
TRANSCRIPT OF PROCEEDINGS (Private Session)

COMMISSIONER: HON. RAY FINKELSTEIN AO QC

**IN THE MATTER OF A ROYAL COMMISSION
INTO THE CASINO OPERATOR AND LICENCE**

MELBOURNE, VICTORIA

10.03 AM, FRIDAY, 07 MAY 2021

**Counsel Assisting the Commission
(instructed by Corrs Chambers
Westgarth as Solicitors Assisting the
Commission)**

MR ADRIAN FINANZIO SC

Counsel for the State of Victoria

**MR PETER GRAY QC
MR GLEN AYRES**

10:03 1 MR FINANZIO: I call Commander Michael Frewen, Acting
10:03 2 Assistant Commissioner of Police.

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5 **ASSISTANT ACTING COMMISSIONER MICHAEL**

6 **FREWEN, SWORN**

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9 **EXAMINATION-IN-CHIEF BY MR FINANZIO**

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10:04 12 MR FINANZIO: Commander, can you tell the Commission your
10:04 13 full name, please?

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10:04 15 A. Michael Joseph Frewen.

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10:04 17 Q. And your current occupation?

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10:04 19 A. I'm with Victoria Police. I hold the rank of Commander,
10:04 20 Crime Command, currently Acting Assistant Commissioner,
10:04 21 Crime Command.

10:04 22

10:04 23 Q. And your occupational address is known to the
10:04 24 Commission, so we won't bother with that. You're attending in
10:04 25 response to a Notice to Attend issued 4 May 2021, in having
10:04 26 accepted short service. Thank you. We want to thank you for
10:05 27 that and for accommodating the Commission. You have also
10:05 28 I think been provided with a Request for a Statement dated 26/4.
10:05 29 I understand from discussions with Counsel that Police have
10:05 30 considered that statement, that Request for Statement, I should say.

10:05 31

10:05 32 A. That's correct, yes.

10:05 33

10:05 34 MR FINANZIO: And one of the purposes, Commissioner, for
10:05 35 this morning is to hear from Acting Assistant Commissioner
10:05 36 Frewen in relation to the breadth of those matters, with a view to
10:05 37 potentially refining some of the matters and informing the line of
10:05 38 our inquiry. The arrangement that has been made is that my
10:05 39 learned friend Mr Gray will lead the Acting Assistant
10:05 40 Commissioner in response to some of those matters. So I pass to
10:05 41 him.

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10:05 43 COMMISSIONER: Thank you. Mr Gray.

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10:05 1 **EXAMINATION-IN-CHIEF BY MR GRAY**

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10:06 4 MR GRAY: Thank you, Commissioner.

10:06 5

10:06 6 Q. Acting Assistant Commissioner Frewen, prior to your
10:06 7 appointment as Commander of Crime Command, what is your
10:06 8 relevant professional experience in relation to investigation,
10:06 9 detection, disruption and deterrence of activities of the kind that
10:06 10 can occur of a criminal nature in respect of the casino?
10:06 11

10:06 12

10:06 13 A. Prior to my current role, which I've held for about two and
10:06 14 a half years, I held the rank of Detective Superintendent for two
10:06 15 years in charge of Professional Standards Command
10:06 16 Investigations Division, which obviously dealt with serious
10:06 17 criminality, misconduct within our organisation and aligned
10:06 18 organisations, and also sat over the operation on a day-to-day
10:06 19 basis of our Discipline Advisory Unit which undertook, I guess
10:06 20 you'd call it prosecution of police members for discipline
10:06 21 offences. Post that, I was the divisional superintendent at
10:07 22 North-West Metro Division 4, based at Fawkner which oversaw
10:07 23 the Local Government areas of Moonee Valley, Moreland and
10:07 24 Hume, a very, very socially disadvantaged area, particularly in the
10:07 25 Hume area, but very diverse, obviously had a big demographic of
10:07 26 business, community members and challenges from
10:07 27 socio-economic, high-volume crime, community engagement
10:07 28 with a whole lot of community groups and racial backgrounds.

10:07 29

10:07 30 Prior to that, I held the rank of detective inspector within Crime
10:07 31 Command in a couple of different roles. Most recently I was in
10:07 32 charge of the Middle Eastern crime investigation group, known as
10:07 33 Santiago. I performed that role for two years, which primarily
10:08 34 investigated serious Middle Eastern organised crime across
10:08 35 Victoria. Prior to that, I undertook a role in tasking and
10:08 36 coordination, which was more around managing Crime
10:08 37 Command's resources, controlled operations, major drug
10:08 38 investigation, compliance with legislation, covert operations,.
10:08 39 And prior to that, as a rank of detective inspector, I was in charge
10:08 40 of the Driver Taskforce, which was the murder of Carl Williams,
10:08 41 and whilst that was the primary domain of activity, dropping out
10:08 42 of that was a lot of investigations, unsolved homicide, organised
10:08 43 crime that was connected to the Williams empire and people that
10:08 44 popped up in our inquiry.

10:08 45

10:08 46 As a Senior Sergeant, I was predominantly based in the city, as
10:09 47 a uniformed Senior Sergeant, Melbourne East area and Melbourne
West, performed that role for about three years, and prior to that

10:09 1 I was a Detective Sergeant at Melbourne CIU, which I guess is
10:09 2 a segue into the day-to-day operations of Crown Casino. My role
10:09 3 as a Detective Sergeant, not only was it a general role overseeing
10:09 4 investigations at ground level for the Melbourne Local
10:09 5 Government area generally, but also what popped up on
10:09 6 a day-to-day basis.

10:09 7

10:09 8 Q. Just stopping you there. In that last role, where you had
10:09 9 on-the-ground supervisory responsibilities in the Melbourne area,
10:09 10 including the casino, was that in 2005?

10:09 11

10:09 12 A. Correct.

10:09 13

10:09 14 Q. And, look, I think we'll leave it there. Thank you very
10:09 15 much. Can I ask you about modern policing approaches and
10:10 16 methodologies at a high level? What is the modern policing
10:10 17 approach, and in particular, what is the emphasis given to
10:10 18 investigation by criminal activity type as opposed to what might
10:10 19 have previously been a focus on geography and location-based
10:10 20 policing?

10:10 21

10:10 22 A. Crime Command now are broken into around five
10:10 23 operational divisions: Serious Crime Division, the Organised
10:10 24 Crime Division, the State Anti-Gangs Division and the Finance
10:10 25 and Cyber Crime Division. They're primarily the largest crime
10:10 26 investigation divisions. Within each of those divisions are
10:10 27 a number of distinct work groups. For example, in the Organised
10:10 28 Crime Division there is a Drug Taskforce, the clandestine
10:10 29 Laboratory Squad, the Icarus taskforce which is a joint-up
10:11 30 taskforce with the AFP. We have our Joint Organised Crime
10:11 31 Taskforce with the AFP that does the larger drug importations,
10:11 32 and we have Trident Taskforce, which is a co-housed arrangement
10:11 33 with Border Force and the AFP.

10:11 34

10:11 35 I guess in context of 21st century policing and the environment
10:11 36 that we all find ourselves in, particularly the digital age, we need
10:11 37 to be more effective and efficient with the way we tackle and
10:11 38 I guess interdict with higher-order organised crime. And gone
10:11 39 are the days of a place-based focus particularly at state and
10:11 40 national level of organised crime investigation. For example, in
10:11 41 the year 2006, we had an embedded team of investigators within
10:11 42 the Crown Casino complex, and that variously started with
10:12 43 a larger work unit and over time, business needs and
10:12 44 investigational strategies and needs changed, morphed, evolved
10:12 45 to the point where the viability from an efficacy and delivering
10:12 46 community outcome point of view, crime investigation has
10:12 47 changed. And when we're looking at investigating organised

10:12 1 crime and all of the different themes that drop out of it, we are
10:12 2 now talking cyber-crime, tech-enabled crime, financial law
10:12 3 investigation, following the money, and doing things at a much
10:12 4 higher national and international level. And accordingly, policing
10:12 5 models changed to match that 21st century environment, and we
10:12 6 do now more work than ever with national agencies such as the
10:12 7 ACIC, the AFP, AUSTRAC and Border Force, because as we all
10:13 8 now know, borders are a notional barrier. Crime is a national and
10:13 9 international business, particularly at the higher end, and we need
10:13 10 to tackle that with a similar philosophy around how we share our
10:13 11 resources, how we share our intelligence, but importantly, how
10:13 12 we focus on where we can on higher net worth opportunities
10:13 13 around impacting criminal activity, identifying opportunities of
10:13 14 restraint, seizure of financial, I guess, assets, and being able to
10:13 15 probably, particularly in the world of drug trafficking, having
10:13 16 those larger volumes of drugs hit the streets. So that's where our
10:13 17 focus is.

10:13 18
10:13 19 Q. And just --

10:13 20
10:13 21 COMMISSIONER: Sorry, Mr Gray, I just want to ask one
10:14 22 question about terminology. This might be an obvious question
10:14 23 with an obvious answer. Can you explain to me the difference
10:14 24 from a policing perspective between organised crime and serious
10:14 25 crime? Because you categorise them differently and everybody
10:14 26 speaks about them differently, but I've never been quite on top of
10:14 27 where you draw a distinction, if you can draw a hard and fast line,
10:14 28 wherever that might be.

10:14 29
10:14 30 A. Yes. So from a nomenclature perspective within Victoria
10:14 31 Police, "serious crime" is what we would colloquially refer to as
10:14 32 homicide, rape, serious sex crimes, whereas "organised crime"
10:14 33 generally speaking denotes that higher degree of planning and
10:14 34 sophistication that is, I guess, ordinarily related to drug
10:14 35 trafficking, financial crime, money laundering, fire-arms
10:14 36 trafficking, and to a lesser extent, you know, those organised
10:15 37 crime gangs or groups commit those sort of organised crimes.
10:15 38 That's not to say, though, that they don't also commit serious
10:15 39 crime. And you raise an interesting point. The poly-offending of
10:15 40 serious crime entities, like there are no borders, they know no
10:15 41 themes; they chase money. It's a commercial enterprise to them,
10:15 42 and whether they're selling drugs, fire-arms, child pornography,
10:15 43 human or sex trafficking, it's all business. It's all money. And
10:15 44 sometimes there's a commonality, particularly with outlaw
10:15 45 motorcycle gangs. They are organised criminal enterprises.

10:15 46
10:15 47 COMMISSIONER: Thanks.

