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Crown Resorts Limited
Memorandum

To: Steven Blackburn, Chief Compliance and Financial Crime Officer ("**CCFCO**")
From: Shannon Byrne and Adam Sutherland
Date: 30 July 2021
Subject: **Update on lookback on Southbank and Riverbank transactions and steps to address recommendations in McGrathNicol Review**

Purpose

This paper provides:

- an update on Crown's progress in respect of the suspicious matter report ("**SMR**") lookback of the potentially suspicious transactions identified by Grant Thornton and Initialism in the Riverbank and Southbank accounts ("**Riverbank and Southbank Lookback**"); and
- an update on the proposed actions of Financial Crime and Compliance ("**FC&C**") to address the observations in McGrathNicol's AML/CTF Forensic Review report ("**McGrathNicol Review**").

Riverbank and Southbank Lookback

Crown conducted a lookback of customer transactions listed in the seven appendices of the report prepared by Initialism following its review of Riverbank and Southbank bank accounts for indications of money laundering ("**Initialism Report**").¹

Financial Crime have recently completed the lookbacks for all transactions referenced in Appendix A ("Structured Cash Deposits") and B ("QuickCash Deposits") of the Initialism Report and, where appropriate, submitted SMRs to AUSTRAC.

By way of summary:

- these lookbacks related to approximately 134 instances that are indicative of structured or large cash deposits into Riverbank and Southbank accounts, all which have been lodged as SMRs with AUSTRAC (an approximate total of 130 SMRs have been lodged²);
- a total of 117 unique patron identifiers have been subject to these lookbacks;
- all patrons associated with transactions identified by Grant Thornton and Initialism through the Appendix A and B lookbacks have been subjected to the Significant Player Review. This review is now complete; and
- 18 of those patrons have had their licence withdrawn as a result of further investigation.

The remaining appendices of the Initialism Report (Appendices C-G) will be the subject of further phases of lookback work³. These appendices list approximately 788 transactions which Initialism have advised may be indicative of money laundering, including international transfers by third party individuals and third party companies, transfers by overseas money remitters, domestic transfers by third parties and inconsistent payment descriptors.

The results of Phase 2 of the Deloitte forensic review will also form part of the lookback, and Crown will conduct SMR

¹ See Initialism Report – Review of Riverbank and Southbank bank accounts for Indications of Money Laundering, dated 16 November 2020.

² The number is approximate as the lookback identified further potentially suspicious transactions not identified in the Initialism Report, but which were also filed as SMRs.

³ PwC have been engaged to support Crown with its review of historical bank account and customer Transactions.



lookbacks over any suspicious transactions identified by Deloitte. The anticipated completion date of Phase 2 of the Deloitte forensic review is currently 17 September 2021 for the production of a draft report.

McGrathNicol Review

The McGrathNicol Review was commissioned by the Royal Commission into Casino Operator and Licence ("RCCOL") and provided to Crown on 5 July 2021.

Key findings:

- McGrathNicol's analysis assessed potential structuring behaviour in Crown's DAB accounts and found:
 - 1,914 individual transactions concerning 272 unique patrons within a 72 hour window;
 - 1,472 transactions by 174 patrons within a 48 hour window; and
 - 908 transactions by 174 patrons in the 24 hour window⁴.
- McGrathNicol also conducted an analysis of potential parking by customers in Crown's DAB accounts, and identified that of the deposit and safe-keeping accounts with a balance of excess of \$50,000 as at 15 June 2021:
 - 41 deposit accounts had not had a recorded transaction since 2019 with the highest balance of these accounts being \$1.5 million; and
 - 47 safe-keeping accounts had not had a recorded transaction since 2020 with the highest balance of those accounts being \$7,079,089^{5,6}.

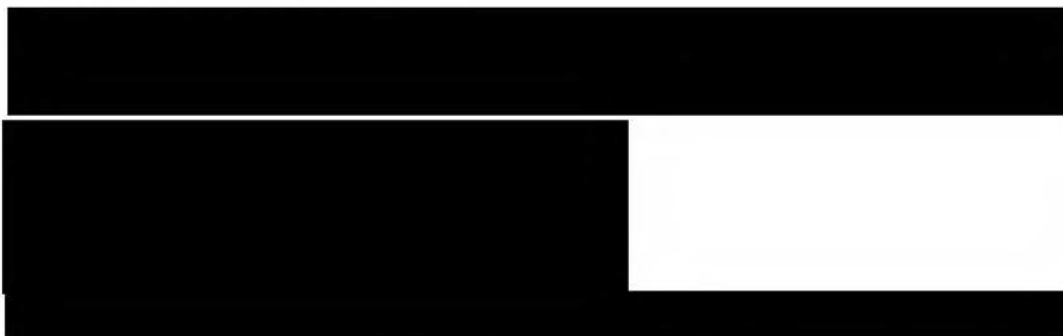
Dr Catherine Button QC led evidence before the RCCOL that the transactions are not, without further analysis, indicative of potential money laundering. This further analysis is being conducted by Financial Crime, as follows:

Progress on review of potential structuring in the deposit accounts

- Crown Financial Crime is conducting a broader sample review of the potentially structured transactions in the DAB accounts identified by McGrathNicol.
- Financial Crime will conduct a sample-based review of 25% of the potential structuring transactions identified by McGrathNicol.⁷

The results of that review will be used to determine whether a full review of all transactions identified by McGrathNicol is required.

Progress on review of inactive deposit accounts



⁴ In respect of these transaction, McGrathNicol cautioned that the behaviours identified through this analysis may relate to genuine gaming behaviour.

⁵ Further, McGrathNicol noted that restrictions imposed due to Covid-19, and the effect this had on interstate travel and patron activity, may be a factor in the interpretation of data.

⁶ The \$7,079,089 was returned to a former Junket Operator on 28 June 2021.

⁷ It is noted that in order to undertake the further analysis contemplated by the expansion of the sample size and reviews, it has been advised that a temporary uplift in capability will be necessary.



[REDACTED] The outcomes of that review will determine whether a comprehensive review is required.

[REDACTED]

⁸As above.

