that, please, operator.

MS COONAN: Okay.

MS SHARP: And what Mr Purbrick says here is:

Well, I couldn't second-guess the executives in those companies –

5 and he is there referring to Crown Resorts executives –

...but if they have no idea that Macau casino junkets have a background in organised crime and have allegations of money laundering surrounding their business, then they clearly haven't looked at the internet or the news for about
10 *20 years.*

Is that a proposition you accept, Ms Coonan?

MS COONAN: “Background in organised ... and have allegations of money
15 laundering surrounding their business”; is this suggesting that – I’m sorry, I’m just clarifying:

Macau casino junkets have a background in organised crime and have
20 *allegations of money laundering surrounding their business –*

is that the junket operators have got a background, not that Crown has allegations of money laundering?

MS SHARP: Yes, junket operators.
25

MS COONAN: Yes, well, I mean, that’s a comment attributed to Mr Purbrick; yes, I can see that.

MS SHARP: Well, Ms Coonan, it’s the links between Macau junkets and organised
30 crimes are notorious, are they not?

MS COONAN: Well, they certainly get referred to, or they have done in the past, I agree with that.

MS SHARP: And how long have you been familiar with that?
35

MS COONAN: I – I really can’t recall any specific articles. It’s a general piece of information that would require you to be careful about how you manage any junket you have.
40

MS SHARP: And I’m just wondering how long you’ve been aware of that risk?

MS COONAN: The whole time that I’ve been a director, I think, or maybe a little later once I got a better understanding of junkets.
45

MS SHARP: And when did you get a better understanding of junkets?

MS COONAN: After I became a director.

MS SHARP: So some time - - -

5 MS COONAN: Yes.

MS SHARP: - - - from 2011?

MS COONAN: Yes.

10

MS SHARP: Was that very soon after becoming a director or some years after becoming a director?

MS COONAN: It certainly wasn't years. But it took a while to understand the business appropriately and it was in that context of learning about the business, as you do as a director, that I became aware of junkets and how they operated. But I don't think I was ever aware of the fact that junkets have a background in organised crime. I know that there was a risk of organised crime, but I've learnt more, of course, over the years.

20

MS SHARP: You would agree, wouldn't you, that holding a casino licence is a privilege?

MS COONAN: Absolutely, it is.

25

MS SHARP: Do you agree that it is important that casinos operators ensure that they only have business associations with those of good repute?

MS COONAN: Absolutely. I agree with that.

30

MS SHARP: And are you aware that that's one of the mandatory factors that the New South Wales casino regulator needs to be satisfied of when granting the restricted gaming licence?

35 MS COONAN: Yes.

MS SHARP: And you're aware that it's one of the factors the New South Wales regulator must take into account when it periodically reviews the licence?

40 MS COONAN: Yes. And Victoria as well. Yes.

MS SHARP: And – yes. And have you been aware of that at all times while you have been a director of Crown Resorts?

45 MS COONAN: Would you just mind repeating. Sorry.

MS SHARP: Yes. Have you been aware, at all times, while you have been a director of Crown Resorts, that there is a need for a casino operator to ensure it only has business relations with those of good repute?

5 MS COONAN: Yes. Thank you for clarifying that. Yes.

MS SHARP: And has that been something that's been at the forefront of your mind in discharging your responsibilities as a director of Crown Resorts?

10 MS COONAN: Dealing with people of good repute is, I think, important to any licence to operate from a regulator, and it's also important to a social licence to operate, more broadly, in the community. So I would say yes.

MS SHARP: Ms Coonan, you were a senator at the time the Anti-Money
15 Laundering and Counter-Terrorism Financing Act passed the Federal Parliament?

MS COONAN: Yes.

MS SHARP: You indicated to Mr Bell that you have a good understanding of the
20 Australian anti-money laundering framework?

MS COONAN: I'm not an expert, but I had the carriage of the passage of the legislation in the Senate on behalf of the attorney.

25 MS SHARP: In fact, I was just going to ask you how you came to develop your good understanding of that framework. Is that how you came to do so?

MS COONAN: Yes. I wasn't – didn't have in contemplation joining the Crown
30 board then, but it's a matter of importance. It's important legislation, so far as I'm concerned, and I've always treated it as such.

MS SHARP: Given the vulnerability of casinos to money laundering, what steps
35 have you taken to familiarise yourself with the ways in which money laundering can occur within casinos?

MS COONAN: Well, it's – it's the usual ways with large amounts of cash. And the
40 ability to introduce it into the casinos: layering, structuring large amounts of money; difficulties with how it's reported under casino management system could be one instance. But I think one has to be generally alive to the possibility, Ms Sharp, that with large amounts of money, you have to be ever-vigilant.

MS SHARP: And have you received any specific training in respect of the Australian anti-money laundering framework?

45 MS COONAN: Yes. As an adviser to JP Morgan, I regularly do quite detailed courses on AML. And I have directed, in recent weeks, that each director on the board complete the Crown AML course, and I've done it too.

MS SHARP: And you would agree, wouldn't you, that the deposit of very substantial amounts of cash at the casino can be a red flag for money laundering?

MS COONAN: Yes, it can be a suspicious matter.

5

MS SHARP: Certainly, where you see hundreds of thousands of dollars in cash being deposited at any one time?

MS COONAN: I agree with that.

10

MS SHARP: Do you agree that, at least, since 2013, the VIP international business has been an important segment of Crown Resorts' business overall?

MS COONAN: Yes, I think so – diminishingly so – but certainly important.

15

MS SHARP: Are you aware that, when Crown Resorts was pitching Crown Sydney to the New South Wales Government, Crown Resorts told the New South Wales Government that the financial viability of the entire project was depending – or dependent upon attracting VIP international high rollers to the casino?

20

MS COONAN: I think it was one of the attractions that Crown said would follow from granting of the licence.

MS SHARP: Yes. I think my question was slightly different. Are you aware that Crown Resorts told the New South Wales Government that the financial viability of the entire project depended upon the ability to draw VIP international players to the Sydney Casino?

25

MS COONAN: Yes. I've seen that.

30

MR YOUNG: I – just a moment. I object to that question. That wasn't how the evidence was adduced.

MS SHARP: I'm happy to go to the evidence if – and put it a different way.

35

COMMISSIONER: Yes. Yes, please. Thank you, Ms Sharp.

MS SHARP: Could I – sorry, I will have to take a little longer here, Ms Coonan.

40

MS COONAN: Yes.

MS SHARP: Could I take you first of all to a letter that Mr Packer, on behalf of Crown Resorts, wrote to the Department of Premier and Cabinet. It is exhibit A136. And I'll call it up. It's a public document. INQ.010.004.0001. I should ask you this, first of all – it might be a bit difficult for you to look at this, so I'll have it enlarged. If I could enlarge the top half of the first page, please. You will see this is a letter on the letterhead of James Packer as chairman of the Crown Resorts.

45

MS COONAN: Yes.

MS SHARP: And it's dated 21 June 2013, and addressed to the then Director-General of the Department of Premier and Cabinet.

5

MS COONAN: Yes.

MS SHARP: And then I'll have the letter minimised a little bit and scrolled up for you to see further. You will see that the subject is:

10

Crown Sydney Hotel Resort – unsolicited proposal, detailed proposal.

MS COONAN: Yes.

15 MS SHARP: Now, you can take it from me, this is the detailed unsolicited proposal that was submitted to the New South Wales Government. Was that something you were made aware of at the time in your capacity as a director of Crown Resorts?

20 MS COONAN: I was certainly aware of – of the proposal. And Crown was working on it with various executives. I didn't have any personal role in it.

MS SHARP: But do you think it's most likely that you saw this letter of submission to the New South Wales Government at the time?