10:15 1
10:15 2 MR GRAY: Thank you, Commissioner.
10:15 3
10:15 4 Keeping the focus on serious and organised crime, because that
10:15 5 was the flavour of the evidence you've just been giving when you
10:15 6 talk about the focus on activity rather than locality; is that
10:16 7 correct?
10:16 8
10:16 9 A. Correct.
10:16 10
10:16 11 Q. Keeping the focus on those topics, how do those
10:16 12 considerations you've just outlined to the Commissioner impact
10:16 13 on the proper approach, in your opinion, to policing in respect of
10:16 14 the casino, at and in respect of the casino?
10:16 15
10:16 16 A. So, particularly in the domain of organised crime,
10:16 17 intelligence or an investigation would generally be referred to
10:16 18 Crime Command or would be worked up within Crime Command
10:16 19 over a course of sometimes a short or a long time, depending
10:16 20 upon the nature of the investigation. But first, foremost and final,
10:16 21 we will follow the theme of what we're investigating, and I guess
10:16 22 for the ease of the explanation, I'll use drug trafficking. We have
10:16 23 investigators within Crime Command working solely from Crime
10:17 24 Command, or working in collaboration with the AFP, the ACIC
10:17 25 or other law enforcement partners or agencies. We will work up
10:17 26 a prosecution and investigation and we will follow where the
10:17 27 evidence takes us.
10:17 28
10:17 29 Now, for example, often in those investigations, we will engage
10:17 30 earlier part of Crime Command. We have a Criminal Proceeds
10:17 31 Squad, and part of their remit is to work in collaboration with the
10:17 32 primary investigation team to identify opportunity of assets,
10:17 33 unexplained wealth, and be in a position for when we take final
10:17 34 action in a resolution phase, to seize or freeze those assets
10:17 35 accordingly. And often, whether it's through my Criminal
10:18 36 Proceeds Squad or through other intelligence received by the
10:18 37 ACIC, AUSTRAC, Fintel Alliance, AFP, information will come
10:18 38 to bear that particular people of interest in that investigation may
10:18 39 have frequented Crown Casino. Obviously we do
10:18 40 an investigation into their activities and we may learn that money
10:18 41 goes into Crown; large volumes of cash on occasion. Sometimes
10:18 42 we don't know. But it is --- it doesn't escape our gaze that many of
10:18 43 the people that we pay attention to, for the want of a better
10:18 44 expression, go through the doors of Crown Casino. And they
10:18 45 include all sorts of entities, whether they're singular people of
10:18 46 interest, outlaw motorcycle gangs, Middle Eastern crime gangs,
10:18 47 Albanian organised crime. You know, they will click through the

10:18 1 turn-styles somewhere, whether they have accommodation and
10:19 2 use that as a group meeting place. We've most recently come
10:19 3 across that. Additionally, we've identified that sometimes money
10:19 4 goes through Crown Casino. And where we can, we try to follow
10:19 5 that as an investigational opportunity.

10:19 6

10:19 7 Q. In contrast to the current approach, what was the role of the
10:19 8 previous Casino Crime Unit up to 2006, and why is that unit no
10:19 9 longer part of the landscape of policing?

10:19 10

10:19 11 COMMISSIONER: Can I also ask about the size of the unit, and
10:19 12 if it changed, how it changed?

10:19 13

10:19 14 A. So the Casino Crime Unit commenced as part of a larger
10:19 15 division within crime --

10:22 16

10:22 17

10:22 18 (Technical difficulties)

10:22 19

10:22 20

10:22 21 **ADJOURNED**

[10.21 AM]

10:22 22

10:22 23

10:22 24 **RESUMED**

[10.27 AM]

10:27 25

10:27 26

10:27 27 COMMISSIONER: Just to explain, I hope you don't have these
10:27 28 sort of problems, Commander, because they'll be worse for you
10:27 29 than for me, because the transcription part of the recording
10:27 30 service didn't work. There's an actual recording itself of the
10:27 31 hearing, that's okay, so we'll be able to back-track and do the
10:27 32 transcription of the bits that were missing. So there will still be
10:27 33 a full record of all that's been said.

10:27 34

10:27 35 MR GRAY: While we're on the topic of the transcript, can I just
10:27 36 seek clarification about the status of the transcript?

10:27 37

10:27 38 COMMISSIONER: Everything is being kept confidential, and
10:27 39 it's probably just as easy to deal with the point now. At the
10:27 40 moment, everything is restricted publication and restricted just to
10:27 41 Commission staff and you and those people who you've identified
10:28 42 should have information available. In due course, which might
10:28 43 mean in about a week, maybe a fraction longer, my intention is to
10:28 44 make the transcript, probably the video recording, if anybody
10:28 45 wants that as well, available to at least the Crown parties, and
10:28 46 I no doubt will have a discussion with you or somebody will have
10:28 47 a discussion with you about the extent to which all of that should

10:28 1 be restricted and confined within the Crown group, and I don't
10:28 2 anticipate any problems about that. So it's my current intention
10:28 3 not to make this public unless you're content with parts of it to
10:28 4 become public, but if you're not, I understand that, but at some
10:29 5 stage it will have to go to the Crown parties so they can see what
10:29 6 we've been dealing with, and then maybe we can have
10:29 7 a discussion then about whether it should become fully public or
10:29 8 some of it, or if at all. I assume you're quite content to leave that
10:29 9 to be sorted out at another day?

10:29 10

10:29 11 MR GRAY: I am. I do seek an opportunity --- I should have
10:29 12 announced my appearance, of course. I'm appearing with
10:29 13 Mr Ayres for the State of Victoria. I would seek an opportunity
10:29 14 on behalf of the State to be heard on the question of whether,
10:29 15 unexpectedly, any PII, public interest immunity, issues arise in
10:29 16 respect of the transcript.

10:29 17

10:29 18 COMMISSIONER: Unambiguously you'll be heard on that. And
10:29 19 I suppose somebody like your junior will be keeping his eye on
10:30 20 what may or may not fall under some privilege regime. I suspect
10:30 21 that maybe very little that will happen today will be privileged.
10:30 22 Maybe some of it will. But I hope not.

10:30 23

10:30 24 MR GRAY: That's our expectation as well.

10:30 25

10:30 26 COMMISSIONER: But just in case.

10:30 27

10:30 28 MR GRAY: Yes, and for that purpose, we come to the hearing,
10:30 29 including the witness coming to this hearing, with the
10:30 30 understanding that he should only describe the case studies, if
10:30 31 I can use that expression, at the highest level to avoid detail.

10:30 32

10:30 33 COMMISSIONER: Correct. That was my understanding of the
10:30 34 basis upon which the Commander will give his evidence, and if
10:30 35 he was going to go into any more detail, I would have stopped
10:30 36 him, to the extent that I'm able to do that.

10:30 37

10:30 38 MR GRAY: Thank you, Commissioner. I believe we were
10:31 39 mid-way through hearing from Acting Assistant Commissioner
10:31 40 Frewen on the previous Casino Crime Unit. Would you like me
10:31 41 to restate the question?

10:31 42

10:31 43 COMMISSIONER: No. You're happy to go on?

10:31 44

10:31 45 A. I am indeed.

10:31 46

10:31 47 COMMISSIONER: Good.

10:31 1
10:31 2 A. So, generally speaking, the Casino Crime Squad at that
10:31 3 stage was responsible for a 24/7 presence at the casino, the
10:31 4 collection of intelligence on behalf of Victoria Police and/or other
10:31 5 agencies as the need necessitated, providing an investigative
10:31 6 response to a variety of different themes, including suspected
10:31 7 international cheats, money laundering activities, counterfeiting
10:31 8 and other suspicious activity, as well as a primary response, I
10:31 9 guess, in and around the Crown Casino complex for other type of
10:32 10 crimes that presented on a day-to-day basis that weren't too
10:32 11 sophisticated; ongoing liaison with other law enforcement
10:32 12 agencies and sharing that intelligence, and as I alluded to earlier,
10:32 13 providing investigative support to other agencies and other parts
10:32 14 of Victoria Police that had cause to deal with Crown Casino, and
10:32 15 engaging with other regulation bodies that had cause to do
10:32 16 business either within or with Crown Casino.

10:32 17
10:32 18 COMMISSIONER: At the time, which is really from the
10:32 19 commencement of this squad through to 2005-2006, was it
10:32 20 regarded as a reasonably successful operation from a policing
10:32 21 perspective?

10:32 22
10:32 23 A. At the time it was, but like all things, it's a rapidly evolving
10:33 24 environment. Over time, Crime Command at Victoria Police saw
10:33 25 the need to prioritise resources, some of whom were those
10:33 26 resources embedded in Crown that were able to do some of those
10:33 27 tasks in a better way, particularly around, you know, money
10:33 28 laundering, intelligence capture, et cetera, et cetera. Because
10:33 29 probably in the last 10 years, things have moved very, very
10:33 30 quickly in society with the evolution of tech, digital platforms,
10:33 31 et cetera, and accordingly we've had to adapt and evolve at
10:33 32 an equally fast pace as we can, as have other law enforcement
10:33 33 agencies. Accordingly, investigation models evolve, and over
10:33 34 time, particularly I think from memory, by the year 2006, things
10:33 35 had sort of changed quite rapidly. Boston Consulting came in
10:34 36 and did a review of Crime Command, how we were structured,
10:34 37 whether we met community needs, whether we met Government
10:34 38 needs, organisational needs, and the Major Crime Management
10:34 39 Model was, I guess, formulated as a result of that consultation
10:34 40 process. And essentially --- and the legislative obligation of
10:34 41 embedding people within Crown ceased, and there was also
10:34 42 a co-funding arrangement from the proceeds of gambling that
10:34 43 funded that presence. That ceased. And accordingly, we found
10:34 44 better ways of delivering the business, particularly at a higher
10:34 45 level, which is where we are aiming to impact in money
10:34 46 laundering, organised crime, and I think from memory it was
10:34 47 around 2006 that the casino unit closed and formed part of Crime

10:35 1 Command organised crime, and also part of it was, particularly
10:35 2 around the intelligence capture and management, transitioned
10:35 3 across to Intelligence and Covert Support Command.

10:35 4
10:35 5 COMMISSIONER: Does it follow from that --- you might not
10:35 6 want to answer this question either, and if you don't, I get it --- that
10:35 7 if funding was not an issue, you think that policing is more
10:35 8 effective now in the current world we live, than it might have
10:35 9 been, say, in 2006 and earlier, which is really to ask you, if you
10:35 10 had a choice about it, would you re-introduce that kind of --- that
10:35 11 number of police at the casino, or do you think that that's just not
10:35 12 how we would go today?

10:35 13
10:35 14 A. I think there are a couple of different parts in motion there,
10:35 15 and the first one is around, I guess, police presence generally in
10:36 16 public places and large public places. There is a place for that,
10:36 17 and I think, for all intents and purposes, that could effectively and
10:36 18 efficiently be discharged by, say, a uniform presence, which is
10:36 19 how we do business now. If I would think of the recent evolution
10:36 20 of crime, investigative models and frameworks and how we're
10:36 21 dealing with our partner agencies, which is really the future, the
10:36 22 current status quo is where it sits, and I don't think there is any
10:36 23 real effective or efficient gains to be made by I guess --

10:36 24
10:36 25 COMMISSIONER: Going backwards?

10:36 26
10:36 27 A. --- housing investigators in an off-location site. Because
10:36 28 that in itself creates disconnection, and it's a perception of
10:36 29 disconnection. Everything is available, particularly with other
10:37 30 agencies, everything is in the cloud, it's online, it's digital, crypto,
10:37 31 and whilst we all talk about cash as being ever present, I think
10:37 32 we've really got to be live to the proposition that that is
10:37 33 a diminishing commodity, and banking and business models
10:37 34 move, and I think we need to do the same.

10:37 35
10:37 36 COMMISSIONER: Thanks.

10:37 37
10:37 38 MR GRAY: Thank you, Commissioner. I'll move off that topic
10:37 39 if that's all right.

