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TRANSCRIPT OF PROCEEDINGS

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**COMMISSIONER: HON. RAY FINKELSTEIN AO QC**

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

**MELBOURNE, VICTORIA**

**10.00 AM, TUESDAY, 18 MAY 2021**

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10:01 1 COMMISSIONER: Thank you. Sit down, please.  
10:01 2  
10:01 3 Mr Finanzio.  
10:01 4  
10:01 5 MR FINANZIO: Commissioner, we are calling the evidence of  
10:01 6 Mr Jason Cremona this morning. I wonder if Mr Cremona can  
10:01 7 come to the witness box.  
10:02 8  
10:02 9  
10:02 10 **MR JASON CREMONA, SWORN**  
10:02 11  
10:02 12  
10:02 13 COMMISSIONER: Please sit down, Mr Cremona. Before you  
10:02 14 begin, can I mention one matter of housekeeping. I've  
10:02 15 been told that the State's lawyers have gone through the  
10:02 16 transcript of evidence given by the two police officers  
10:02 17 who were called a week or so ago and there are no  
10:02 18 redactions they want made from the transcript so it is  
10:02 19 available to the parties who have been given leave to  
10:02 20 appear. It won't be made available to the public  
10:02 21 generally but I need from each group that wants to see  
10:03 22 the transcript, because this is voluntary, a list of  
10:03 23 names so I can put them in an order that will identify  
10:03 24 who will see the transcript. So, as soon as that is  
10:03 25 done, then I can make the orders and the transcript will  
10:03 26 be made available. If I get the names during the course  
10:03 27 of the day I will look at it during the course of the  
10:03 28 day, maybe after the hearings and then the transcript can  
10:03 29 be emailed to everybody later on today. All right.  
10:03 30 Thank you.  
10:03 31  
10:03 32  
10:03 33 **EXAMINATION-IN-CHIEF BY MR FINANZIO**  
10:03 34  
10:03 35  
10:03 36 MR FINANZIO: Thank you, Commissioner.  
10:03 37  
10:03 38 Mr Cremona, what is your full name?  
10:03 39  
10:03 40 A. Jason Cremona.  
10:03 41  
10:03 42 Q. What is your current occupation?  
10:03 43  
10:03 44 A. I am the manager of the licensing management and audit  
10:03 45 team within the VCGLR.  
10:03 46  
10:03 47 Q. Is your work address the offices of the VCGLR in

10:03 1 Elizabeth Street in Richmond?  
10:03 2  
10:03 3 A. That is correct.  
10:03 4  
10:03 5 Q. Did you prepare a statement for this Commission dated 15  
10:03 6 April?  
10:03 7  
10:03 8 A. Yes, I did.  
10:03 9  
10:03 10 Q. I understand there are only two corrections to make to the  
10:03 11 statement.  
10:03 12  
10:03 13 A. Correct.  
10:03 14  
10:04 15 Q. Let me take you to those now. The first one is at paragraph  
10:04 16 139. I've been told what these corrections are so I will say what I  
10:04 17 understand the corrections to be and you can confirm whether  
10:04 18 that is so.  
10:04 19  
10:04 20 In paragraph 139, in the second line where it says "ceased in  
10:04 21 relation to this recommendation and", you would insert the words  
10:04 22 "I had limited involvement in relation to"?  
10:04 23  
10:04 24 A. That is correct.  
10:04 25  
10:04 26 Q. Is that correct?  
10:04 27  
10:04 28 And in relation to paragraph 142 ---  
10:04 29  
10:04 30 COMMISSIONER: Slow down while Mr Cremona is writing it  
10:04 31 into his statement.  
10:04 32  
10:04 33 MR FINANZIO: I see. I thought he had already done that.  
10:04 34  
10:04 35 COMMISSIONER: I think not.  
10:04 36  
10:04 37 MR FINANZIO: And in relation to 142, is it right that the other  
10:05 38 correction that you want to make there is in the second line, you  
10:05 39 want to change, after the words "Recommendation 17 ", you want  
10:05 40 to change the word "is" to "are"?  
10:05 41  
10:05 42 A. That's correct.  
10:05 43  
10:05 44 Q. To make the verb agree with the number of things?  
10:05 45  
10:05 46 A. Correct.  
10:05 47

10:05 1 Q. Subject to those two corrections, are the contents of your  
10:05 2 statement true?  
10:05 3  
10:05 4 A. Yes.  
10:05 5  
10:05 6 Q. Do you adopt that statement as your evidence?  
10:05 7  
10:05 8 A. Yes.  
10:05 9  
10:05 10 MR FINANZIO: I tender the statement.  
10:05 11  
10:05 12 COMMISSIONER: Statement of Mr Jason Cremona dated 15  
10:05 13 April 2021 --- together with attachments?  
10:05 14  
10:05 15 MR FINANZIO: I am just going to deal with that now,  
10:05 16 Commissioner.  
10:05 17  
10:05 18 COMMISSIONER: Separately?  
10:05 19  
10:05 20 MR FINANZIO: Yes, I will deal with it separately.  
10:05 21  
10:05 22 COMMISSIONER: All right. I will mark the statement as  
10:05 23 a separate exhibit.  
10:05 24  
10:06 25 ASSOCIATE: RC0008.  
26  
27  
28 **EXHIBIT #RC0008 - STATEMENT OF MR JASON**  
29 **CREMONA**  
30  
31  
10:06 32 MR FINANZIO: Mr Cremona, your statement includes a series  
10:06 33 of footnotes that refer to documents with VGC numbers?  
10:06 34  
10:06 35 A. That's correct.  
10:06 36  
10:06 37 Q. Those documents are contained in a folder that I think you  
10:06 38 have and that I think has been published, and I want to tender  
10:06 39 those as the exhibits to that statement. There is a list and the  
10:06 40 folder is volume 1 of the materials.  
10:06 41  
10:06 42 COMMISSIONER: Is it sufficient if I give it one exhibit number  
10:06 43 comprising ---  
10:06 44  
10:06 45 MR FINANZIO: It is. Comprising 57 ---  
10:06 46  
10:06 47 COMMISSIONER: All right, I will refer to that as the various