25 MS COONAN: I doubt – I doubt I would have. It's possible that I could have, Ms Sharp. I just can't definitively say.

30 MS SHARP: I understand. In any event, lets me take you to the bottom of the first page, if I could, to the second paragraph from the bottom, if I can have that highlighted, please. Can I just draw your attention to the last sentence:

The VIP gaming facilities at the Crown Sydney Hotel Resort are necessary to make such a world-class project commercially viable.

35 Now, that was a proposition of which you were aware at the time, was it?

MS COONAN: I'm sure I would have seen business cases to that effect. And I think that was probably correct at the time.

40 MS SHARP: And could I just take you to the third page of this letter, to pinpoint 0003 and could I see there's a heading at the top:

Crown's proven track record will result in an increase in Sydney's share of the international VIP gaming market.

45

MS COONAN: Yes, I see that heading.

MS SHARP: And you will agree that the references here are to the international VIP gaming market rather than simply a VIP market?

MS COONAN: Yes, I agree.

5

MS SHARP: And the emphasis in these few paragraphs are to trebling the volume of VIP business coming to Sydney from Asia?

MS COONAN: Well, I assume that must be in the letter.

10

MS SHARP: Yes. So you do agree with me that you were aware, at the time of the proposal to the New South Wales Government for Crown Sydney, that the financial viability of the project depended on the ability to attract VIP international patrons to the Crown Sydney casino?

15

MR YOUNG: Commissioner, again, I object.

COMMISSIONER: Yes, Mr Young.

20

MR YOUNG: The only statement in this letter and in the evidence of Mr Packer was that the word "viability" was directed to the entirety of the VIP business, not the international segment - - -

COMMISSIONER: Yes.

25

MR YOUNG: - - - and that's what the first page of the letter says.

COMMISSIONER: Yes.

30

MS COONAN: It's "Sydney's share". Ms Sharp's, "Sydney's share", I think, I was about to say.

MS SHARP: Sorry. I don't understand what you mean by "Sydney's share".

35

MS COONAN: The letter says:

Crown's proven track record will result in an increase in Sydney's share of the international VIP gaming market.

40

COMMISSIONER: Yes.

MS SHARP: Perhaps I'll take you to another document. If I could call up an Australian Financial Review article, please. It's INQ.100.001.1049. This is exhibit AF48.

45

COMMISSIONER: Thank you.

MS SHARP: Now, what I'm showing you, Ms Coonan, is an exclusive interview that Mr Packer gave to the Financial Review in August 2013. And you'll see that top paragraph says:

5 *James Packer believes Crown must triple Australia's share of the international high roller gambling market to deliver strong returns to investors on a proposed 1.3 billion casino and hotel project.*

MS COONAN: I can see that.

10

MS SHARP: And do you see in the third paragraph, it says:

Mr Packer conceded Crown's target of tripling Australia's current share of the international VIP gambler market was ambitious.

15

MS COONAN: Yes.

MS SHARP: And do you see in the next paragraph he is quoted as saying:

20

The economics on this project are tough. It involves Crown making some really significant assumptions along the line of tripling the value of international business coming to Sydney.

MS COONAN: Yes. I can see that. And, in the previous paragraph, Mr Packer expressed confidence that the growth wouldn't come by eating into the company's VIP business in Melbourne and Perth.

25

MS SHARP: Yes. So it's correct, isn't it, that in pitching the Crown Sydney project to the New South Wales Government, Crown Resorts considered that the financial viability of the project was dependent on attracting international VIPs to the Crown Sydney casino?

30

MS COONAN: It was certainly a component of it. Yes.

MS SHARP: It was a critical component, wasn't it?

35

MS COONAN: It was an important component. I mean, delivering a business of the size and complexity of the Crown building at Barangaroo has some very critical elements.

40

MS SHARP: Could I take you to another document, please, Ms Coonan.

MS COONAN: Yes.

MS SHARP: This is exhibit AC1. It's CPH.001.658.0001. Could I bring that up on the confidential link please. This is a paper that was presented to the 12 December 2019 board. You attended that meeting, did you not?

45

MS COONAN: Yes.

MS SHARP: And what I will do – this is, unfortunately, a very lengthy document. Let me take you to the correct pinpoint, which is 0067. If it assists you navigating
5 through that lengthy document, it's paper number 6.

MS COONAN: Okay. I will go to – I have 6 and it's 00?

COMMISSIONER: 67.
10

MS SHARP: 67.

MS COONAN: Yes. Now I've got the document. Thank you.

15 MS SHARP: Yes.

MS COONAN: Strategic review. Yes.

MS SHARP: Yes. And so this is a – it's a confidential document, so I'll be
20 somewhat circumspect in what I say about it but it is the strategic review of the VIP
business of December 2019.

MS COONAN: Yes, yes.

25 MS SHARP: So we can take that, at least in December of 2019, the VIP business
was of some interest to Crown Resorts overall?

MS COONAN: Yes. I think it had been impacted by a number of things, and
important to have these reviews.
30

MS SHARP: Yes. Now, you've accepted that the VIP international business was an
important segment of Crown Resorts overall business and that was the case at all
times from at least 2013. Bearing that in mind, what steps did you take from the time
you became a director of Crown Resorts to understand the way the VIP international
35 business operated?

MS COONAN: I'm not quite sure what you are asking me, Ms Sharp. It's a bit
broad. I just don't know what you want to take me to.

40 MS SHARP: What steps did you take to understand how it was that the
international VIP business made its money?

MS COONAN: Are you asking me about junkets and money laundering and those
sorts of matters?
45

MS SHARP: No, I'm asking you - - -

MS COONAN: I'm sorry - - -

MS SHARP: I'm asking you what steps you took at the time you first became a
5 director or thereafter to understand for yourself how it was that the VIP international
business made its money?

MS COONAN: By coming to a casino and – and winning.

MS SHARP: Did you understand at all times that junkets were involved?
10

MS COONAN: That was one component of it, but there are also other international
premium players.

MS SHARP: Yes, but did you understand, for example, that in the years from 2013
15 to 2016 Crown became increasingly dependent on junkets to bring revenue to the
casinos?

MS COONAN: I think there were a couple of years, if I – if I recall correctly,
20 probably about 15, probably '15, '16, '17, around there, where there were very high
profits from the VIP business. But it's certainly of diminishing importance.

MS SHARP: And you say it was of diminishing import; was that from the time
after the China arrests onwards?

MS COONAN: Yes, I think that's a fair – I just can't be precise about whether that
25 would be – about how long after but that was certainly a bit of a watershed, I think.

MS SHARP: Right. Did you at all times understand that junkets were responsible
30 for bringing massive amounts of turnover into the casinos in Crown Melbourne and
Crown Perth?

MS COONAN: They were certainly large contributors.

MS SHARP: And was it also your understanding at all times up to the July 2019
35 media allegations that it was an expectation of Crown Resorts that junkets would
assist in bringing massive amounts of turnover to Crown Sydney?

MS COONAN: Well, I don't know what you mean by "massive" but certainly it
40 was a very important component.

MS SHARP: I will quantify "massive" as some billions.

COMMISSIONER: Some?

MS SHARP: Billions.
45

COMMISSIONER: Thank you.

MS COONAN: Billions. I just have nothing to guide me on knowing whether I can agree with that, Ms Sharp, I'm sure you can take me to something.

MS SHARP: That's okay, Ms Coonan; I can come back to that.

5

MS COONAN: Yes, thank you. I'm not being difficult; I just can't agree without more.

MS SHARP: Yes. Do you recall that in 2017, Crown Resorts took out a full-page advertisement that later proved to be wrong in a material respect?