10:37 40
10:37 41 Could I just ask a little bit more about the partner agencies, and
10:37 42 before going to the role of the partner agencies, the role of
10:37 43 another command within Victoria Police. You've mentioned
10:37 44 intelligence a number of times as an important piece in this
10:37 45 overall picture. What are the dynamics within Victoria Police, in
10:37 46 brief terms, between the command you command, Crime
10:37 47 Command, and the Intelligence and Covert Support Command,

10:38 1 ICSC?
10:38 2
10:38 3 A. Sure. So Crime Command, very generally, is responsible
10:38 4 for undertaking high-end serious and organised crime
10:38 5 investigation in the State of Victoria. So that's our core business
10:38 6 statement, generally. Intelligence and Covert Support Command,
10:38 7 as its name denotes, is around the collection and building up of
10:38 8 credible, effective, efficient intelligence processes, I guess
10:38 9 liaising and building really strong networks with partner agencies,
10:38 10 Government authorities, non-Government authorities and
10:38 11 business around intelligence capture processes, undertaking
10:38 12 intelligence probes into different organisations, people, entities,
10:38 13 building up meaningful, worthwhile, actionable intelligence that
10:38 14 informs the strategic and tactical investigation directions of
10:38 15 VicPol, the ACIC, AFP, AUSTRAC, Border Force. Ever
10:39 16 present, every day in organised crime, the intersections of all of
10:39 17 these agencies, the themes and the commonalities are profound.
10:39 18 And as I've found, even in my most recent two-year tenure in my
10:39 19 current role, we are doing more and more business with these
10:39 20 other agencies because that is the nature of organised crime.
10:39 21
10:39 22 Intelligence Covert Support Command will, after building up
10:39 23 worthwhile, meaningful, actionable intelligence, will refer that
10:39 24 off to, generally speaking, particular work units within Crime
10:39 25 Command, but accordingly, where there is really worthwhile
10:39 26 intelligence, I guess transition that to other agencies, particularly
10:39 27 relating to Commonwealth-themed investigations or where there's
10:40 28 a better Commonwealth opportunity of management enforcement
10:40 29 outcome.
10:40 30
10:40 31 COMMISSIONER: Can you give some idea of the seriousness
10:40 32 of --- I mean, as much as you can, in dollar terms --- the sorts of
10:40 33 areas of work that you're talking about? If I was to take drug
10:40 34 turnover, drug money, money laundering, what sort of
10:40 35 dimensions are we speaking about? Billions of dollars? Millions
10:40 36 of dollars?
10:40 37
10:40 38 A. As what we know, and the old tip of the ice-berg analogy
10:40 39 is, it is billions of dollars. We are doing --
10:40 40
10:40 41 COMMISSIONER: You mean per annum?
10:40 42
10:40 43 A. Per annum. Probably whilst we could talk at a State level,
10:40 44 a lot of our work is at National level, particularly in the organised
10:40 45 crime domain, particularly with drug trafficking. Drugs come in
10:41 46 from all modalities; offshore, whether it's container, plane,
10:41 47 human, and boat. So the aim is obviously to interdict where we

10:41 1 can, but that money --- I mean, in the last six months, we have
10:41 2 been involved in the seizures of significant amounts of cash, for
10:41 3 example in semi-trailers, that are criss-crossing Australia and they
10:41 4 are definitely linked to organised crime. Now, how they remit
10:41 5 that money physically is very interesting, and whether it's in
10:41 6 a semi-trailer with \$10 million cash which happened most
10:41 7 recently in Perth, a truck, a semi-trailer, \$10 million cash and
10:41 8 a high amount of chemicals, I can't recall the type of chemical,
10:41 9 but that's coming --- or was destined to Melbourne. Now, where
10:41 10 that ultimately was meant to be delivered and how that was meant
10:42 11 to be distributed is anyone's guess. But I would humbly assert
10:42 12 that they would probably use many different methods, and that is
10:42 13 just but one example on one day, and that was an outlaw
10:42 14 motorcycle gang. As you know, we all know, there are many
10:42 15 outlaw motorcycle gangs existing in Victoria and Australia, not to
10:42 16 mention criminal gangs. So I guess that is a snapshot of one day's
10:42 17 work in another State of product and cash destined for Victoria.

10:42 18
10:42 19 COMMISSIONER: If I wanted a feel for the amount of cash that
10:42 20 the people you are talking about want to clean up, launder, are we
10:42 21 talking also in terms of millions or billions of dollars a year?

10:43 22
10:43 23 A. I would say so, and you know, recently Crime Command
10:43 24 had cause to do a search warrant on a fairly non-descript John
10:43 25 Doe-type individual. And they executed the search warrant, inner
10:43 26 city Melbourne, located in a very, very dense estate of apartments
10:43 27 and townhouses, drug lab downstairs, \$13 million cash
10:43 28 distributed variously upstairs and throughout the house, \$2
10:43 29 million cash in a roof of a house of the accused's parents in
10:43 30 another suburb, a storage container in another suburb, I think
10:43 31 another \$3 or \$5 million cash. And this individual was on no
10:43 32 one's radar, and barely on ours. And, you know, when you go
10:44 33 into those properties, which I actually did go into that just
10:44 34 because it was so extraordinary, it's astonishing to see that
10:44 35 amount of cash in Prada bags and plastic bags, and what we
10:44 36 learned from that, one of our partner agencies compared notes
10:44 37 with us and were able to correlate another cash transfer organised
10:44 38 crime syndicate that were involved with this individual, and they
10:44 39 never pieced it together until we found this cash on this particular
10:44 40 day and they essentially referenced a surveillance activity where
10:44 41 they lost the person they were following, and it wasn't until we
10:44 42 shared our intelligence with them, they dug up some open-source
10:45 43 public footage from a publicly-available camera and the same
10:45 44 parties are meeting.

10:45 45
10:45 46 So the inter-connectivity is just present every day. And that other
10:45 47 syndicate that they were working on, they're moving millions of

10:45 1 dollars a week. That agency referred to Victoria Police what
 10:45 2 I call a quick referral, as in, "We have contemporary intelligence
 10:45 3 on this particular individual. Here's their address. There's
 10:45 4 probably money there based on what we've learnt and what we
 10:45 5 know."

10:45 6
 10:45 7 We executed a search warrant. Confidential

10:45 8 Confidential

10:45 9 Confidential

10:45 10 So
 10:45 11 I guess the real point here is the inter-connectivity of all of these
 10:46 12 groups. We think that they're siloed because of whether they're
 10:46 13 an outlaw motorcycle gang, an Albanian crime gang, a Middle
 10:46 14 Eastern gang, an Asian crime gang from offshore, they're all on
 10:46 15 the continuum and they're all intersecting, and as business
 10:46 16 evolves, so do they. And I think they just look for the best
 10:46 17 opportunity that they can.

10:46 18 COMMISSIONER: If I had \$10 million in cash illegally
 10:46 19 obtained and I wanted to clean it up, where are the sorts of places
 10:46 20 that I would go, what kinds of things would I do to do that? Just
 10:46 21 assume I don't have \$10 million in cash.

10:46 22
 10:46 23 A. Well, you would probably do what these organised crime
 10:46 24 gangs do: Diversify their interests.

10:46 25
 10:46 26 COMMISSIONER: Meaning?

10:46 27
 10:46 28 A. Well, it might be --- if it was Mick Frewen doing this,
 10:47 29 I would certainly be looking at a conversion to crypto currency,
 10:47 30 and I would be moving it offshore and then bouncing it through a
 10:47 31 number of crypto exchanges, then going onto the dark net from
 10:47 32 Melbourne with my seeded crypto wallet and going and
 10:47 33 essentially looking on the dark net for the best exchange rate
 10:47 34 who's got the highest amount of good user ratings, and going,
 10:47 35 "Okay, I will contact person X. I have \$10 million. I want to
 10:47 36 redeem" --- whatever the crypto equivalent on today's exchange
 10:47 37 rate, "I want \$1 million cash from the equivalent crypto." And
 10:47 38 when you look on the dark net, there are people that can deliver,
 10:47 39 within one hour in Melbourne, \$300,000 cash. Some will offer
 10:47 40 a million, some will offer \$500,000. So I would wash it that way.

10:47 41
 10:47 42 COMMISSIONER: What would I physically do? So I've got my
 10:48 43 \$10 million sitting in my plastic bag in the hallway. What do
 10:48 44 I actually physically do or --

10:48 45
 10:48 46 A. So you can do the reverse of that. You can grab that plastic
 10:48 47 bag of, say, \$1 million, in round terms, and do the reverse of that.

10:48 1 Go onto a dark net crypto exchange, tell them, "I want to do a \$1
10:48 2 million cash to a crypto exchange", go to a pre-determined
10:48 3 meeting location, they'll do the transaction in front of you, all on
10:48 4 the dark net, and then you're away. So you then have a crypto
10:48 5 exchange, you'll put it into your encrypted seeded 26-letter
10:48 6 authentication so no one can crack it, and then you will then
10:48 7 proceed to bounce that maybe around to other crypto exchanges.
10:48 8 You may choose to redeem it elsewhere at another time in
10:48 9 another country, to your liking. That's just but one example. You
10:48 10 may choose to swap it for drugs, you may choose to swap it for
10:49 11 another commodity, you might kite-fly it amongst other bank
10:49 12 accounts. You can purchase off the dark net what we call
10:49 13 redundant bank accounts from people, or generally students who
10:49 14 leave Australia and their bank accounts are dormant. Those
10:49 15 credentials you can buy on the dark net.

10:49 16

10:49 17 MR GRAY: Commissioner, I just ask a question at this point
10:49 18 relating to your other questions?

10:49 19

10:49 20 COMMISSIONER: Sure.

10:49 21

10:49 22 MR GRAY: Acting Assistant Commissioner, is there a case
10:49 23 study based on an investigation by your command or involving
10:49 24 your command which you can describe at a high level which
10:49 25 demonstrates the connection between criminal activity in the
10:49 26 nature of drug trafficking in this particular example, the use of
10:49 27 crypto currency, and the use of I think what are described as
10:50 28 mules at the casino?

10:50 29

10:50 30 COMMISSIONER: He's just trying to shortcut what I'm asking.

