



Crown Resorts Limited – Board Risk Management Committee

Memorandum

For Noting

To: Board Risk Management Committee ("**BRMC**"), Crown Resorts Limited ("**CRL**")
From: Steven Blackburn, Chief Compliance and Financial Crime Officer ("**CCFCO**") of CRL
Date: 11 August 2021
Subject: **Update on steps to address recommendations in Deloitte Forensic Review Phase 1 and Promontory AML Vulnerability Assessment, as at 30 July 2021**

Purpose

This paper provides an update to the memorandum provided to the CRL Board (the "**Board**") on 7 June 2021 on CRL's (together with its domestic subsidiaries, collectively referred to as "**Crown**") progress in implementing:

- Deloitte's recommendations from Phase 1 of its forensic review of Crown's patron bank accounts ("**Deloitte Recommendations**"); and
- the proposed actions to address the recommendations and observations in Promontory's AML Vulnerability Assessment ("**Vulnerability Assessment**").

Progress on implementation of Deloitte Recommendations

Annexure A to this Paper sets out Crown's progress in addressing the Deloitte Recommendations, as at 30 July 2021. Of the 29 action items Crown devised to address the Deloitte Recommendations:

- 23 have been completed;
- 4 are due to be completed by 1 October 2021; and
- 1 is due to be complete by November 2021.¹

The final action item – the independent review of Part A of Crown's Joint AML/CTF Program – will commence on or before 31 December 2021.

Since our 7 June memorandum, the following Crown action items have been implemented, all of which were due by 30 June 2021:

¹ The action to be completed by November 2021 is in response to Observation 6 and involves the inclusion of the outcomes of GT and Initialism review and Deloitte review into Crown's enterprise-wide ML/TF risk assessment. This action was originally scheduled to be completed by 30 June 2021 but it is now anticipated that the enterprise-wide risk assessment will be completed in November 2021.



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The outstanding seven items are in progress and are expected to be delivered on time. Crown has also appointed PWC to provide assurance over the implementation of each of the action items. This work will commence when the implementation of the Deloitte Recommendations is complete.

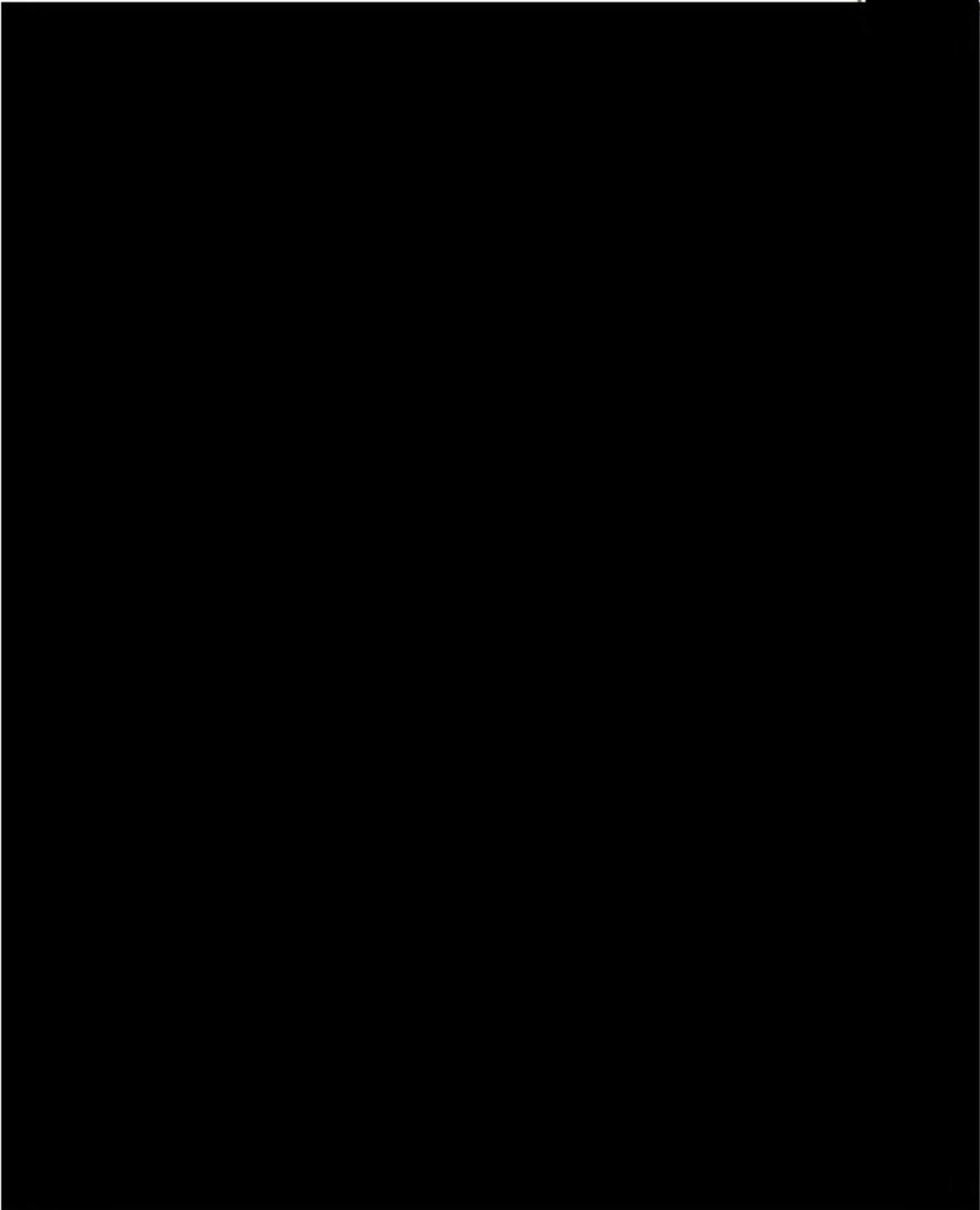
All updates to Crown's progress in implementing the Deloitte Recommendations since the 7 June memorandum have been marked in blue font in Annexure A.