10

MS COONAN: You will have to help me there. I don't know that.

MS SHARP: Could I take you, then, to exhibit AE42, which I will call up on the open feed as INQ.100.001.0148. That's not the right document.

15

COMMISSIONER: No, take it down, thanks.

MS SHARP: I will try again. Yes, I am told it's exhibit AE42. It's INQ.100.001.1048.

20

MS COONAN: Thank you.

MS SHARP: What I'm showing to you now, Ms Coonan, is an ad that was placed on 23 October 2017 which you can see is entitled An Important Message from the Crown Resorts Chairman, John Alexander.

25

MS COONAN: Yes, I can see that.

MS SHARP: Now I'm showing this to you, do you recall this ad being published at the time?

30

MS COONAN: I think I do have a recollection of it, now I'm taken to it, thank you, Ms Sharp, yes. Mr – Mr Alexander, yes.

35

MS SHARP: Now, did Mr Alexander have this advertisement approved by the board before he placed it?

MS COONAN: I'd have to say I'm – I'm pretty sure he would have and I'm pretty sure that would be recorded. I just don't have a clear recollection of the steps involved in that.

40

MS SHARP: Yes, but given the circumstance of the CEO and chairman placing a full-page ad, it is most likely that it was first approved by the Crown Resorts board?

45

MS COONAN: Yes, I would say so.

MS SHARP: And in that first paragraph, you will see Mr Alexander states:

I am angered and disappointed by the outrageous allegations that have been levelled at us by Andrew Wilkie MP.

5

MS COONAN: Yes, I've seen that.

MS SHARP: And then:

10 *...has this week tried to unfairly smear Crown with unfounded allegations –*
and so on –

Crown Resorts emphatically rejects these allegations.

15

Then at the fourth paragraph:

Fourthly, we do not improperly manipulate our gaming machines.

20 Now, isn't it right that following on from the allegations made by Mr Wilkie, the Victorian regulator, in fact, found that one of those allegations was correct and fined Crown Resorts an amount of \$300,000?

25 MS COONAN: Yes, I think that is correct. There were many, many allegations and the VCGLR found that they were misconceived or lacking in substance apart from this one, which I think you've fairly characterised.

30 MS SHARP: And just to be clear, I will show you what the regulator did uphold, if I can take you to exhibit AE47. If we can call up INQ.700.001.0017.

30

MS COONAN: Yes.

MS SHARP: You will see this is the Victorian regulator upholding the complaints so far as it concerned Crown Resorts distributing plastic button picks.

35

MS COONAN: That's correct.

40 MS SHARP: I'm just wondering, did that experience with placing an ad in fairly strident terms, which later was found to have effectively overstated the matter, teach you – or give you any inkling that you needed to take some caution before taking out full-page advertisements rejecting allegations in the media?

45 MS COONAN: Ms Sharp, as I think you can see from my reaction here, I just didn't have any recollection of it. I didn't have it in mind at the time we contemplated the advertisement, and I think there was some considerable time that elapsed between this particular advertisement and the regulator having come to a view on the use of picks. And that there were – most of the – most of the allegations,

as I say, were dismissed as found to be unsubstantiated. But I take your point that it could have given pause for thought if it had come to mind.

5 MS SHARP: Now, Mr Bell asked you earlier today some questions in relation to the Victorian casino regulator's provision of a draft report to Crown Resorts in relation to the arrests of Crown staff in China. It's right, isn't it, that you did form certain concerns upon your reading of that draft report in relation to the actions of senior executives at Crown?

10 MS COONAN: Yes.

MS SHARP: And what were those concerns, please?

15 MS COONAN: To the best of my recollection, it was along the lines of concerns about matters – certain matters, not having been escalated through the appropriate channels. It was that.

MS SHARP: And those senior executives included Mr Felstead; is that correct?

20 MS COONAN: Yes.

MS SHARP: And certainly, they were concerns you had by June of 2019?

25 MS COONAN: Yes, in respect of a draft report.

MS SHARP: Can I take you to the minutes of the 12 June 2019 board meeting. I will bring those up confidentially, if I can; it's exhibit BJ52 and the number is CRL.503.001.0005. Now, you can see on that first page that you did attend that meeting, Ms Coonan?

30 MS COONAN: Yes.

MS SHARP: Could I take you, please, to pinpoint 0010.

35 MS COONAN: Yes, the China matter update.

MS SHARP: Yes, and if you look down at the – well, in fact, if I take you to the next page, which is pinpoint 0011 - - -

40 MS COONAN: Yes.

MS SHARP: - - - there is a reference to the draft report, much of it critical, which is somewhat gratuitous, having regard to the ultimate conclusions. Can you tell us what was meant by gratuitous in this context?

45

MS COONAN: No, I don't know what that meant. It was a report from Mr Felstead. Would you mind if I just read through it, Ms Sharp; I'm sorry if I take a moment, but I just - - -

5 MS SHARP: Please do.

MS COONAN: Thank you. Thanks very much. Now I understand what the reference is, Ms Sharp. I'm sorry. I think the reference was to the fact that in relation to the draft China investigation report, the VCGLR concluded that there
10 should be no adverse licence consequences or disciplinary action against Crown Melbourne. I read it that way. I may not be correct, but I think that's what it referred to.

MS SHARP: Ms Coonan, when you read the draft report, did you form the view
15 that the commentary was somewhat gratuitous?

MS COONAN: I read it very much as a draft report, and there was a request and a need for some further exchanges with the VCGLR on it, further documents were to be produced. Gratuitous is not my word. My feeling about this was that it raised
20 some serious matters that eventually have to be dealt with, but it was a draft.

MS SHARP: So you wouldn't use the word "gratuitous"; is that right?

MS COONAN: They're not my words.
25

MS SHARP: Just while we're in these minutes, could I take you to what's reported on the in-camera section at pinpoint 0017.

MS COONAN: Yes. Yes.
30

MS SHARP: Now, the in-camera session, of course, means that it's a session that take place in the absence of the management of Crown Resorts?

MS COONAN: Yes.
35

MS SHARP: And you will see there's, again, a discussion of the draft – I will call it the draft China investigation report.

MS COONAN: Yes. The board doesn't consider it – Ms Sharp, the board doesn't
40 consider it gratuitous.

MS SHARP: Doesn't?

MS COONAN: Does not consider it gratuitous. We noted the seriousness.
45

MS SHARP: I see. So does it seem that the words “The board, noting the seriousness of the matter” in this in-camera session don’t sit all that well with the minuted observation that the commentary of the regulator was somewhat gratuitous?

5 MS COONAN: I’m not sure about that; they’re not my words.

MR YOUNG: Just a moment, Ms Coonan, please. I do object that to. Ms Sharp has misstated the position. “Gratuitous” was not the board’s comment, as you’ll see from page 6 of the minutes.

10

COMMISSIONER: It was the lawyer’s comment, Mr Young.

MR YOUNG: Yes.

15 COMMISSIONER: I see that. Yes. It was the lawyer’s comment. And I think that Ms Sharp did not say the board’s observation. Ms Sharp said “the minuted observation”, in the commentary of the, etcetera. So it wasn’t attributed it the board. It was really the minuted observation. So perhaps you misheard it, but, certainly Ms Sharp did not misstate it. She did not mention the board observation at that time. So
20 I’m going to allow it to proceed. We all know, having read this, that it was Mr Murphy of MinterEllison, as I understand it, who made the observation of gratuity.

MR YOUNG: Thank you.

25 COMMISSIONER: Yes, Ms Sharp.

MS SHARP: In any event, I’ll ask a different question.

COMMISSIONER: Yes.