10:50 31

10:50 32 A. Righto. So this is quite an interesting one that pretty much
10:50 33 collects all of that. For example, an organised crime figure in
10:50 34 Sydney receives 3 Bitcoin over the course of a month from the
10:50 35 progressive sale of illicit chemicals. And that person wants to
10:50 36 redeem that Bitcoin. Their ultimate plan is to somehow wash that
10:50 37 cash in order to finance the purchase of a unit in Perth. So what
10:50 38 that person does is travel to Melbourne, goes on to the dark net
10:50 39 using a money remitter and exchanges that 3 Bitcoin for around
10:50 40 \$216,000 via a Bitcoin exchange, less the small commission.
10:50 41 They then utilise several money mules. They attend Crown, and
10:51 42 they then progressively cash in small deposits which are under the
10:51 43 threshold reporting rate of 10K, to the amount of the 216,000.
10:51 44 The subject and those mules play a number of games really for
10:51 45 a nil-all draw outcome, and then at the end of it they combine the
10:51 46 gambling chips and approach the cashier to obtain a total amount
10:51 47 for that sum of \$216,000, depending on their minor wins and

10:51 1 losses.
10:51 2
10:51 3 Now, if the money mules are trusted, there could be multiple
10:51 4 cheques issued to each of those money mules by Crown Casino,
10:51 5 and those money mules will then transfer those winnings into
10:51 6 accounts nominated by that drug dealer from Sydney, and they
10:52 7 could be either within Australia or offshore, they could be shell
10:52 8 companies, they could be illegally sourced dark net bank account
10:52 9 details.
10:52 10
10:52 11 That person returns to Sydney and goes straight to the bank. If
10:52 12 they chose not to do that and just took the \$216,000 cheque, that
10:52 13 drug dealer returns to Sydney, cashes in the \$216,000 cheque to
10:52 14 the bank and says, "I had a win at the casino. I was on a work
10:52 15 trip down to Melbourne." What they then do is fly to Fremantle,
10:52 16 withdraw that \$216,000 from the legitimate bank account and use
10:52 17 that as a deposit to pay for that unit. You can do that operation
10:52 18 three times over in a month, or less, and clearly finance
10:52 19 a residential property in a state other than their own.
10:52 20
10:52 21 MR GRAY: Might I just continue in that vein?
10:53 22
10:53 23 COMMISSIONER: Sure.
10:53 24
10:53 25 MR GRAY: What's "layering" in this context, and you can move
10:53 26 outside that particular case study, based on your knowledge in
10:53 27 your command and given your previous experience, what's
10:53 28 layering and if you could cover the particular role of what you've
10:53 29 just described as money mules and other terms such as structuring
10:53 30 and smurfing.
10:53 31
10:53 32 A. Right. So layering is essentially kite-flying, for the want of
10:53 33 a better expression. So you may have cash either sourced from
10:53 34 offshore or in Australia, it's irrelevant, to be frank, and then what
10:53 35 happens is that layering process is around eroding the original
10:53 36 capital value of that money, talk round terms of \$500,000. That
10:53 37 would then be sent to multiple accounts, both within Australia,
10:54 38 offshore, could be China, Malaysia, Singapore, all of which are
10:54 39 generally questionable account credentials, very, very difficult to
10:54 40 find who the end user is. But let's take it on face value that that
10:54 41 500 is disseminated quite quickly over 30 different bank
10:54 42 accounts. And that is then flown across multiple bank accounts
10:54 43 again, all in indiscriminate amounts, which makes it very, very
10:54 44 difficult for financial agencies such as AUSTRAC to track.
10:54 45 And --
10:54 46
10:54 47 Q. Just stopping you there. What's the relevance here of the

10:54 1 AMLCTF, Anti-Money Laundering and Counter-Terrorism
10:54 2 Financing Rules and Act threshold limit?

10:54 3

10:54 4 A. Yes, which is 10,000.

10:54 5

10:54 6 Q. Yes, and what's the connection between that threshold limit
10:55 7 and the activity you're describing? Is there a connection?

10:55 8

10:55 9 A. Well, they can choose to either keep it below that threshold
10:55 10 limit. On some occasions, some institutions may be alert to those
10:55 11 sorts of suspicious transactions, so they'll do an own-motion
10:55 12 notification. For those occasions where the amount is actually
10:55 13 higher than the threshold amount, it proves to be an ever-present
10:55 14 challenge for those agencies to actually track and trace and
10:55 15 identify those entities that sit behind the accounts. And
10:55 16 eventually, whether it's days, weeks, months, that money will
10:55 17 then float discreetly back into Australia, and bearing in mind that
10:55 18 could happen again in a variety of ways. It might find its way
10:55 19 into shell companies, shell accounts, a crypto currency account,
10:55 20 an account in Crown Casino, or some other modality. But that
10:55 21 layering is the erosion and then slow build-up again of the capital.
10:56 22 And it could even be reinvested as an offshore deposit to pay for
10:56 23 real estate. That's the challenge.

10:56 24

10:56 25 COMMISSIONER: If I was a casino operator and I had the real
10:56 26 potential for the kind of people you're talking about to come to
10:56 27 my institution for the purposes of cleaning up their money, what
10:56 28 could I do? What are the sorts of things I could look out for to
10:56 29 prevent that happening? I guess one thing I get from what you're
10:56 30 telling me is, "Prevent it happening? Forget about it." But what
10:56 31 could I pick up? What sorts of things would I look out for to see
10:56 32 whether this was going on or even to reduce it?

10:57 33

10:57 34 A. It's a big domain to tackle, but I guess generally speaking,
10:57 35 there would be worthwhile opportunity in thinking about, first
10:57 36 and foremost, the types of people that frequent the casino, and
10:57 37 whether they're offshore, the premise of how they come to be
10:57 38 attracted to casino A, what are the enticements that are provided
10:57 39 to individuals or companies that facilitate such travel, not only
10:57 40 what onshore arrangements regarding money-handling processes,
10:57 41 account rigour, but what are the rules of engagement for offshore
10:58 42 money coming in? And I guess what the parameters, legislatively
10:58 43 or logistically are manageable to somehow keep track of that and
10:58 44 control it. It becomes almost --- in its current form that we're
10:58 45 dealing with, those examples I gave, it's intractable. It's really,
10:58 46 really difficult to manage. And that would be one area that one
10:58 47 could look at.

10:58 1
10:58 2 I guess the other area is how threshold reporting is managed. Is
10:58 3 there opportunity to perhaps do it in real time? Again, that might
10:58 4 be an infrastructure or logistical challenge, because it seems from
10:58 5 some of the experiences that we've had, that there's a degree of
10:59 6 latency of the transaction occurring before notification finally
10:59 7 finds its way through, and there's obligatory challenges around
10:59 8 the administrative and logistical administrative burden on
10:59 9 whoever the operator may be in complying with that.
10:59 10
10:59 11 I guess a couple of points that I've touched on with regard to
10:59 12 those recent examples is one key word, and that's "legitimacy".
10:59 13 How do we build legitimacy in the operation and the rigour
10:59 14 around that, and the legitimacy that the person who is cashing
10:59 15 that chip or cheque is actually that person?
10:59 16
10:59 17 COMMISSIONER: But how do you work that out? If you gave
10:59 18 me \$100,000 to go to the casino, let's say I haven't been before or
11:00 19 I've been there once or twice. I walk in there, they wouldn't know
11:00 20 who I was, so I show them my driver's licence or whatever it
11:00 21 might be. It won't be \$100,000. Let's do it below the reporting
11:00 22 threshold. You give me \$9,000 to do it. On what basis would
11:00 23 they check me out to see whether they should report my \$9,000 or
11:00 24 just give me chips and let me gamble to my heart's content?
11:00 25
11:00 26 A. That's a real challenge, and I can't provide you, at the
11:00 27 moment, a real solution to that, I don't think. I need to take that
11:00 28 on notice and deeply think around what our opportunities are.
11:00 29 I go back to my previous expression around legitimacy; whether
11:00 30 people have to register with photographic ID as a starting point
11:00 31 to, I guess, build credentials for those walk-ins that you're just
11:00 32 referencing then. What rigour then sits behind those that are
11:01 33 administering that transaction. How do they have a sense of
11:01 34 confidence that the person that's giving them that cash is that
11:01 35 person? I guess that seems to be the first real step, I think, and
11:01 36 there's probably a lot of legislative remedies that one could look
11:01 37 at, all of which aren't at my fingertips. I think that is a very, very
11:01 38 deep and expansive question, and I'd need to think about it
11:01 39 further, I think, in fairness to me and the meaningful response I'd
11:01 40 want to give you.
11:01 41
11:01 42 MR GRAY: Commissioner, I need to ask Commander Frewen
11:01 43 about some background points that really are important to you
11:01 44 understanding the limitations on Victoria Police's perspectives on
11:02 45 these things.
11:02 46
11:02 47 Acting Assistant Commissioner Frewen, you mentioned a number

11:02 1 of partner agencies. You also mentioned the ICSC.
11:02 2
11:02 3 And I should stipulate that the commander of that command,
11:02 4 ICSC, is available, should you wish to hear from him,
11:02 5 Commissioner, say Monday next week and we'll wait to hear
11:02 6 from you whether you do.
11:02 7
11:02 8 Could you just very briefly, Commander Frewen, tell the
11:02 9 Commissioner about the role of the key partner agencies you've
11:02 10 mentioned, specifically with respect to intelligence and referrals
11:02 11 around money laundering and organised crime. You mentioned
11:02 12 the AFP. You mentioned ACIC. You mentioned AUSTRAC.
11:02 13 I've not sure if you've mentioned the VCGLR. But could you
11:03 14 give a brief description of the dynamics between Victoria Police,
11:03 15 in and in respect of casino when it comes to each of those four
11:03 16 partner agencies, starting with the AFP?
11:03 17
11:03 18 A. Sure. I think one important point to make is around money
11:03 19 laundering legislation generally. And money laundering, I think
11:03 20 you referenced a little bit earlier, does under the Commonwealth
11:03 21 Act create specific offences for laundering and structuring
11:03 22 offences, particularly in the CT domain. Whereas Victoria
11:03 23 Police, we conduct investigations using specific powers under the
11:03 24 Confiscation Act 1997, which is a State-based legislation
11:03 25 instrument, and information derived from those type of
11:04 26 investigations, it's a civil forfeiture mechanism, so we're quite
11:04 27 distinct in how we apply the crime investigation component, as
11:04 28 opposed to the, I guess, asset confiscation activity. They're kept
11:04 29 separate for that reason, and we primarily focus our crim
11:04 30 proceeds squad on State-based activity. We do work quite
11:04 31 extensively with those Commonwealth agencies, but by and large,
11:04 32 60 per cent of their work would be with Crime Command, and
11:04 33 they would do 40 per cent work with external regions and
11:04 34 commands relevant to VicPol activity.
11:04 35
11:04 36 Q. In your answer you mentioned "CT".
11:04 37
11:04 38 A. Counter-terrorism.
11:04 39
11:04 40 Q. Thank you.
11:04 41
11:04 42 A. And to that end, obviously the Commonwealth legislation
11:05 43 really clearly provides, you know, opportunity for
11:05 44 Commonwealth agencies, the first one being the AFP. They've
11:05 45 got both a national and international presence regarding the
11:05 46 investigation and cooperation with other agencies of
11:05 47 Commonwealth-themed investigations pursuant --- their Proceeds

11:05 1 of Crime Act. They work in partnership with other law
11:05 2 enforcement agencies and entities, regulatory agencies to identify
11:05 3 and prosecute offences at the Commonwealth level. The
11:05 4 Australian Crime and Intelligence Commission, ACIC, from our
11:05 5 perspective are a really valued partner. They're a national
11:05 6 criminal intelligence collection agency established, I think, in
11:05 7 around 2006. And primarily they collect both international and
11:05 8 national intelligence through their partnership arrangements, both
11:06 9 nationally and internationally, to bring investigative and
11:06 10 intelligence opportunity to high-priority, complex, serious crime
11:06 11 investigation, which includes money laundering, drug trafficking,
11:06 12 firearms, people trafficking and strong collaboration, I can talk at
11:06 13 a State level, with VicPol.

11:06 14
11:06 15 AUSTRAC, Australian Transactions Reports and Analysis
11:06 16 Centre, really, in many respects, the gate-keeper of the nation's
11:06 17 banking system, around the integrity and rigour of our banking
11:06 18 system and transactions, and they contribute to, I guess, the
11:06 19 national rigour around reporting of suspicious transactions,
11:06 20 suspected laundering, financing of terrorism, suspicious offshore
11:06 21 transactions, suspicious onshore transactions, and their primary
11:07 22 remit is to build up credible financial intelligence to support other
11:07 23 high-end organised crime investigational opportunities, either at
11:07 24 a Commonwealth level or with State-based agencies.

