



Crown Melbourne Limited Internal Control Statement (ICS)

Junket and Premium Player Programs

Version 11.0

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1. Background

This document must be read in conjunction with Crown Melbourne Limited's (**Crown**) *Internal Control Statement - Introductory Chapter (Introductory Chapter)*.

A junket or premium player program is a method of gambling whereby Crown pays a rebate or commission based on a commercial agreement entered into with:

- (a) a Junket Operator or Promoter (**Junket Operator**) based on the gambling activity of a Junket Participant or group of Junket Participants; or
- (b) an individual not ordinarily resident in Victoria playing under a Premium Player Program (**Premium Player**).

A Junket Operator may appoint authorised representatives to perform certain functions or transactions with Crown on behalf of the Junket Operator (**Junket Representative**).

Each agreement has a specified program with a minimum front money threshold that must be met by the Junket (**Junket Program**), or Premium Player (**Premium Player Program**), to qualify to participate in that program.

2. Core Principles

The objective of this Internal Control Statement (**ICS**) is to ensure that Crown remains free from criminal influence and exploitation through the:

- (a) application of effective policies and controls;
- (b) assessment of suitability and eligibility to participate in Junket or Premium Player Programs through processes which review financial suitability and general reputation having regard to character, honesty and integrity;
- (c) engagement of employees from a Crown department sufficiently independent of the commercial departments of Crown, to:
 - (i) undertake suitability and eligibility assessments on each Program Participant; and/or
 - (ii) approve entry into Junket or Premium Player Programs; and
- (d) maintenance of detailed and accurate records relating to Junket and Premium Player Programs.

3. Minimum Standards and Controls

Minimum Standards and Controls are designed to provide reasonable assurance that the material risks associated with Junket and Premium Player Programs are mitigated and will not adversely affect the integrity of the Melbourne Casino, including the objective to operate in a manner free from criminal influence and exploitation.

Program Participants will only be authorised to participate in Junket or Premium Player Programs if Crown is satisfied that the Program Participants, including associated Junket Funders and Guarantors (to the extent known), have met the eligibility and suitability requirements set out in this ICS.

4. Eligibility and Suitability

4.1. Assessment of Applications

A minimum of two (2) employees from a Crown department sufficiently independent of the commercial departments of Crown, will be required to assess:

- (a) each application to become a Junket Operator; and
- (b) each Program Participant.

Crown will retain records of each application and corresponding suitability assessment in accordance with the *Crown Melbourne Limited Document Retention Policy*.¹

4.2. Customer Identification

Prior to the commencement of program play, all Program Participants will be required to meet minimum identification requirement to validate their eligibility and suitability to participate in a Program, including:

- (a) Know Your Customer (**KYC**) information; and
- (b) due diligence information, by undertaking the process described below.

Crown will retain records of customer identification in accordance with the *Crown Melbourne Limited Document Retention Policy*.

4.3. Program Participant Due Diligence

Prior to approving Junket or Premium Player Programs, or at the request of Victorian Commission for Gambling and Liquor Regulation (**Commission**), Crown will undertake due diligence in respect of:

- (a) Junket Operators;
- (b) Junket Representatives;
- (c) Junket Funders or Guarantors (to the extent known);
- (d) Program Participants; and
- (e) Introducers.

In conducting due diligence Crown must consider:

- (a) general reputation having regard to character, honesty and integrity;
- (b) the individual's occupation, employer, industry or business interests;
- (c) the nature of the individual's business with the Melbourne Casino, including the expected nature and level of transaction behaviour;

¹ With the exception of Dow Jones (or similar screening services) where no result is returned as a result of no adverse patron information being identified by the service. In those instances, Crown will instead be required to produce on request, the wash list of patron names for a particular date, to be retained for seven (7) years from the date the screening was run.

- (d) the verification or re-verification of KYC;
- (e) for Junket Operators, beneficial ownership information about the customer;
- (f) financial suitability (including source of wealth and/or source of funds of the customer);
- (g) other information held by Crown about the customer (including, but not limited to, any intelligence information or law enforcement agency requests); and
- (h) any other known information, adverse or otherwise that will assist Crown's assessment of the ML/TF risk.