30

MS SHARP: Ms Coonan, if I can return to what’s recorded in relation to the in-camera session, it’s right, isn’t it, that the board, by this stage, that is, by the 12th of June 2019, was concerned that a number of matters had not been brought to the attention of the board or its committees by management?

35

MS COONAN: Yes. And there was a request that the executive chairman continue to liaise with management in the context of our risk appetite.

40 MS SHARP: Yes. And, by this time, the board was also concerned that matters may not have been appropriately escalated to the board.

MS COONAN: Correct.

MS SHARP: And this was in June of 2019?

45

MS COONAN: Yes.

MS SHARP: Can I take you now to - - -

COMMISSIONER: Just before you go, if I may, Ms Sharp.

5 MS SHARP: Yes. I'm sorry, Commissioner.

COMMISSIONER: No. That's all right. No. I just wanted to ask about this minute, if I may, Ms Coonan. We saw earlier, when you were giving evidence, at the questioning of Mr Bell that there was a proposal made to Mr Dixon, I think – I'm
10 sorry, Mr Dixon's email in relation to what had happened in the in-camera session. Do you recall being asked about that?

MS COONAN: Yes, yes. I do.

15 COMMISSIONER: And so that email, presumably, referred to what was proposed to be minuted in these minutes, I think. So it was the 13th or 10th of July email suggesting what would be minuted.

MS COONAN: Yes.

20

COMMISSIONER: And we saw that, in that email, the concerns that were expressed a need for the chairman to talk to Mr Felstead.

MS COONAN: Yes.

25

COMMISSIONER: This looks more anodyne in that it talks about management rather than Mr Felstead. Would you agree with that?

MS COONAN: Yes.

30

COMMISSIONER: So it was a matter for the chairman, I presume, then, to ultimately decide what was to be minuted after the email had been sent?

MS COONAN: Yes. There was – as I understood it – as I understood it, there was
35 an exchange with Ms Manos seeking direction, because nobody had taken a note and she wanted to - - -

COMMISSIONER: All right.

40 MS COONAN: - - - wanted to be accurate. That's my understanding of it, but there is no – sorry.

COMMISSIONER: Really, the point that I'm raising with you is, as you know, that Mr Felstead was the person who was targeted – if I could use that unsatisfactory term
45 – in the email.

MS COONAN: Yes.

COMMISSIONER: Because the independent – the independent directors were concerned, as I read it. But nothing about that can be seen in this minute; you'd agree with that, it's only management - - -

5 MS COONAN: Yes, that's true.

COMMISSIONER: And so why would that be?

10 MS COONAN: It's very difficult to know. At this stage - - -

COMMISSIONER: Yes.

15 MS COONAN: - - - Commissioner, doing the best I can, sometimes minutes can be – can be at a high level rather than go down into the detail. But I'm pretty – I'm pretty certain that we all understood from that, that Mr Alexander would be having a conversation with Mr Felstead about the concerns with a view, at some stage, to coming back to give us a more particular account of what had happened. Now, what happened after that, I can't tell you, apart from the fact that events may well have overtaken it.

20 COMMISSIONER: Yes.

MS COONAN: But I'm speculating. I don't know.

25 COMMISSIONER: But you'd agree when, for instance, an Inquiry like this looks at the minutes, you would not – you would not get the sense of the reality by looking at those minutes.

30 MS COONAN: No.

COMMISSIONER: I wouldn't know that you and the other independent directors were concerned that the chairman spoke to Mr Felstead from reading that?

35 MS COONAN: No, that's true. You have to be clear – it was clear and present at the time if you were there, but, from the minutes, looking at them later, no.

COMMISSIONER: Yes. All right. I understood, perhaps, from something I read, that there is now going to be a different form of minute kept by Crown; is that right?

40 MS COONAN: We're changing quite a few things, Commissioner. I'm hoping to get to everything that needs to be attended to. But we've completely changed the structure of the board papers to make them more readable and clearer and that – it flows on to a different and more clearly articulated minuting.

45 COMMISSIONER: Yes. Thank you. Yes. I'm sorry to interrupt, Ms Sharp.

MS SHARP: Can I show you another document, Ms Coonan. This one is exhibit AA180. I will bring this up on the confidential screen, please. It's CPH.001.002.4628. And I'll have the – first of all, I'll highlight the bottom half of the document. You will see that that 12 June 2019, in the afternoon, that is the same day as the board meeting, Mr Packer emails Mr Alexander to ask if there's any news.

MS COONAN: Yes.

MS SHARP: And then can I take you to Mr Alexander's reply, which I'll have the top half of this document enlarged for you.

MS COONAN: Yes.

MS SHARP: And do you see that what Mr Alexander is doing is reporting to – or not – I won't use the record reporting – is informing Mr Packer about what took place at the board meeting, and can you see he says:

The independent directors have calmed down since your share sale. Good in-camera session at the end and nothing negative about Melco.

Were you of the understanding that Mr Alexander did report in-camera sessions of the board to Mr Packer?

MS COONAN: No, I wasn't aware of that.

MS SHARP: Does this surprise you at all?

MS COONAN: Well, I think it's better if the – and the deliberations of the board should be confidential to the board.

MS SHARP: Yes. And, particularly, the in-camera sessions; would you agree?

MS COONAN: Yes.

MS SHARP: So I take it this does surprise you somewhat?

MS COONAN: I think it's better if it hadn't happened. But, I suppose, the information there is – is – it's not price-sensitive in any way. It's just a report. But not that I'm saying it should be – it should be like that. It should be confidential to the board.

COMMISSIONER: But you see, Ms Coonan, what had happened was that you and your colleagues, as I understood it, exclusive of the CPH nominees, wanted to have a separate meeting at some stage; isn't that right?

MS COONAN: Yes, that's correct. Yes.

COMMISSIONER: And the independent directors wanted to put their views about having not been informed about the Melco transaction; correct?

MS COONAN: Yes.

5

COMMISSIONER: And with some firmness, I presume, from what I have read; is that correct?

MS COONAN: Yes, that's certainly correct.

10

COMMISSIONER: And so for Mr Alexander to be saying that you had calmed down – I'm not quite sure what that means – but then to report an in-camera session and, by implication, to tell Mr Packer that you had calmed down so much that there was nothing negative to report, is something that you wouldn't endorse happening, surely?

15

MS COONAN: No, that's not something I would do.

COMMISSIONER: Nor would you want any of your directors to do it, I would suggest; is that right?

20

MS COONAN: Absolutely not. Absolutely not.

COMMISSIONER: Yes, Ms Sharp.

25

MS SHARP: Could I just return to the email from Mr Dixon to Ms Manos that the Commissioner asked you about a moment ago.

MS COONAN: Yes.

30

MS SHARP: I will bring this up on the screen for you, the confidential link, CRL.569.001.0011. And I just wanted to make sure we were clear and – pardon me – that's exhibit AA185. If you have a look here, you'll see that the board requested that the executive chairman speak to Barry Felstead about the issues raised.

35

MS COONAN: Yes.

MS SHARP: And that Mr Felstead speak to the document at the next meeting of the board. So is it right to say that the independent directors wanted a report from Mr Felstead about what on earth had gone on here?

40

MS COONAN: Yes. The only – the only thing that I would just query, from my recollection out of this note that has been constructed, I don't know whether it was the next meeting of the board. It was, I think, at a meeting of the board.

45

MS SHARP: Did you ever get that explanation from Mr Felstead?

MS COONAN: Certainly not within the purview of this note. And I think it all went into a different mode with Mr Murphy having taken the draft report back to the VCGLR, and some advice about waiting until there was some further clarity around what the findings would be, and what further documentation would be provided.
5 That's the best of my recollection as to why we may not have held back from Mr Felstead within the intent of this note.