11:07 25
11:07 26 Victorian Commission for Gaming and Liquor Regulation, they're
11:07 27 an amalgamation of Liquor Licensing Victoria and the Victorian
11:07 28 Commission of Gaming and Regulation. They're focused on the
11:07 29 people, premises, products and promotion to ensure Victoria's
11:07 30 gambling and liquor industry is adequately monitored, policed,
11:07 31 and I guess has sufficient rigour around the day-to-day activities.
11:07 32 Again, they produce --- identify and prosecute breaches, collect
11:07 33 intelligence, and we share intelligence from them in a reciprocal
11:08 34 basis.

11:08 35
11:08 36 Q. Thank you. There's some constraints, are there, on what
11:08 37 Victoria Police is permitted to do under the conditions through
11:08 38 which it receives intelligence from some of those partner agencies
11:08 39 such as the ACIC; is that right?

11:08 40
11:08 41 A. Conditions?

11:08 42
11:08 43 Q. Does the ACIC provide intelligence to Victoria Police
11:08 44 without conditions as to its further use, or are there conditions
11:08 45 placed?

11:08 46
11:08 47 A. There are caveats, but generally those referrals will come

11:08 1 into Intelligence and Covert Support Command. Sporadically,
11:08 2 they will do a direct referral to Crime Command, but as a general
11:08 3 proposition, we will find they've got a specific remit around their
11:08 4 areas of focus. Often they align with our work, and we're very
11:08 5 careful with how we manage their intelligence, their sources. We
11:09 6 essentially get delivered a meaningful proposition for
11:09 7 investigation, and we don't have any interaction with their
11:09 8 intelligence process or their sources.

11:09 9

11:09 10 Q. I think I'll move now to the progress that's been made in
11:09 11 response to the request for a statement we received from the
11:09 12 Royal Commission on 26 April. Acting Assistant Commissioner
11:09 13 Frewen, it's the case, isn't it, that you are able to describe at a high
11:09 14 level certain illustrative case studies that are responsive to that
11:09 15 request that I've just mentioned?

11:09 16

11:09 17 A. Yes.

11:09 18

11:09 19 Q. But you're not attempting to provide a comprehensive list
11:09 20 of all investigations that might fall within that request; is that
11:09 21 right?

11:09 22

11:09 23 A. Correct.

11:09 24

11:09 25 Q. It's the case, isn't it, that there would be PII concerns in
11:10 26 respect of the details, and you're not going to go into the details
11:10 27 today in any event; is that correct?

11:10 28

11:10 29 A. Yes.

11:10 30

11:10 31 Q. And furthermore, there's a limitation on the perspective of
11:10 32 Victoria Police in respect of aspects of these matters, isn't there?
11:10 33 Can you just outline the nature of that limitation in broad terms
11:10 34 for the Commissioner?

11:10 35

11:10 36 A. We're a State-based organisation, and as aspirational as we
11:10 37 will try to be to deliver, you know, higher-order national and
11:10 38 international investigative outcomes, we are obliged to the people
11:10 39 and the Government of Victoria to deliver a policing service, and
11:10 40 there are legislative barriers, logistical barriers, particularly with
11:10 41 how we conduct investigations. So, for example, an international
11:11 42 money laundering operation, we would operate that in
11:11 43 collaboration with the ACIC, AUSTRAC, the AFP. We simply
11:11 44 don't have the reach. We would then provide them with credible
11:11 45 intelligence that would hopefully enliven an intelligence probe or
11:11 46 an active investigation that they could pursue either in their own
11:11 47 right or with another agency or international law enforcement

11:11 1 body. But it's worth noting the fundamentals of organised crime
11:11 2 investigation, the tectonic plates have shifted significantly, even
11:11 3 in the last five years, around how we do our business. Everything
11:11 4 has a national or an international flavour, whether it's drug
11:11 5 trafficking, money laundering, firearms trafficking, syndicated
11:12 6 child pornography. We've all seen the pervasiveness coming in
11:12 7 from offshore, and with I guess cloud-based services, end-to-end
11:12 8 encryption, crypto currency, the dark net, these are really
11:12 9 challenging investigational barriers that all law enforcement
11:12 10 agencies, government agencies are grappling with. And the
11:12 11 internet of things is a great opportunity for us all, but there is that
11:12 12 counter-balance that we're learning every day around
11:12 13 opportunities this provides for anonymity of organised crime
11:12 14 individuals and entities.

11:13 15

11:13 16 Q. I'm going to ask you to describe at a high level some of
11:13 17 these case studies in respect of money laundering. You've
11:13 18 already mentioned the one involving Bitcoin, so I won't ask you
11:13 19 about that again. Can I ask you about, and just a high-level
11:13 20 description of this, an investigation that Victoria Police became
11:13 21 involved in on a referral from ACIC in 2017? Just to help you
11:13 22 understand which one I have in mind, it involved large-scale cash
11:13 23 laundering involving multiple persons and owing to a junket
11:13 24 operator. Are you able to outline to the Commissioner at a broad,
11:13 25 high-level descriptive level the nature of that case study, without
11:13 26 going into details, please?

11:13 27

11:13 28 A. I think I've got a couple that I could proffer for us. So
11:13 29 I might not get it right in context, as we've recalled it, but for
11:13 30 example, what we call a boiler house operation, that was
11:14 31 essentially a pop-up criminal enterprise in a suburb of Melbourne.
11:14 32 And what those individuals are, are a sophisticated, multi-faceted,
11:14 33 international crime operation. And they will target vulnerable
11:14 34 people, usually overseas students, for the want of being too
11:14 35 specific, and they will either send them a package or engage them
11:14 36 in some way, shape or form, with a view to compromising them
11:14 37 to pay money. And that may be for an international warrant of
11:14 38 arrest against them, it might be that they are the subject of
11:14 39 an active drug investigation, they've been embroiled and
11:14 40 implicated in serious criminal offences back home and their
11:14 41 family's in danger, right to the other end of the spectrum where
11:14 42 they have manipulated these individuals to basically stage their
11:15 43 own kidnapping and then reach out and go to their family, go to
11:15 44 their friends or somehow raise money to pay a fictitious ransom.
11:15 45 That money is then invariably paid, whatever the value and
11:15 46 whatever the, I guess, the modality, whether it's crypto or cash or
11:15 47 a direct deposit. It doesn't really matter. But one experience is

11:15 1 some of those people were forced to pay money into Crown
11:15 2 Casino accounts, which then transitioned out of that into a junket
11:15 3 tour operator's account, which we duly followed, and then I guess
11:15 4 the anonymity really became a challenge because, referencing my
11:15 5 earlier examples around shell accounts, shell companies, procured
11:16 6 dormant bank accounts, it then became really difficult to work
11:16 7 through the junket operator, whether they were the junket
11:16 8 operator or the junket representative. We eventually tracked one
11:16 9 individual. He claimed he didn't have any knowledge of this
11:16 10 significant deposit. We couldn't identify where the money had
11:16 11 gone. It had since gone out of that junket account offshore, and it
11:16 12 was gone. But in the meantime, we kept pursuing that junket
11:16 13 operator. It then became increasingly untenable, because
11:16 14 anonymity just kept presenting itself at every corner with every
11:16 15 account. They then engaged their legal representation, claiming
11:16 16 that it was a breach of privacy to supply details, and effectively
11:17 17 the investigation stalled on tracking that money.

11:17 18
11:17 19 Q. Thank you. And that certainly was one of the matters. In
11:17 20 respect of the referral from ACIC in 2017, was there a matter
11:17 21 involving depositing of cash through the casino involving
11:17 22 multiple persons that you're going to be able to describe at a high
11:17 23 level?

11:17 24
11:17 25 A. Just bear with me. I've got a couple of examples here that
11:17 26 I'm working through.

11:17 27
11:17 28 Q. Yes.

11:17 29
11:17 30 A. I have it here. So this was a cross-jurisdictional
11:17 31 investigation into organised crime by the ACIC, which the ACIC
11:18 32 in turn referred to Victoria Police Piranha Taskforce. It was into
11:18 33 money laundering activities from Star City Casino through to
11:18 34 Crown Casino in Melbourne. People of interest were observed in
11:18 35 car parks, public toilets, where large bags of cash changed hands.
11:18 36 People of interest were linked to other investigations, variously
11:18 37 linked as cash couriers for other serious and organised crime
11:18 38 groups that were linked to junket tour operators with movements
11:18 39 monitored and coordinated across multiple States and
11:18 40 jurisdictions in Australia. Multiple amounts of cash were seized.
11:18 41 That was a successful prosecution under the Money Laundering
11:18 42 and Counter-Terrorism Sentencing Act.

11:19 43
11:19 44 Q. Thank you.

11:19 45
11:19 46 MR GRAY: More detail will be available through an appropriate
11:19 47 PII filter, but we'll probably leave it at that level, Commissioner.

11:19 1 Is that all right?

11:19 2

11:19 3 COMMISSIONER: Yes, fine, but I've got a few questions, if

11:19 4 I could ask them.

11:19 5

11:19 6 MR GRAY: Yes, of course.

11:19 7

11:19 8 COMMISSIONER: You told me earlier about the relationships

11:19 9 and working cooperatively with Australian agencies, mostly

11:19 10 federal. Does VicPol have a similar working relationship with

11:19 11 international overseas agencies Confidential

11:19 12 Confidential --- I don't know what exists

11:19 13 over there, but other types of agencies that could provide you

11:19 14 with helpful, useful information?

11:19 15

11:19 16 A. We do. For example, we have a strong working

11:19 17 relationship with Confidential

11:20 18 Confidential

11:20 19 because if we were looking at sourcing evidentiary material, that

11:20 20 does take time, and we are obliged to work through our liaison

11:20 21 officers. But there are many, many informal networks, for

11:20 22 example, in the State Anti-Gangs Division. They have really

11:20 23 value connections in the Confidential

11:20 24 Confidential So

11:20 25 those relationships do exist. But the procurement of, you know,

11:20 26 legally-obtained evidence, we take more of a formal approach

11:20 27 around mutual letters of assistance that are, you know, raised with

11:20 28 a view to executing warrants in other countries and jurisdictions

11:20 29 other than Australia. That, regrettably, sometimes can take a long

11:21 30 time.

11:21 31

11:21 32 COMMISSIONER: Yes. One reason I asked the question is in

11:21 33 particular with regard to junkets and junket operators. In

11:21 34 Victoria, it used to be that the regulator, not the current regulator,

11:21 35 I think it was in the earlier form, would effectively register junket

11:21 36 operators, do enough work to make sure that the junket operator

11:21 37 was legitimate and could bring over tours of people to gamble at

11:21 38 casinos here, or at the casino here. My question really is at two

11:21 39 levels: If a Government agency was tasked with approving

11:21 40 a junket operator, is that like a realistic function that

11:22 41 a Government agency could perform? In other words, would

11:22 42 a Government agency ever have access to sufficient information

11:22 43 to be satisfied that, if it gives a particular operator a tick of

11:22 44 approval or registers it or him or her, that that was safe enough?

11:22 45

11:22 46 A. Interesting question.