Further enquiries may be made in respect of the following:

- (a) source of wealth and/or source of funds declaration from the customer;
- (b) source of wealth and/or source of funds information about the customer through:
 - (i) internal means; or
 - (ii) third-party information providers;
- (c) other information held by Crown about the customer; and
- (d) any other known information, adverse or otherwise that will assist Crown's assessment of the ML/TF risk.

Crown will retain records of due diligence conducted in accordance with the *Crown Melbourne Limited Document Retention Policy*.

4.4. Introduction of Program Participants

Prior to the arrival of the introduced Program Participant(s), the person introducing the Participant(s) will be responsible for executing a signed Letter of Introduction, which will record at a minimum:

- (a) the name of person introducing the Participant(s) (**Introducer**);
- (b) the name of the Participant(s) introduced to Crown and expected date(s) of their visit;
- (c) any commission payable to the person introducing the Participant(s) (as applicable);
- (d) approval of the terms and conditions by person introducing the Participant(s) and the authorised Crown representatives; and
- (e) any subsequent changes to agreed terms and conditions.

The Letter of Introduction must be authorised in writing in accordance with the Junket and Premium Player Programs SOPs.

Crown will retain copies of the Letter(s) of Introduction in accordance with the *Crown Melbourne Limited Document Retention Policy*.

5. Program Records

5.1. Casino Systems - Junket Programs

Crown's systems will record at a minimum:

- (a) the name and patron number of the Junket Operator;
- (b) the Program type;
- (c) name(s) of the Junket Participant(s);²
- (d) name(s) of any Junket Representative(s);
- (e) name(s) of any Junket Funder(s) or Guarantor(s) (to the extent known);
- (f) the amount of initial and subsequent front money;
- (g) any commission payable to the Junket Operator (as applicable);
- (h) copies of identification obtained in accordance with Crown Resorts Limited Joint AML/CTF Policy and Procedures (**AML/CTF Policy**); and
- (i) Junket Program settlement sheets, including the payment of related commissions (except for standard complimentary programs).

5.2. Casino Systems - Premium Player Programs

Crown's systems will record at a minimum:

- (a) the name and patron number of the Premium Player;
- (b) the Program type;
- (c) the amount of initial and subsequent front money;
- (d) any commission payable to the Premium Player (as applicable);
- (e) copies of identification obtained in accordance with Crown Resorts Limited Joint AML/CTF Policy and Procedures (**AML/CTF Policy**); and
- (f) Premium Player settlement sheets, including the payment of related commissions (with the exception of standard complimentary programs).

6. Ongoing and Periodic Assessment

6.1. Scope

Crown will undertake ongoing and periodic reassessment of established:

² Junket Participants will be registered in the casino management system and linked to the Junket Operator prior to commencing play under a Junket Program.

- (a) Junket Operators;
- (b) Junket Guarantors and Funders (to the extent known);
- (c) Junket Representatives; and
- (d) Junket Participants

for ongoing suitability and eligibility to participate in Junket Programs. The assessment processes and procedures will be specified in SOPs.

Crown will reassess Active Premium Players for ongoing suitability and eligibility to participate in Premium Player Programs. The assessment processes and procedures will be specified in SOPs.

Crown must ensure that all Program Participants, including any associated Junket Funders and Guarantors (to the extent known), are suitable in accordance with the requirements of this ICS.

6.2. Criteria

In reassessing suitability Crown must consider, without limitation:

- (a) financial suitability;
- (b) general reputation having regard to character, honesty and integrity; and
- (c) a review of the due diligence information held as set out at section 4.3 above.

Upon discovery of any adverse information, Crown must escalate the assessment in accordance with section 9.1 of this ICS.

Crown will retain records of reassessment conducted in accordance with the *Crown Melbourne Limited Document Retention Policy*.