MS SHARP: But, certainly, by mid-June of 2019, you personally had some concerns about Mr Felstead?
10

MS COONAN: Concerns that were expressed in the report that he may not have been bringing matters that he should up the chain and - - -

MS SHARP: Yes.
15

MS COONAN: - - - and I wanted to be – certainly, I mean, it was subject to him having an opportunity to speak to it.

MS SHARP: Yes. But it's right, isn't it, that you were concerned that he had failed to escalate serious matters to the board's attention?
20

MS COONAN: Well, that was what was said in the draft. And we all took that seriously. And did expect that, at an appropriate time, we'd hear back from him about those matters.
25

MS SHARP: In any event, let me move now to the media allegations in the 60 Minutes program and the associated press coverage.

MS COONAN: Yes.
30

MS SHARP: You've indicated to Mr Bell that you watched the program at the time - - -

MS COONAN: Yes.
35

MS SHARP: - - - and you read some of the associated media coverage. You were aware that the media were asserting that they had received tens of thousands of documents, internal Crown documents?

MS COONAN: Yes.
40

MS SHARP: Was that something you turned your mind to at the time, that they said that, at least in part, they were basing the allegations on internal Crown documents?

MS COONAN: My recollection about that is that there was some investigations as to what may have been the source or who may have been the source of it. I'm not
45

sure that it was immediately at that time, but, certainly, subsequently, management made some inquiries about the security of our documents.

5 MS SHARP: I think I was trying to get at a slightly different point. Did you have any particular concerns with the fact that the media were saying that, at least, in part, they were basing their allegations on Crown's internal documents?

10 MS COONAN: I think that must have escaped me, Ms Sharp. And I was really more focused on the allegations that were made.

MS SHARP: So you don't have any recollection of the fact that it was asserted that these allegations were based, at least, in part, on Crown's own documents as giving you any particular cause for concern?

15 MS COONAN: Well, I mean, that is concerning. But what I'm saying to you is that I don't think that fact was something to which we turned our minds. It was an allegation, of course. I mean not everything in the media is correct or well-founded. That particular piece of evidence could be something, or would be something, on reflection that you probably might have regard to with more care.

20 MS SHARP: Ms Manos, the general counsel, said that she attended the meeting of the board of directors on 30 July 2019 and told the board that the full-page advertisement was something that should be approached with caution. Do you recall that she said that?

25 MS COONAN: I think she said something to that effect.

30 MS SHARP: Ms Coonan, looking back, do you think you approached the question of whether it was a good idea to publish the ASX media release with sufficient caution?

35 MS COONAN: It depends what you mean by caution. Caution is one element to take into account when, as a body of men and women and directors, you have a ferocious attack on the reputation and standing of a company that you're responsible for, and the allegations made were, in the view of the board, quite egregious, namely, that we deliberately got into bed with criminals, that we wilfully were engaged in money laundering, that we deliberately and knowingly broke - - -

40 MS SHARP: Ms Coonan, can I pull you up there. There was no allegation that Crown itself was engaging in money laundering, was there?

45 MS COONAN: My recollection was that there were several references to money laundering in the actual 60 Minutes. I mean, I haven't committed the 60 Minutes program transcript to memory, Ms Sharp, but it's certainly my recollection that we were accused pretty directly of deliberately being engaged in money laundering, sorry, turning a blind eye to money laundering.

MS SHARP: Yes. Yes, that's so. What the allegation was is that Crown turned a blind eye to money laundering taking place.

MS COONAN: Yes, sorry, I got the precise question wrong.

5

MS SHARP: Yes, but that's in substance quite a different allegation to Crown itself engaging in money laundering?

MS COONAN: Do you think so? I mean that may be a fine distinction that I can't see at this stage. I think turning a blind eye to money laundering is being engaging in money laundering.

10

MS SHARP: You don't see the distinction between those two propositions?

MS COONAN: You might just take me through it again, please.

15

MS SHARP: Yes. Well, what I'm going to suggest is the allegation that was put in the press was that Crown turned a blind eye to money laundering occurring in its casinos.

20

MS COONAN: Yes.

MS SHARP: And I'm suggesting that is quite different in substance to an allegation that Crown itself laundered money.

25

MS COONAN: Well, I think it's a fairly fine distinction because on that allegation, we're permitting it, if not – and isn't that committing it under the Act? I think we – we may be at cross-purposes here.

MS SHARP: Well, I suggest they're quite different allegations; do you agree or disagree?

30

MS COONAN: Yes, can we at least go forward on this basis that what upset the directors was the allegation that we turned a blind eye to money laundering, just to be precise.

35

MS SHARP: Now, do you accept that by signing on and – signing on in having your name in print on this ASX media release, meant that you took, as a director, the ultimate responsibility for what was asserted in that media release?

40

MS COONAN: Yes.

MS SHARP: And ultimately, signing on to that release was a reflection of your own judgment?

45

MS COONAN: And reliance on – on management and legal advice.

MS SHARP: Yes. It includes your judgment in determining to rely on management?

MS COONAN: Yes.

5

MS SHARP: Now, you understood at all times, didn't you, that Mr Felstead and Mr Preston had carriage of the investigation into these allegations?

10 MS COONAN: They were the senior management tasked with the fact checking and gathering of the necessary information to have a truthful account.

MS SHARP: And did you understand at the time that, in a sense, they were being asked to investigate their own conduct?

15 MS COONAN: Well, it wasn't – it wasn't a review or a report, as such. It was – it wasn't as if it was something where they were reviewing their own conduct. They were assembling facts and circumstances that should have been at their disposal as senior management. Boards are entitled to ask senior management to provide information and to rely upon it.

20

MS SHARP: Yes, and the reason that information should have been at their disposal was because they were some of the senior managers responsible for the conduct, the subject of the allegations?

25 MS COONAN: I'm not sure about that.

MS SHARP: Well, I'm just wondering whether - - -

30 MS COONAN: I mean I'm not sure – are you suggesting that Mr Felstead and Mr Preston were the people who were turning a blind eye or – I'm just not sure that I can agree with your proposition.

35 MS SHARP: Yes, I'll put it a different way. Did you understand at that time that Mr Barry Felstead was the leader of the VIP international business?

MS COONAN: Yes.

40 MS SHARP: And did you understand that these allegations, in the main, concerned the conduct of the international VIP business?

MS COONAN: Yes, I think almost exclusively.

45 MS SHARP: Yes, that is so. So did you – you may not have, but did you turn your mind at the time to the fact that, in a sense, Mr Felstead was being asked to investigate his own conduct?

MS COONAN: No, there wasn't any suggestion that he wasn't capable of providing that information truthfully and fulsomely. And so - - -

MS SHARP: So it's right - - -

5

MS COONAN: Sorry.

MS SHARP: It's right that at this time you had already formed some concerns that in respect of another serious matter, that is, the arrest of 19 staff members in China, Mr Felstead had not appropriately escalated information to the board?

10

MS COONAN: Well, at the time – not at the time of the advertisement but at the time of the concerns, we hadn't heard back from Mr Felstead. I was certainly prepared to hear what Mr Felstead had to say about the China matters. This was not quite, I think, on all fours with concerns about that.

15

MS SHARP: But did it occur to you at the time that it may be appropriate to have somebody from audit or risk investigate these allegations?

MS COONAN: We had legal advice, and we had senior management and we had fact-checking and cross-checking with our communications team. Whether or not it would have been wise to ask people in risk, perhaps with the benefit of hindsight that could have happened. But there was nothing on the face of the response to the allegations and concerns we had about those, what we thought were really egregious accusations on the face of it that we couldn't deal with, if the report was accepted, which we did.