11:22 47

11:22 1 COMMISSIONER: Just to fill it out a bit, in Singapore,
11:22 2 a government agency or the Government certifies that, "Ah,
11:22 3 junket operators, okay", they've certified three, that's it. I don't
11:22 4 know how many people have applied for permission, but only
11:22 5 three have got through. I just wonder if it wasn't left to the casino
11:22 6 operator itself to vet, but it was shifted back to a government
11:23 7 agency --- there might be all sorts of difficulties about whether
11:23 8 that's shifting the responsibility in the right direction, but I'm
11:23 9 really interested in your view about whether it's really possible.
11:23 10
11:23 11 A. If I could return volley and ask one back?
11:23 12
11:23 13 COMMISSIONER: Yes?
11:23 14
11:23 15 A. Are we talking for the State of Victoria?
11:23 16
11:23 17 COMMISSIONER: It has to be for the State of Victoria, only for
11:23 18 jurisdictional reasons. It can't work --
11:23 19
11:23 20 A. Because thinking, you know, from a national approach of,
11:23 21 I guess, commonality of --- if a junket operator was approved to
11:23 22 come into Australia, that might be more effective and efficient,
11:23 23 but equally provide a greater opportunity for rigour.
11:23 24
11:23 25 COMMISSIONER: Yes.
11:23 26
11:23 27 A. That would be one thing I would probably --
11:23 28
11:23 29 COMMISSIONER: Because the resources available would be
11:23 30 far greater?
11:23 31
11:23 32 A. Well, Commonwealth level, you could have --- I'm just
11:24 33 thinking out loud here. It could be undertaken by Home Affairs
11:24 34 that have information-sharing arrangements with all of the
11:24 35 agencies that we've spoken of today, and importantly, you know,
11:24 36 whether that junket operator chose to work out of Sydney, Perth
11:24 37 or Melbourne, there could be a degree of confidence that we've
11:24 38 looked at them as judiciously as we can. Because, you know,
11:24 39 they are more mobile than we. That would be my first
11:24 40 consideration. You asked if it is logistically possible? I don't
11:24 41 know. Is it worthwhile? I think it speaks for itself that it is. So
11:24 42 where's the public value in that exercise? I'd probably say, you
11:24 43 know, it's worth contemplating, and the opportunity cost is that if
11:25 44 we've got really high rigour around how those junket operators
11:25 45 are approved, how they operate, and from where they bring their
11:25 46 people, and importantly who those people are, that seems to be
11:25 47 something that we've not spoken about generally, not just here.

11:25 1 We're a bit silent on that. Because casinos attract a whole lot of
11:25 2 different people, and often the people that are attracted to casinos
11:25 3 may have nefarious means for using a casino. That, I think, is
11:25 4 something that we need to consider as well as the junket operator.

11:26 5

11:26 6 COMMISSIONER: And leaving the position as it presently is,
11:26 7 which is the casino operator, or at least in Victoria, that's not true
11:26 8 everywhere, it's different in Queensland, but leaving the position
11:26 9 of the casino operator having to itself inform and make necessary
11:26 10 inquiries and so on, not only about the junket operator but the
11:26 11 people who are behind the junket operator, or the people who just
11:26 12 want to come here on the junket operator's tour, what's your take
11:26 13 on the capacity of the casino operator to do that in any sense
11:26 14 effectively?

11:26 15

11:26 16 A. I don't know whether I can really go into that at much detail
11:26 17 because I don't know the extent to which their systems and
11:26 18 operations --

11:26 19

11:26 20 COMMISSIONER: Well, part of it might be what resources
11:26 21 would the casino operator have, where could they go, compared
11:27 22 with, say, a Government agency who, I assume, has got far
11:27 23 greater capacity to get the information that you would want to
11:27 24 have to check it out thoroughly?

11:27 25

11:27 26 A. It's probably then, thinking out loud, a dichotomy of
11:27 27 perceptions of who the casino would think are okay as opposed to
11:27 28 a Government agency, who may take a competing view. That
11:27 29 I think would potentially --- I don't know, it might end in
11:27 30 disagreement about particular operators, I don't know. But there
11:27 31 is no doubt that the ability to have access to credible intelligence
11:27 32 and information, a government agency, whoever and wherever
11:27 33 they are, would be supported by the right legislative framework
11:28 34 and information-sharing arrangements in quick time would
11:28 35 probably be able to discharge that much more effectively, with
11:28 36 more rigour, and provide everyone a greater sense of confidence
11:28 37 that those who are coming through the turn-style are as good as
11:28 38 we can be at a point in time.

11:28 39

11:28 40 The other aspect is money. I don't know, as an afterthought,
11:28 41 talking through this point with you, we talk about the people, the
11:28 42 means of the people in this circumstance for junket purposes, is
11:28 43 it's all about the money. So pondering financial sources, financial
11:29 44 rigour, where that money comes from. I don't know, that is
11:29 45 probably --

11:29 46

11:29 47 COMMISSIONER: You're trying to look for it if you could?

11:29 1
11:29 2 A. --- the wicked part of the problem, I think, that I can't
11:29 3 address at the moment. It's a problem, I can see it. I just don't
11:29 4 know what to do about it as I'm talking to you.
11:29 5
11:29 6 COMMISSIONER: We might come back to you about that one
11:29 7 day.
11:29 8
11:29 9 MR GRAY: Commissioner, I'm in your hands, but I was
11:29 10 intending to just get a brief high-level description from the
11:29 11 witness of a couple more case studies.
11:29 12
11:29 13 COMMISSIONER: Yes.
11:29 14
11:29 15 MR GRAY: So, Commander, there's a case study you can
11:29 16 describe, I understand, in relation to just an example of what
11:29 17 might be regarded as a fairly simple scenario where suspected
11:29 18 criminals have cash --- this is really harking back to a question
11:29 19 asked by the Commissioner a short time ago --- and as
11:30 20 I understand it, there's a transaction involving chips to wash or
11:30 21 launder that cash.
11:30 22
11:30 23 A. Sure. So you might have --- offenders could have extensive
11:30 24 what we call chip cash-outs, and that is of 10,000 or more from
11:30 25 Crown, so 60,000 in the first three months where one individual
11:30 26 the preceding year has "lost", in inverted commas, approximately
11:30 27 75,000. In 2012, Crown expressed its suspicions in relation to
11:30 28 another individual where a \$22,000 chip cash-out took place, but
11:30 29 there was no gaming activity recorded, which obviously alerted
11:31 30 them to the fact that something nefarious was underway.
11:31 31
11:31 32 Q. Alerted "them"? Alerted who?
11:31 33
11:31 34 A. Yeah, yeah. And they --
11:31 35
11:31 36 Q. Alerted the casino?
11:31 37
11:31 38 A. Yeah, and they've identified that person X has cashed in,
11:31 39 but they haven't been --
11:31 40
11:31 41 COMMISSIONER: They haven't been doing it on the tables?
11:31 42
11:31 43 A. Correct. And they were ultimately implicated in
11:31 44 a large-scale commercial drug operation which they were
11:31 45 ultimately charged for. Our Criminal Proceeds Squad did
11:31 46 an asset sweep on both of those individuals, and despite records
11:31 47 of substantial gambling, and significant cash movement through

11:31 1 the casino, no assets were identified, so there was no confiscation
11:31 2 opportunity. But I guess at its lowest level, that's the throughput
11:32 3 we're looking at. So I think you asked me a question earlier, does
11:32 4 organised crime create millions or billions of dollars per day or
11:32 5 per week, I don't recall, but these, I guess, snapshots provide
11:32 6 a little bit of an insight into the frequency of these people doing
11:32 7 that, the frequency of their trading, and the frequency of cash
11:32 8 movement or laundering more generally.

11:32 9

11:32 10 We think about this example. This is in 2012. We are now in
11:32 11 2021, and the ever-present world of crypto and encryption is
11:32 12 providing worldly opportunity to organised crime that we
11:33 13 probably haven't even conceived or contemplated yet.

11:33 14

11:33 15 MR GRAY: Thank you. There's another case study, and then I'll
11:33 16 leave the case studies, essentially, involving --- perhaps it's money
11:33 17 laundering. You can tell the Commissioner whether you regard it
11:33 18 as money laundering or not. But it in a way involves the use, as I
11:33 19 understand it, of a casino account as a bank while a person served
11:33 20 time for criminal offences involving drugs, I believe. Would you
11:33 21 outline that case study at a high level, please, Commander?

11:33 22

11:33 23 A. Sure. So in this matter, Victoria Police crime proceeds
11:33 24 squad assisted New South Wales Police Organised Crime Squad
11:33 25 in relation to a person that they charged in New South Wales.
11:34 26 That individual held a sum of \$500,000 in their Crown account.
11:34 27 Crown apparently identified this \$500,000 sum and referred the
11:34 28 matter to VicPol as a suspect matter report. Ironically, it was
11:34 29 around the same time that New South Wales had been making
11:34 30 enquiries anyway. A search warrant was executed on Crown
11:34 31 Casino. The \$500,000 was seized out of that individual's
11:34 32 account, and that was transferred to the New South Wales Crime
11:34 33 Commission and forfeited.

11:34 34

11:34 35 Now, there's one missing aspect of that, and that was that that
11:34 36 person was in custody in New South Wales, and a third person
11:34 37 contacted Crown from New South Wales requesting to cash that
11:35 38 cheque out. So it was, in many respects, a de facto
11:35 39 superannuation fund, where a third party was endeavouring to
11:35 40 access that money for and on behalf of, or maybe without their
11:35 41 knowledge, I don't know, but clearly an example of, I guess,
11:35 42 an opportunity to lie dormant funds, and cashing a cheque out can
11:35 43 be done by anyone; hence, the involvement of that third person.

11:35 44

11:35 45 MR GRAY: Commissioner, we'll probably leave the high-level
11:35 46 description of the case studies there, and perhaps this is
11:35 47 an appropriate point to leave this examination on. There are

11:35 1 some requests at point 3 of the request for a statement for some
11:36 2 opinion evidence about the sorts of factors that either alone or in
11:36 3 combination increase the risk of money laundering at or linked to
11:36 4 Crown Casino. I'll ask Acting Assistant Commissioner Frewen
11:36 5 about that matter, and then that will conclude the questions.

11:36 6
11:36 7 COMMISSIONER: Thanks, Mr Gray.

11:36 8
11:36 9 MR GRAY: Acting Assistant Commissioner, what are the
11:36 10 factors that increase the risk of money laundering at or linked to
11:36 11 the casino, and if you could address environmental factors first,
11:36 12 please.

11:36 13
11:36 14 A. Sure. So I guess the attraction of the environment itself
11:36 15 is it's an entertainment precinct, large amounts of people, large
11:36 16 amounts of cash are generally transacted on a day-to-day basis,
11:36 17 morning, noon or night. In my humble view, that does make it
11:37 18 attractive to money laundering and drug crime to operate
11:37 19 simultaneously. As I've referenced in earlier examples, you
11:37 20 know, there is opportunity for multiple people at multiple times,
11:37 21 or simultaneously, to launder money. Part of the same syndicate
11:37 22 vis-a-vis the smurfing example I provided earlier. Confidential
11:37 23 Confidential which makes it
11:37 24 difficult for, I guess, reconstruction of offender movements or
11:37 25 suspect movements, particularly around cash movements. I guess
11:37 26 there's the other aspect, which is when you think of a large venue,
11:37 27 people can operate very anonymously, for all of the reasons that
11:38 28 we've discussed, and the huge volumes of cash that are carried
11:38 29 around, that are dealt with, that are transacted normalises the
11:38 30 presence of large amounts of cash. And in any other area or
11:38 31 domain of activity, I don't think that people would ordinarily see
11:38 32 that.

11:38 33
11:38 34 COMMISSIONER: Presumably, once upon a time, it was the
11:38 35 race track --

11:38 36
11:38 37 A. Correct.