7. Termination

Crown will cease entirely its relationship with any person who is a registered Junket Operator, a Junket Representative, a Program Participant or an Introducer, where:

- (a) the person is no longer deemed suitable by Crown to conduct a Junket or participate in a Program;
- (b) formally requested by the Commission to do so;
- (c) where (without acceptable excuse), a Junket Operator has entered into an arrangement with a Junket Funder or Guarantor but has not notified Crown of that arrangement. The Junket Agreement will require the disclosure of any Funder or Guarantor and note that the disclosure is an ongoing obligation; or
- (d) the person is known to be an associate of a person with whom Crown has ceased its relationship under this section.³

³ See s 4, *Casino Control Act 1991*.

8. 'Side Betting' or 'Under the Table Betting'

Crown must take reasonable steps to ensure that 'side betting' and 'under the table betting' does not occur.

If Crown reasonably suspects that a Program Participant has engaged in 'side betting' or 'under the table betting' and that Participant fails to immediately cease (or attempts to do so again) following a direction by Crown to cease, Crown will cease its relationship with the Participant.

For the purposes of this ICS, 'side betting' and 'under the table betting' means betting between two Program Participants by reference to a game occurring at the Melbourne casino, but does not include commissions payable as part of a Junket Agreement.

9. Reporting and Information Sharing

9.1. Escalation

Crown will refer any adverse information that may affect the suitability of a Program Participant to the POI Committee for review.

9.2. Notification

Crown will notify the Commission of the approval of all new Junket Operators prior to them commencing a Junket Program.

To the extent permitted by law, Crown will notify the Commission within three (3) business days:

- (a) of having determined a customer is no longer deemed suitable to conduct a Junket or participate in a Program;
- (b) of becoming aware of a Junket Operator, Junket Funder or Guarantor, Junket Representative, Program Participant or Introducer becoming (or having been) the subject of any of the following:
 - (i) criminal charges; or
 - (ii) a finding of criminal guilt/conviction;
- (c) where Crown wishes to commence or maintain a relationship with a Junket Operator, Junket Representative, Program Participant or Introducer despite being aware of information that may adversely reflect on that customer's suitability; or
- (d) where it terminates a relationship with a Junket Operator, a Junket Representative, a Program Participant or an Introducer for any reason, including without limitation, those set out in section 7 above.

10. Audit

Crown will ensure the creation and maintenance of an audit trail for the processes detailed under the specific operational requirements.

Crown's Internal Audit function will be responsible for the completion of strategic, operational and compliance audits (including cyclical reviews of compliance with the ICSs approved by the Commission) in accordance with the Board Audit Committee approved Internal Audit Plan.

11. Risk Assessment

The Junket and Premium Player Program Risk Assessment Matrix is set out in **Annexure C**.

Crown Melbourne Limited
December 2020

12. ANNEXURE A - GLOSSARY OF TERMS

Active Premium Players means a Premium Player who has gambled at the Melbourne Casino within the previous twelve (12) month period.

Introducers means a person who is paid a commission or fee for introducing person(s) to Crown to gamble.

Junket Funder means a person or company who provides financial backing to a Junket Operator, but is not a party to the Junket Agreement or Junket Program.

Junket Guarantor means a person who signs a Guarantee Letter for any losses accrued on a Junket Program.

Junket Operator means an entity whose application to become a Junket Operator has been approved in accordance with the SOPs related to this ICS, and who is paid a commission or fee for person(s) gambling under their junket.

Junket Participant means a person who gambles under a Junket Program and is recorded in Crown's casino management system.

Program Participants means Junket Operator, Junket Representative, Junket Participant and Premium Player.

13. ANNEXURE B - VERSION CONTROL TABLE

Version Number	Date of Crown Revisions	Date of Commission Approval	Summary of Revisions
10.0		19 February 2020	
11.0	8 December 2020	17 December 2020 (effective from 31 March 2021)	Inclusion of the Commission's proposed changes to Internal Control Statements.

14. ANNEXURE C - RISK ASSESSMENT MATRIX

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