20

MS SHARP: When you were referring to fact-checking occurring with the communications team, are you referring to the verification process that Karl Bitar conducted?

25

MS COONAN: Well, of matters stated in the drafting. So he was the person who was holding the pen. Mr Felstead and Mr Preston were doing the checking and providing the facts and Mr Murphy played his role, of course, of doing the vetting and legal clearance for legal matters.

30

MS SHARP: As I understood the document, Mr Bitar had been assigned the role of verification; is that your understanding?

MS COONAN: By verification, what I mean is that he was the person holding the pen who could check with the people who had the facts, and in that sense, he was verifying information being provided by Mr Felstead and Mr Preston. That's my understanding.

35

MS SHARP: So your understanding was that Mr Felstead and Mr Preston were the fact-checkers?

40

45

MS COONAN: Yes.

MS SHARP: Can I take you to the media release now, please.

5 MS COONAN: Yes.

MS SHARP: The ASX media release. It's exhibit A219. It's INQ.100.010.0895 and I will take you to pinpoint 0896 and I will just have the top half of the document.

10 MS COONAN: I'm just getting a hard copy, if you don't mind, Ms Sharp.

MS SHARP: I will wait.

15 MS COONAN: Thank you. We should all be better at reading off screens; I still revert to the hold hard copy, Ms Sharp. So thank you.

MS SHARP: If I could just direct your attention to the very first passage in bold and then the next two paragraphs under that. You would agree, wouldn't you - - -

20 MS COONAN: Could you just tell me what it says.

MS SHARP: Yes, if you look at:

25 *Setting the record straight in the face of a deceitful campaign against Crown. The Fairfax press have unfairly attempted to damage Crown's reputation. As a board we are extremely concerned for our staff, shareholders and other stakeholders as much of this unbalanced and sensationalised reporting is based on unsubstantiated allegations, exaggerations, unsupported connections and outright falsehoods.*

30 You would agree, wouldn't you, that this release is expressed in the most strident of language.

35 MS COONAN: Yes, I think it was taken from the report. At the time I thought it was proportionate to the attack.

MS SHARP: If I were to put it colloquially, it comes out swinging?

40 MS COONAN: Proportionately to the allegations, yes.

MS SHARP: Do you now appreciate that a number of the assertions in this release are wrong?

45 MS COONAN: Perhaps you might take me to them because I realise - - -

MS SHARP: Well, first, I will ask you, and you can tell me, whether you now do appreciate that a number of the assertions in this article are wrong.

MS COONAN: I really can't agree with that, a number of assertions.

MS SHARP: Well, how many things do you say are wrong?

5 MS COONAN: Well, the technical matter that we all know about. Depending on
what interpretation you take of (e)(i) and (e) (ii), that's not wrong. Certainly, I don't
agree that there was any issue to do with subverting visa processing. I think, whilst
there's certainly room for improvement and we've gone through it in great detail, I
don't think there's any evidence of turning blind eyes to money laundering. And the
10 statements about the junket operators, to the best of my recollection, are correct,
unless you go outside the four corners of the 60 Minutes program. So I appreciate
that there are interpretations that might suggest otherwise, and that's obviously a
matter for the Inquiry.

15 But that's my best – my best endeavour, plus I take – I don't think there was
anything wrong with saying that Crown wasn't charged with or convicted of any
offence in China, and referring to the relevant prohibition, and also referring to the
fact, which is the truth, that at all relevant times Crown obtained legal and
government relations advice from reputable independent specialists. So I'm prepared
20 to go through it with you, Ms Sharp, and maybe on what you want to put to me, you
may be able to prove – to show me there's something wrong.

MS SHARP: Well, ultimately, you, as a director, made a decision to consent to its
publication and ultimately this reflects on your judgment, doesn't it?

25

MS COONAN: Of course. There's always a judgment in deciding to take an action
like this. Always.

MS SHARP: Would you do this again?

30

MS COONAN: Look, what I would do again – I'd still have to deal with the
allegations. I would certainly stop them. The language, I don't think – I don't think
our junket processes were robust enough. I think they were extensive. And I – our
money laundering processes, by definition, aren't comprehensive, because we're
35 doing a lot more things. So I would certainly soften the language, maybe change
some of the descriptions. I certainly think, on reflection, I would not have wanted to
refer to the former employee, which is in the second paragraph. I think – I think you
– I think you'd tone it down, I think, would be the right thing to say. But in trying to
put this in context, we were faced with some, what we thought, were egregious
40 unsubstantiated allegations that had a profound impact beyond just Crown, on our
stakeholders, regulators, you know, and everybody else who – who deals with the
business, and it was a very big blow to our reputation. So that's the best honest
account I can give.

45 MS SHARP: Thank you for that, Ms Coonan. Just so we're on the same page,
when you talk about the technical error, are you, there, referring to the assertion that
Suncity was listed on the Hong Kong Stock Exchange?

MS COONAN: Yes.

MS SHARP: And, then, when you referred to paragraph (e), sub (ii) – and I'll this
blown up on the screen.

5

MS COONAN: Yes.

MS SHARP: What is said there is that:

10 *Crown does not now deal with any of the other junket operators or players
mentioned in the program.*

MS COONAN: Yes.

15 MS SHARP: Are you trying to draw a distinction between what was said on the 60
Minutes program and what might have been asserted in the in the press coverage that
same weekend?

20 MS COONAN: Well, it refers to the program. So, yes, I was referring to the 60
Minutes program.

25 MS SHARP: Because do you understand that the Associated Press coverage did
make reference to Crown dealing with other junket operators and, in fact, at the time
of this ad, Crown did still deal with those other junket operators.

30 MS COONAN: I'm aware of the assertion, but I was, at the time of this particular
advertisement, in putting my name to this, I felt this was a true statement, confined to
the program. And I might say that I – I'm just not aware of – I read some other
press. I'm not aware of references to other junkets other than the ones that were
mentioned in the program. But I know from these proceedings that that's what you
have been putting to various witnesses.

35 MS SHARP: Ms Coonan, to be clear, I'm not for one moment that suggesting that
you put your name to something that you believed to be untruthful at the time. I was
asking whether you now accept, knowing what you know now that some of the
things set out here were wrong. And one of the propositions that I will suggest to
you is wrong, is the suggestion that Crown did not, in July 2019, deal with any of the
other junket operators mentioned in the program, other than Suncity. Do you now
accept that that's wrong?

40

MS COONAN: Well, I don't know, to be perfectly honest. But you're putting that
to me. I didn't know that at the time.

45 MS SHARP: Well, I will suggest to you that Crown was still dealing with certain
junket operators that had been known within Crown as the Chinatown junket.

MS COONAN: I'm not sure about that. And I think that further investigation seems to suggest – which I think is the nub of this – that it's not so much junket operators but some of their affiliates who continued to deal with Crown, and which needs to be the purview of our more enhanced due diligence in relation to junkets.
5 So I - - -

MS SHARP: Yes. And, there, you are referring to the financiers, are you?

MS COONAN: Yes, financiers, affiliates. I don't know that you have to be particular about the relationship. It's a relationship with junkets that weren't – wasn't otherwise contemplated within our due diligence procedures for dealing with junket operators and, possibly, financiers.
10

MS SHARP: Yes. And, just to be clear, Chinatown was one of the junkets referred to in the 60 Minutes program; are you aware of that?
15

MS COONAN: Yes. And I think we were told that we weren't dealing with them or we didn't know about them at the time; that's incorrect, I accept.