Promontory AML Vulnerability Assessment

As noted in the 7 June memorandum, Promontory provided their ML/TF Vulnerability Assessment on 24 May 2021. The table at **Annexure B** to this Paper provides a summary of the Financial Crime team's response in relation to each of the Promontory recommendations and observations in that assessment, and the status of implementation, as at 31 July 2021.

Since the 7 June memorandum the following Crown action items have been implemented, all of which were due by the end of June or July 2021:







All updates to Crown's progress in implementing the recommendations in the Vulnerability Assessment since the 7 June memorandum have been marked in blue font in Annexure B.

Updates to the Board

We will provide the BRMC and the Board with updates on progress in addressing Promontory's recommendations and observations through regular FC&C Change Program Board reporting.

On 20 June, Crown's Financial Crime team received a draft of Promontory's Phase 2 Strategic Capability Assessment (***Promontory Phase 2 Report***), and is in the process of completing factual accuracy checks over the draft report. The team is also preparing a response to the recommendations in the Promontory Phase 2 Report and will provide an update on this to the Board as soon as possible.

The Financial Crime team is also assessing the AML/CTF vulnerabilities and issues identified by Louise Lane, former Group General Manager - AML, in the 100 Day Report she prepared in 2018, and whether all items identified by her have been addressed in the FCCCP and Crown's wider reform program. An update on this assessment will be provided to the Board as soon as complete.

Finally, the Financial Crime team is also reviewing the forensic report prepared by McGrathNicol for the Victorian Royal Commission into AML matters (the ***McGrathNicol Report***) and is preparing an assessment of the matters identified in the report. The Financial Crime's team assessment of the McGrathNicol Report will be shared with the Board as soon as it is finalised.

Recommendation

It is recommended that the Committee note the progress of implementation of the actions to address the Deloitte Recommendations and the Promontory Recommendations.

Proposed by

Steven Blackburn

Group CCFCO

² Recommendation 5 is currently in progress. Technology development has begun across all customer registration processes. In advance of technology solutions being in place, Crown Loyalty workplace instructions ("WPIs") have been updated to reflect the change to collect a customer's occupation as a mandatory field for new member sign ups.