11:38 38
11:38 39 COMMISSIONER: --- where people did take large amounts of
11:38 40 cash, and I guess that what the casinos around the world have
11:38 41 come to do is, in a large sense, replace the race track.

11:38 42
11:38 43 A. Yes.

11:38 44
11:38 45 COMMISSIONER: Is there any other place? I don't know of
11:38 46 any other place where there's large amounts of money, like used
11:38 47 to be at the races, now at the casino. Leaving aside sort of secret

11:38 1 gambling dens and leaving aside electronic trading and currency
11:39 2 and that kind of thing, there's really nowhere else, is there, in this
11:39 3 country where such large amounts of cash are the order of the day
11:39 4 and don't, by themselves, attract suspicion?

11:39 5
11:39 6 A. Yeah, agree. Yeah, I can't think of anything off the top of
11:39 7 my head.

11:39 8
11:39 9 MR GRAY: In respect of any particular aspects of Melbourne
11:39 10 casino's operations, are there factors or contributing factors that
11:39 11 create a safe environment in that way for money laundering?

11:39 12
11:39 13 A. Well, there's the age-old challenge of incentivisation. Who
11:39 14 you attract and how you attract particular individuals, whether
11:39 15 they are high or low net worth, whether they form part of a junket
11:40 16 tour or form part of a broader recruitment campaign for organised
11:40 17 crime. What I mean by that is that organised crime groups and
11:40 18 entities are very good at manipulating people and getting them to
11:40 19 feel good about themselves and to demonstrate to them the value
11:40 20 of being involved in organised crime, and whether they almost
11:40 21 subcontract that incentivisation down to people that they are
11:40 22 looking to recruit by using the same incentivisation through
11:40 23 Crown, the procurement of food and beverage, gifts, credit, really
11:40 24 places them in a spot that those organised crime entities need
11:40 25 them to be. And extending lines of credit is a compelling way, in
11:41 26 many cases, to entangle people into a web of getting them to do
11:41 27 what you want them to do by way of paying back that line of
11:41 28 credit, either directly or indirectly through acts or I guess support.

11:41 29
11:41 30 Q. Are you talking about other customers of the casino
11:41 31 extending lines of credit to people who are in the casino
11:41 32 environment, or are you talking about junkets [unclear]?

11:41 33
11:41 34 A. All of the above. There is certainly opportunity for
11:41 35 organised crime to finance the extension of those lines of credit.
11:41 36 So person A, for whatever reason, is frequenting the company of
11:41 37 particular organised crime entities. They may have got them to
11:42 38 do one cash run. They may have them selling drugs. They may
11:42 39 have them as a people trafficker, sex trafficker, coordinating
11:42 40 unlicensed brothels. All of that are practical applications of how
11:42 41 they co-opt operatives or foot soldiers to do the doing, and
11:42 42 creating that distance. When people, I guess, are progressively
11:42 43 empowered by others to appoint those others empowering them
11:42 44 can turn the switch and start manipulating them and get them to
11:42 45 do acts or things that they need them to do, and whether it's
11:42 46 a direct line of credit or whether it's credit afforded through third
11:42 47 parties. It might even be, you know, Crown extending a line of

11:42 1 credit themselves. It could be any of those propositions.
11:43 2
11:43 3 Q. All right. Finally, is there anything you wanted to say at
11:43 4 this point about adequacy of monitoring and regulation you
11:43 5 regard as contributing factors?
11:43 6
11:43 7 A. I'll probably take that on notice, I think. You know, when
11:43 8 you say "adequacy of regulation" and the monitoring, it's a big --
11:43 9
11:43 10 COMMISSIONER: Big topic.
11:43 11
11:43 12 A. --- big topic. I could probably talk for a long time on that.
11:43 13
11:43 14 MR GRAY: I think that's a signal this examination has come to
11:43 15 an end.
11:43 16
11:43 17 COMMISSIONER: Ignore the question.
11:43 18
11:43 19 A. Thank you, Commissioner.
11:43 20
11:43 21 COMMISSIONER: Thank you, Mr Gray.
11:43 22
11:43 23 MR FINANZIO: So just picking up that last question, if we gave
11:43 24 you notice in a request for a statement, you might be prepared to
11:43 25 go in to think about it?
11:43 26
11:43 27 A. We all have ideas, and I'd certainly look --
11:44 28
11:44 29 Q. Have some ideas on things --
11:44 30
11:44 31 A. Indeed.
11:44 32
11:44 33 Q. Commissioner, I've got a couple of questions about some of
11:44 34 the things you've said, but in no particular order. I've followed
11:44 35 everything you've said, but it's gone about a bit, so I'll just go in
11:44 36 the order that it comes to me. You mentioned a minute ago that
11:44 37 the camera security at the casino rubs out in about five days; is
11:44 38 that right?
11:44 39
11:44 40 A. That's as I'm informed, yes.
11:44 41
11:44 42 Q. And you don't have control over that. When you're talking
11:44 43 about the camera security, that's the casino's operation's
11:44 44 surveillance team, is that right?
11:44 45
11:44 46 A. It is, but it comes down to the statutory requirement to
11:44 47 retain camera footage, and I --

11:44 1
11:44 2 Q. So that's a condition of its licence?
11:44 3
11:44 4 A. I would assume it would be.
11:45 5
11:45 6 Q. Whether it's the liquor licence or its gaming licence, you're
11:45 7 not sure?
11:45 8
11:45 9 A. Correct.
11:45 10
11:45 11 Q. So that means that I'm right in saying that if you need some
11:45 12 surveillance from the casino, you have to ask them? Something
11:45 13 happens at the casino, or you're investigating something, you
11:45 14 have to ask the casino for its assistance?
11:45 15
11:45 16 A. On the casino floor?
11:45 17
11:45 18 Q. Yes.
11:45 19
11:45 20 A. Not a real-time investigation, but rather a historic incident
11:45 21 that we're looking at?
11:45 22
11:45 23 Q. Correct.
11:45 24
11:45 25 A. Correct, I'd agree with that proposition.
11:45 26
11:45 27 Q. In a real-time, you might --
11:45 28
11:45 29 A. Explore other opportunities.
11:45 30
11:45 31 Q. --- or use other of your powers to obtain that information?
11:45 32
11:45 33 A. Correct.
11:45 34
11:45 35 Q. Just on that, if you obtain that information yourself as part
11:45 36 of one of your investigations, that's information obviously
11:45 37 obtained by you?
11:45 38
11:45 39 A. Yes.
11:45 40
11:45 41 Q. You might share that with other agencies such as ACIC, but
11:45 42 you're under no restriction in the same way that you might be that
11:46 43 was alluded to by my learned friend, you're under no similar
11:46 44 restriction that you might be if ACIC shares information with
11:46 45 you?
11:46 46
11:46 47 A. We own the product.

11:46 1
11:46 2 Q. You own the product?
11:46 3
11:46 4 A. Correct.
11:46 5
11:46 6 Q. And you could produce that product to this Commission,
11:46 7 subject to any PII issues that might be raised?
11:46 8
11:46 9 A. I would think so.
11:46 10
11:46 11 Q. Just on the five-day period, you may not know or you may
11:46 12 need to get more information about this, but when the Casino
11:46 13 Squad was at the casino, it had its own access to surveillance,
11:46 14 I understand. Is that right?
11:46 15
11:46 16 A. I have to take it --- when you say "own access to
11:46 17 surveillance" --
11:46 18
11:46 19 Q. Did it have its own link or feed to the cameras and its own
11:46 20 capacity to record things independently of the casino surveillance
11:47 21 operations?
11:47 22
11:47 23 A. I can't speak to that, but I would probably think practically,
11:47 24 and there may be a live feed to a monitor in an office or
11:47 25 a multiple set of monitors on a wall which would depict different
11:47 26 zones. However, I do not know if there's a recording capacity,
11:47 27 point one. And point two, again, how long --- and if it didn't have
11:47 28 a recorded capacity, I'd say opportunity of retrieval of that
11:47 29 footage would be the same as it is for any other need.
11:47 30
11:47 31 Q. But I'm gathering from the way you've said this that you're
11:47 32 not sure --
11:47 33
11:47 34 A. Correct.
11:47 35
11:47 36 Q. --- about what the situation was before, I think it was, 2006?
11:48 37
11:48 38 A. Yes.
11:48 39
11:48 40 Q. Okay. Again on my theory of no particular order, you
11:48 41 described for us in your evidence the structure of modern crime
11:48 42 investigation models. Have I got that right? Is that the right
11:48 43 terminology?
11:48 44
11:48 45 A. That'll do us.
11:48 46
11:48 47 Q. Okay. And the Commissioner has the benefit of the note

11:48 1 that was --- the precis. Do you have that there?
11:48 2
11:48 3 Does the witness have that? It doesn't matter. It's okay. In that
11:48 4 note, there is a division --- it's a four-page note that was, I think,
11:48 5 prepared by Senior Counsel to help me understand what he was
11:48 6 going to ask you about and help the Commissioner to do that too.
11:49 7 On page 1 of that, under paragraph D, "Crime Command
11:49 8 Structural Overview". How new is that structure?
11:49 9
11:49 10 A. It's current.
11:49 11
11:49 12 Q. It's current?
11:49 13
11:49 14 A. Yes, it's current.
11:49 15
11:49 16 Q. Yes, but how new is it? Was there a structure that was
11:49 17 different to this before the current structure?
11:49 18
11:49 19 A. I would most certainly say so, but I hasten to add, it's going
11:49 20 to change again within the next six months.
11:49 21
11:49 22 Q. Okay.
11:49 23
11:49 24 A. Again, in I guess the evolution of crime investigation has
11:49 25 seen the need to refocus.
11:49 26
11:49 27 Q. All organisational management [indistinct] is this structure
11:49 28 the structure that was in place between, say, 2013 and now? Or
11:50 29 have there been other changes?
11:50 30
11:50 31 A. There may have been minor nuances. I worked within the
11:50 32 command last --- I think I left --- it would have been around 2013
11:50 33 or 2014, I think, from memory, and essentially it was the same.
11:50 34
11:50 35 Q. So the Commissioner asked you a question early on about
11:50 36 the distinction between serious crime and organised crime. Do
11:50 37 you recall that series of questions?
11:50 38
11:50 39 A. Yes.
11:50 40
11:50 41 Q. And you, when you were giving your evidence before,
11:50 42 almost at the end, talked about there being a whole range of levels
11:50 43 at which criminal activity can gather and accumulate at the
11:50 44 casino. Where would low-level prostitution or drug trafficking fit
11:51 45 into the spectrum of serious crime versus stuff that isn't in the
11:51 46 purview of the serious crime division? Where would it fit?
11:51 47 Where would that fit?