MS SHARP: Yes. And another junket that Crown was alleged to have dealt with was the Neptune junket, although I'm not suggesting that was raised in the 60 Minutes program. But, in fact, Crown, at this time, was still dealing with a junket operator by the name of Yan To Chan who was a former shareholder in the Neptune group. Do you know that now?
20

MS COONAN: Yes, I've seen that.
25

MS SHARP: Now, one of the allegations that was made in the media at the time was that Crown partnered with junkets. Do you accept now that Crown did partner with junkets?
30

MS COONAN: Ms Sharp, if you'll forgive me, I mean, I think, to be perfectly honest when we have to accept here is that it probably wasn't a legal partnership in the sense of sharing liabilities and profits, as such. It sounds to me that the way in which you've developed your line of questioning that's it's more like a commission arrangement or something of that kind. I think I would settle for it being a commercial arrangement.
35

MS SHARP: Yes. But do you - - -
40

MS COONAN: I don't think – partly, it was a colloquial expression used throughout Crown, not a legally precise one.

MS SHARP: Well, you don't mean to suggest that the media was asserting that Crown had a legal partnership with the junkets, do you?
45

MS COONAN: I think, to the – to a bystander, to someone in the street who doesn't have a fine grasp of what it's all about, a partnership means a partnership.

MS SHARP: Is that right?

5

MS COONAN: That conveys to somebody, if you're a partner, that you're a partner.

MS SHARP: Well, I will suggest that the - - -

10

MS COONAN: Not that you're a - - -

MS SHARP: Well, I'll suggest that the media wasn't using a strict legal definition of "partnership" when making its allegations, but simply saying that Crown partnered with junkets in the sense of worked together with them to make money together. Do you accept that?

15

MS COONAN: Well, I don't really. I think that's starting to read far too much into it. And I think what is correct is saying that the junkets weren't Crown's.

20

MS SHARP: Yes, but you do now understand that Crown have a platform junket strategy?

MS COONAN: Yes, I found that out. Yes.

25

MS SHARP: Is it right to say that you didn't know about the platform junket strategy at the time you signed on to this ASX release?

MS COONAN: No, I knew about it, I think, from the – possibly, the VCGLR report.

30

MS SHARP: So you were aware of the platform junket strategy?

MS COONAN: I had heard of – I heard the name, but I think I saw a brief description of it.

35

MS SHARP: And what did you understand the platform junket strategy to be at that time?

MS COONAN: An arrangement with very large junkets.

40

MS SHARP: Did you understand that Crown was trying to direct some of its premium players towards playing on junkets?

MS COONAN: No, I didn't have any detail.

45

MS SHARP: Did you understand that Crown was providing in-house support to its junket platforms, or at least some of them?

MS COONAN: That wouldn't surprise me.

5

MS SHARP: Did you understand that Crown had a revenue-sharing arrangements with Suncity?

MS COONAN: Well, I'm not sure what the arrangement was. It sounds to me more like a commission.

10

MS SHARP: Well, if it's described as a revenue sharing arrangement, does that suggest to you a form of partnership?

MS COONAN: Not necessarily. I mean, there's many – I'm not trying to be difficult here. I'm just saying there's many indicia of a partnership and I'm not in a position to be definitive.

15

MS SHARP: Mr Packer gave evidence to this Inquiry that he did consider that Crown partnered with junkets. Do you have any reason to disagree with Mr Packer's view, given his considerable experience with the VIP international business?

20

MS COONAN: My understanding is that that was his colloquial description of how Crown relates to the junkets.

25

MS SHARP: Yes. Well, isn't that exactly the same way the media was using that terminology?

MS COONAN: Let's have a look at it, if you don't mind. Would you mind just taking me to the relevant part?

30

MS SHARP: I'm not sure I will be able to find any now. I will have a little look.

MS COONAN: Sorry. It's just I haven't got a precise recollection of it. So - - -

35

MS SHARP: I will call up the 60 Minutes transcript, if I can, which is exhibit F63, INQ.100.010.1075.

MR YOUNG: Again, for Ms Coonan's assistance, that is exhibit O54.

40

COMMISSIONER: Thank you, Mr Young.

MS SHARP: Thank you, I am indebted.

MS COONAN: We should know all this off by heart, Ms Sharp, but, unfortunately, I don't. All I've got the a very dog-eared copy, not in this room. So I've now got a pristine one.

45

MS SHARP: Yes, I will take you, firstly, to page 10, if I can.

MS COONAN: Thank you.

5 COMMISSIONER: Pinpoint number?

MS SHARP: I beg your pardon, pinpoint 1083.

COMMISSIONER: Thank you. Yes.

10

MS SHARP: And then if I could take you to 189.

MS COONAN: 183. Sorry. Was that the first one?

15 MS SHARP: 189.

MS COONAN: 189:

When one of your key partners is exposed as a crook - - -

20

MS SHARP: Yes. So that's the junket partners reference there.

MS COONAN: Right. I don't know what that - - -

25 COMMISSIONER: Just come back to it, please.

MS SHARP: And then if I could take you to pinpoint 1088. And if I could direct your attention to row 277.

30 MS COONAN: I'm terribly sorry. I'm sorry. 1088. Just a moment, sorry. I was looking in the column. Yes. Thank you. Now, I've got it. Which – which number?

MS SHARP: And then if I direct your attention to row 277.

35 MS COONAN: 274 - - -

MR YOUNG: Can Ms Sharp slow down a bit, please, for Ms Coonan.

MS COONAN: I've got it now.

40

COMMISSIONER: And for me too, Mr Young.

MS SHARP: I'm glad I was able to attend to it in such a speedy manner.

45 COMMISSIONER: Thank you, Ms Sharp. Thank you, Ms Sharp.

MS SHARP: So row 277.

MS COONAN: We are following in your wake, Ms Sharp. Yes, so 277:

Call the triads –

5 is that the one?

MS SHARP: Yes:

10 *You call the triads the cancer. You say that it's well-known that the triads are deeply involved in junkets, yet we have Crown Casino energetically and actively trying to work and form business partnerships with these same junkets.*

15 And my proposition was that the media was using “partnership” colloquially in the same way that you say that Mr Packer was using the word “partnership” colloquially.

MS COONAN: He referred to it, yes. I don't know what Mr McKenzie meant. But it wasn't correct. They are not partners. I understand - - -

20 MS SHARP: I don't mean to suggest that they were partners in the strict legal definition of “partnership”, but many internal Crown documents refer to the junkets as Crown's “partners”, don't they?

MS COONAN: Yes.

25 MS SHARP: Yes. And wasn't the dedicated Suncity Room with Suncity branding, Suncity staff members, with their Suncity uniforms, and the Suncity operated cash desk, a form of partnering between Crown Resorts and Suncity?

30 MS COONAN: My best understanding of that arrangement was that they were able to occupy the space. I'm not sure if that was a licence or some other relationship, but it certainly didn't denote a partnership.

35 MS SHARP: But you certainly do agree that via the platform junket strategy, Crown sought to align itself with junkets that it identified as key platform junkets?

MS COONAN: I think that's fair.

40 MS SHARP: Now, I want to explore this proposition that Crown had a robust process for vetting junkets.

MS COONAN: Yes.

45 MS SHARP: You say, had you had your time over again, you would use the word “extensive” rather than - - -

MS COONAN: Yes.

MS SHARP: - - - “robust”.

MS COONAN: Yes.

5 MS SHARP: I want to suggest to you that the process for vetting junkets that was in place as at early July 2019 was not robust; do you agree or disagree?

MS COONAN: I agree with that. I think it was extensive.

10 MS SHARP: And in what sense do you use the word “extensive”?

MS COONAN: Well, I can run through what I believe it to be and processes that seem to have been approved by AUSTRAC and by the VCGLR, and there was an extensive vetting process for onboarding that involved all the usual processes of
15 Know Your Client, identifying who the person is, checking identity, checking passports, checking licences, understanding any reports, any previous playing with Crown, playing at other casinos, any history along those lines, looking at all the indexes for adverse reports, particularly Dow Jones, Wealth-X, I think there’s five or six of the indexes. Then looking at any information relating to property ownership,
20 bankruptcy, all of the usual searches that would go into a process such as this.

Then to onboard, they have to be notified to the VCGLR and, of course, that means that they’re subject to – that the controls in relation to junkets have to be approved by the VCGLR and there’s supervision once – of the junkets, once they’re in the casino;
25 as I understand it, 24/7 supervision by the regulator. Then the junket information is uploaded, on my understanding, to the Dow Jones index and that is updated daily for any adverse information. There are annual probity and other checks once a junket is operating. The junkets are subject to the transaction monitoring system, and anyone coming to play under a junket would, by definition – any international player, have
30 had to go through probity and visa processing and hold a valid visa.

So I would call that extensive. I’m not saying it’s exhaustive, and I’m not even saying it is robust. I think we can do better, as we have alluded to in the course of these proceedings. And in particular, I think one of the deficiencies is in respect of
35 not casting the net widely enough to people associated with junkets, affiliates and the like.

MS SHARP: When you’re saying that there was an extensive process, are you meaning to say that there was an extensive information gathering exercise?
40

MS COONAN: Well, certainly that was part of the onboarding.

MS SHARP: Did you understand who the final decision-makers were, with respect of whether a junket operator relationship should commence or continue?
45

MS COONAN: I’d understood it was Mr Preston and Mr Felstead.

MS SHARP: And Mr Johnston?

MS COONAN: I didn't know that until some time, I think, before the Inquiry I became aware of that.

5

MS SHARP: And do you understand that they were to make a – that they were required to conduct an annual review of existing junket operators?

MS COONAN: Yes, that was part of the – once they were onboarded, it wasn't set and forget. It was a monitoring process and an annual review. I did understand that.

10

MS SHARP: And did you also understand that they were to review ongoing relationships in the event of significant developments?

MS COONAN: Yes, that was the Dow Jones Index as well.

15

MS SHARP: Are you aware that in the period 2017 until July 2019 they had only reviewed such – I withdraw that. Are you aware that in the period 2017 to 2019 there were only five occasions on which information was escalated to them for the purpose of them reviewing an ongoing junket relationship?

20

MS COONAN: I have become aware of that in the course of the Inquiry, but I certainly wasn't aware of that before.

MS SHARP: Does that sound very extensive to you?

25

MS COONAN: It depends what they were reviewing. I mean, if you have to review each junket, that's a different thing. If you are reviewing a junket because something has come to your attention, that might mean that the junkets – the other ones don't require being escalated to that point. I simply don't know and I'm speculating, Ms Sharp, and I won't continue to do that about something I'm not sure of.

30

MS SHARP: You did mention the VCGLR playing a role, but you do understand that the relationship down in Victoria with Crown Melbourne requires, through its internal control statement relating to junkets – that's internal control statement 8 – it requires Crown Resorts to have a robust procedure for vetting junkets?

35

MS COONAN: Yes, I know that.

MS SHARP: Yes, it's not - - -

40

MS COONAN: I think we thought we had.

MS SHARP: Yes. But it's not for Crown – it's not for the regulator to perform that vetting role. That's a function that's assigned to Crown Resorts; you acknowledge that?

45

MS COONAN: Yes, I do, and the regulator can require a junket not to proceed or can cancel a junket, but I certainly am not attributing to the regulator, that responsibility.

5 MS SHARP: And just so I understand the detailed answer you gave a little bit earlier, you did accept that Crown was only vetting one person in the overall junket relationship being the junket operator, and you do accept that it needs to look more widely to others associated with the junket relationship including the junket financiers or guarantors?

10 MS COONAN: If we go ahead with junkets – the second part of your proposition is absolutely correct. The first part of your proposition is I'm not sure that we – that our due diligence was contained just to an operator. There may have been instances where – sorry, the representative – there were instances, I think, where the operator
15 was also subject to this process. But otherwise I agree with your proposition.

MS SHARP: Ms Coonan, you say in your statement that you relied on the investigation report that was placed before the board of directors on 30 July, when you made your decision to put your name to this ASX media release. Can you tell
20 us, do you feel let down by management in the preparation of that report that was placed before the board of directors on 30 July?

MS COONAN: Can I try to get my language right this time, Ms Sharp, and can I call it perhaps misplaced reliance?
25

MS SHARP: And why do you say your reliance was misplaced?

MS COONAN: Well, I do think that there are some matters where, if there had been a bit more – a bit more drilling, that would have been information that would have
30 been very valuable to us as we considered these matters.

MS SHARP: Did you feel pressured in any way to sign on to this ASX media release?

35 MS COONAN: I can't say that I did.

MS SHARP: Do you accept that signing on to this ASX media release reflects poorly on your own judgment in the circumstances?

40 MS COONAN: Well, I think, as in the way that I've described, I think that there are some – some matters that could have been handled in a different way. There's some matters that could be expressed better but I think our judgment, which was the core response that we were making, wasn't bad judgment. We did need to deal with those very serious allegations in some way. Now, that's how we did it, and I agree that
45 there are other ways. I'm not sure I would go to say that our judgment was poor. I think our – our judgment wasn't – our judgment perhaps wasn't well-informed.

MS SHARP: My first few questions to you today were about the existence of a culture of arrogance at Crown Resorts. Do you consider that this advertisement, expressed in the terms that it was, was a reflection of a culture of arrogance at Crown Resorts?

5

MS COONAN: Well, I certainly didn't think so, Ms Sharp. As I've said to you, I thought it was a proportionate response to a fearsome attack that really was – put – put Crown in a – in a very perilous position. So I don't – I don't think it was arrogant, no.

10

MS SHARP: Can you see now that there was some arrogance in publishing that release in the form that it was published in?

MS COONAN: I'm just not sure what you mean by "arrogant". I've tried to give you the context in which I approached this. I don't think my comments equate to arrogance. It certainly wasn't intended to be arrogant.

15

MS SHARP: Yes. I'll - - -

MS COONAN: It was intended to be truthful and responsive.

20

MS SHARP: Yes, I will return to your words about arrogance. I took you early in my examination to your statement in your capacity as the chair of the AFCA where you referred to an "arrogant indifference to regulatory and compliance risk". In that sense, do you think the publication of this release - - -

25

MS COONAN: I don't think - - -

MS SHARP: - - - reflected that arrogant indifference to regulatory and compliance risk?

30

MS COONAN: I don't think that that was the case here.

MS SHARP: Is that a convenient time, Commissioner?

35

COMMISSIONER: It is. It is. Ms Coonan, I am sorry, we will have to complete the evidence for today, and resume on Tuesday at 10 o'clock, Ms Sharp?

MS SHARP: Whatever is convenient, Commissioner.

40

COMMISSIONER: All right. Would it be convenient to start at perhaps 9.30 on Tuesday?

MS SHARP: That would be, thank you Commissioner.

45

COMMISSIONER: Ms Coonan, if we start at 9.30 on Tuesday, if that's not too inconvenient for you, if you could be here at about 20 past 9 so we can make sure that the technology is in place and we will then proceed with your evidence.

5 MS COONAN: Thank you. I have four Crown committees that day,
Commissioner. I hope to get to them.

COMMISSIONER: Yes, well, I think they should be after sunset, from the sounds
of things.

10

MS COONAN: Thank you, Commissioner. Have a good weekend everyone.

<THE WITNESS WITHDREW

15

MATTER ADJOURNED at 4.13 pm UNTIL TUESDAY, 20 OCTOBER 2020

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