- 11:51 1
11:51 2 A. Well, it essentially depends on the theme and how that
11:51 3 investigation evolved. I'll probably take it back one step with
11:51 4 regard to the Crime Command structure. So, generally speaking,
11:51 5 Crime Command operate under what we refer to as the
11:51 6 accountability and resource model, and that is generally
11:51 7 a classification of crime, so we'll use your analogy of drug
11:51 8 trafficking, and we break drug trafficking into three categories;
11:51 9 category 1, 2 and 3 respectively. Category 1 is high-end,
11:52 10 high-order, complex drug trafficking, multiple entities, you know,
11:52 11 complicated for all the reasons we've probably discussed and may
11:52 12 involve some theming with other serious crime. That is a
11:52 13 category 1. Crime Command maintain primacy for category 1
11:52 14 investigations.
11:52 15
11:52 16 Category 2, the bar obviously lowers. Less complex, may involve
11:52 17 a whole lot of support services and expertise. Crime Command
11:52 18 may have involvement, but may not have primacy. Or depending
11:52 19 upon, you know, local factors or some other imperative, we may
11:52 20 keep primacy at category 2.
11:52 21
11:52 22 Category 3, low level, using your expression, street level, low
11:52 23 volume, single-type transactions that we stumble across through
11:52 24 the media often. That would be done at a local policing level.
11:52 25
11:52 26 Q. Yes. So just a couple of things about that. So when you
11:52 27 talk about primacy, you're really talking about oversight of that
11:53 28 investigation; is that correct?
11:53 29
11:53 30 A. Who owns the investigation.
11:53 31
11:53 32 Q. Who owns the investigation. And the more complex, like
11:53 33 any organisational structure, there are people at the top to whom
11:53 34 everybody reports that information?
11:53 35
11:53 36 A. Could you rephrase that?
11:53 37
11:53 38 Q. That the information is collated and collected and
11:53 39 synthesised centrally?
11:53 40
11:53 41 A. The intelligence?
11:53 42
11:53 43 Q. Yes.
11:53 44
11:53 45 A. Yes.
11:53 46
11:53 47 Q. Okay. The serious crime and organised crime divisions are

11:53 1 involved with matters at --- or investigations at that higher level,
11:53 2 aren't they?
11:53 3
11:53 4 A. Correct.
11:53 5
11:53 6 Q. You don't mean --
11:53 7
11:53 8 A. I hasten to add, though, that they do contribute to
11:53 9 lower-order investigations where expertise could be required.
11:53 10 We can offer a credible intelligence picture or some other
11:54 11 support. It's not a binary "we're in or out".
11:54 12
11:54 13 Q. So the information flows as the need requires, up and down
11:54 14 the information chain?
11:54 15
11:54 16 A. Correct.
11:54 17
11:54 18 Q. And it's right, in your organisation, that information is
11:54 19 triaged as it moves up and down the chain?
11:54 20
11:54 21 A. Correct.
11:54 22
11:54 23 Q. You don't mean to say by your evidence here that the
11:54 24 engagement of criminal activity in casinos is only through serious
11:54 25 or organised crime, do you? There's all kind of activity that goes
11:54 26 on in a casino that might be connected to lower-order criminal
11:54 27 activity?
11:54 28
11:54 29 A. Potentially.
11:54 30
11:54 31 Q. There are a number of ways in which serious crime gathers
11:55 32 money together, usually in cash. Is that fair to say?
11:55 33
11:55 34 A. Yes.
11:55 35
11:55 36 Q. And one of the tricky parts is to try and find a way that the
11:55 37 cash makes it into the system, and the casino is one, that is the
11:55 38 normal banking system [indistinct].
11:55 39
11:55 40 A. Yes.
11:55 41
11:55 42 Q. When you talked about before serious crime or organised
11:55 43 crime, the process of putting the money into the ordinary banking
11:55 44 system through the casino is a component part of the overall
11:55 45 investigation, isn't it?
11:55 46
11:55 47 A. Yes.

11:55 1
11:55 2 Q. It's the point at which the money is inserted. It's not all the
11:55 3 criminal activity.
11:55 4
11:55 5 A. It's a transaction point.
11:55 6
11:55 7 Q. It's a transaction point.
11:55 8
11:55 9 A. And that could vary.
11:55 10
11:55 11 Q. It could vary, and it might not be the casino; it might be any
11:55 12 number of other activities?
11:56 13
11:56 14 A. Correct.
11:56 15
11:56 16 Q. So the focus of those serious crime investigations is what's
11:56 17 going on before and what happens to that money after. I think
11:56 18 you mentioned the --- I can't remember the name of the division,
11:56 19 the money division?
11:56 20
11:56 21 A. The Criminal Proceeds Squad.
11:56 22
11:56 23 Q. That's it. And the money might pass through the casino in
11:56 24 fact quite briefly?
11:56 25
11:56 26 A. Indeed.
11:56 27
11:56 28 Q. And nothing that the people do in the casino might be
11:56 29 necessarily illegal?
11:56 30
11:56 31 A. (Witness nods).
11:56 32
11:56 33 Q. But the people who are doing it, I think you described them
11:56 34 as money mules or whatever, they might interact with other
11:56 35 people at the casino?
11:56 36
11:56 37 A. Yes.
11:56 38
11:56 39 Q. Casino staff or junket staff. And those interactions are not
11:56 40 necessarily important for the broader investigation that you're
11:57 41 conducting?
11:57 42
11:57 43 A. Potentially not. It's difficult to say.
11:57 44
11:57 45 Q. Can I just take you to that note that was provided a minute
11:57 46 ago or that I drew your attention to a minute ago. Just to be clear,
11:57 47 I just want to put something to you.

11:57 1
11:57 2 A. Sure.
11:57 3
11:57 4 Q. Paragraph F there describes Victoria Police's remit and
11:57 5 knowledge of money laundering. Paragraph 3 says:
11:57 6
11:57 7 *A typical pattern of intelligence flow or referral which*
11:57 8 *VicPol obtains incidental knowledge of activities related*
11:57 9 *to Crown Casino.*
11:57 10
11:57 11 You'd agree that sometimes in the kind of scenario that --
11:57 12
11:57 13 A. Sorry, where are you?
11:57 14
11:57 15 Q. Oh, sorry, you're not with me. Second page, F,
11:58 16 paragraph 3.
11:58 17
11:58 18 A. Under AUSTRAC?
11:58 19
11:58 20 Q. It doesn't matter. Don't worry. Would you describe it as
11:58 21 incidental?
11:58 22
11:58 23 A. Sorry?
11:58 24
11:58 25 Q. Would you describe those interactions as incidental to the
11:58 26 investigation overall?
11:58 27
11:58 28 A. The ones with gaming staff on the floor?
11:58 29
11:58 30 Q. Exactly.
11:58 31
11:58 32 A. Potentially, yes.
11:58 33
11:58 34 Q. The kind of information that might not necessarily feature
11:58 35 as it moves up the chain from the investigators to someone in
11:58 36 your position?
11:58 37
11:58 38 A. It would be triaged, if that's what you're asking. But simply
11:58 39 put, at my level it would be interagency collaboration. I may
11:59 40 never see that on any particular theme, and to be frank, nor would
11:59 41 I expect to.
11:59 42
11:59 43 Q. No. And you were at one --- I think [indistinct] up till about
11:59 44 2005, you were a detective sergeant at Melbourne CIB?
11:59 45
11:59 46 A. Correct.
11:59 47

11:59 1 Q. So you had that on-the-ground operational experience --
11:59 2
11:59 3 A. Yes.
11:59 4
11:59 5 Q. --- where your police intuition of everyone involved in the
11:59 6 things that you're investigating, all the people, even though
11:59 7 they're not necessarily critical to your investigation [indistinct].
11:59 8
11:59 9 A. Generally, yes.
11:59 10
11:59 11 Q. Is it right even that some of those incidental observations
11:59 12 might not even be recorded in your notes, but as a detective
12:00 13 senior sergeant in charge of all the things that are going on, you
12:00 14 wouldn't forget them? You wouldn't forget those people and who
12:00 15 they were?
12:00 16
12:00 17 A. Hopefully not.
12:00 18
12:00 19 Q. Now, again, sorry to be flicking to a note --
12:00 20
12:00 21 MR GRAY: Just for the record, the document I provided to my
12:00 22 friend was not of evidentiary --
12:00 23
12:00 24 COMMISSIONER: It is not part of the evidence. Thanks,
12:00 25 Mr Gray.
12:01 26
12:01 27 MR FINANZIO: You usefully outlined some case studies before
12:01 28 at a high level. Are any of those case studies case studies that
12:01 29 you directly participated in?
12:01 30
12:01 31 A. No.
12:01 32
12:01 33 Q. Are you able to identify from the witness box now or at
12:01 34 some other time that people who would have had the kind of role
12:01 35 that you had as a Senior Sergeant with that kind of nuanced,
12:01 36 intuitive knowledge of what was going on?
12:01 37
12:01 38 A. Potentially.
12:01 39
12:01 40 Q. Are you able to do it now?
12:01 41
12:01 42 A. No.
12:01 43
12:01 44 Q. Okay. All right.
12:01 45
12:02 46 Commissioner, I'm mindful there are other topics that I'd explore,
12:02 47 but I'm mindful not to explore those topics in the absence of

12:02 1 Crown.
12:02 2
12:02 3 COMMISSIONER: I don't want any detail of any specific events
12:02 4 or anything like that at this stage.
12:02 5
12:02 6 MR FINANZIO: No. Thank you.
12:02 7
12:02 8 COMMISSIONER: Thank you very much. I don't have any
12:02 9 other questions. Mr Gray, you don't have anything at all, do you?
12:02 10
12:02 11 MR GRAY: Just one quick point, if I may, because something
12:02 12 was made of the reference in the document to incidental
12:02 13 knowledge.
12:02 14
12:02 15 COMMISSIONER: Okay.
12:02 16
12:02 17 MR GRAY: When it comes to money laundering offences, under
12:03 18 the legislative framework of the entire country, putting aside the
12:03 19 proceeds of crime legislation in Victoria, to the best of your
12:03 20 knowledge, is the money laundering offence a set of provisions in
12:03 21 section 400 of the Commonwealth Criminal Code Act?
12:03 22
12:03 23 A. Yes.
12:03 24
12:03 25 Q. And there isn't a detailed money laundering offence regime
12:03 26 under Victorian statutes; is that right?
12:03 27
12:03 28 A. Correct, that's right.
12:03 29
12:03 30 COMMISSIONER: I've got just one or two more questions,
12:03 31 sorry. How risky do you think it is to allow junkets to continue?
12:03 32 You can take it on notice, if you like, but I'm interested in your --
12:03 33
12:03 34 A. I will take it on notice, and I have a view. I want a more
12:04 35 informed delivery to you on that.
12:04 36
12:04 37 COMMISSIONER: Just assume I'm going to ask you again.
12:04 38
12:04 39 A. I will, thank you.
12:04 40
12:04 41 COMMISSIONER: Okay. Is that it for the morning? I'll wait.
12:04 42
12:04 43
12:04 44 **THE WITNESS WITHDREW**
12:04 45
12:04 46
12:04 47 MR FINANZIO: Our approach, Commissioner, may well be to

12:04 1 refine the Request for Statement that was made on 26 April based
12:04 2 on the evidence we've heard today, to narrow the issues and to
12:04 3 discuss with our friends about how we might progress those
12:04 4 matters.

12:04 5
12:04 6 COMMISSIONER: And can you tell me whether we've got
12:04 7 another member who might give evidence on Monday?

12:04 8
12:04 9 MR FINANZIO: On Monday, yes. We're going to review the
12:04 10 position this afternoon and advise the State this afternoon
12:05 11 whether that witness will be required or not.

12:05 12
12:05 13 COMMISSIONER: Okay, thank you. I'll adjourn.

12:05 14
12:05 15

12:05 16 **HEARING ADJOURNED AT 12.04 PM UNTIL MONDAY,**
12:05 17 **10 MAY 2021**

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