10:06 1 documents referred to in Mr Cremona's statement, 0009, and  
10:07 2 there are 57 separate documents in all?  
10:07 3  
10:07 4 MR FINANZIO: Yes.  
10:07 5  
10:07 6 COMMISSIONER: At some stage would it be easier if this was  
10:07 7 referred to as 9A, 9B, 9C, 9D, or not necessary?  
10:07 8  
10:07 9 MR FINANZIO: Yes, it would be.  
10:07 10  
10:07 11 COMMISSIONER: We'll do that.  
10:07 12  
10:07 13 ASSOCIATE: RC0009.  
14  
15  
16 **EXHIBIT #RC0009 - DOCUMENTS REFERRED TO IN**  
17 **STATEMENT OF MR JASON CREMONA**  
18  
19  
10:07 20 MR FINANZIO: All right, the formalities are over.  
10:07 21  
10:07 22 Mr Cremona, how long have you worked at the VCGLR?  
10:07 23  
10:07 24 A. I've been employed with the VCGLR since its inception in  
10:07 25 2012.  
10:07 26  
10:07 27 Q. What is your current role?  
10:07 28  
10:07 29 A. The manager of the licence management and audit team.  
10:07 30  
10:07 31 Q. What other roles have you had at the VCGLR over the  
10:07 32 course of that time?  
10:07 33  
10:07 34 A. Since 2012?  
10:07 35  
10:07 36 Q. Since 2012.  
10:07 37  
10:07 38 A. I was initially employed as the manager of the revenue and  
10:07 39 audit team during that time, and the current licence management  
10:08 40 and audit team came together in approximately 2014, and I took  
10:08 41 on responsibility of managing that team, and I've been managing  
10:08 42 that team since.  
10:08 43  
10:08 44 Q. And what is your professional or academic qualification?  
10:08 45  
10:08 46 A. I have a bachelor in commerce with actually also a CPA.  
10:08 47

10:08 1 Q. And what is your experience as an auditor?  
10:08 2  
10:08 3 A. Experience as an auditor. I've been in gambling regulation  
10:08 4 and auditing per se since I concluded my uni degree in 1997. I  
10:08 5 commenced with the VCGA at that time as an assistant auditor  
10:08 6 and have maintained audit positions since that time.  
10:08 7  
10:08 8 Q. How much of that work has involved auditing the casino?  
10:08 9  
10:08 10 A. A fairly significant portion. It varies because within my  
10:09 11 role I'm not only responsible for Crown, I essentially look at all  
10:09 12 the other major gambling licensees across the state. So I would  
10:09 13 say a significant portion would involve Crown.  
10:09 14  
10:09 15 Q. Now, you are asked to give --- you make this statement in  
10:09 16 response to a request from the Commission, and you set out in  
10:09 17 that statement the circumstances in which you do that at  
10:09 18 paragraph 3. I just want to draw your attention to --- bear with  
10:09 19 me for one second. I want to draw your attention to paragraph 1  
10:09 20 and to try and get some understanding of the hierarchy. Your  
10:09 21 direct report is to?  
10:09 22  
10:09 23 A. Alex Fitzpatrick.  
10:09 24  
10:09 25 Q. What is her role?  
10:09 26  
10:09 27 A. Director of licensing.  
10:09 28  
10:09 29 Q. And who reports to you?  
10:10 30  
10:10 31 A. I have approximately between 16 and 18 staff that report to  
10:10 32 me, various line managers in relation to each of the functions that  
10:10 33 my team perform, and each of those line managers have direct  
10:10 34 reports who report through to them as well.  
10:10 35  
10:10 36 Q. Okay. I want to go now to the substance of your evidence.  
10:10 37 Your evidence was given or produced in response to a request for  
10:10 38 a statement, and you make the point at paragraph 3 that  
10:10 39 information that was sought of the VCGLR was across a range of  
10:10 40 topics, but you've given evidence about things that were within  
10:10 41 your personal knowledge.  
10:10 42  
10:10 43 A. That's correct.  
10:10 44  
10:11 45 Q. I wanted to take you now by way of context to the review  
10:11 46 process. It is true, isn't it, that every three to five years the  
10:11 47 VCGLR undertakes a review of the casino and the casino

10:11 1 operator?  
10:11 2  
10:11 3 A. That's correct.  
10:11 4  
10:11 5 Q. And that is required by section 25 of the Act?  
10:11 6  
10:11 7 A. Correct.  
10:11 8  
10:11 9 Q. The most recent review was the Sixth Review which was  
10:11 10 published in June 2018?  
10:11 11  
10:11 12 A. That's correct.  
10:11 13  
10:11 14 Q. And the Sixth Review made 20 recommendations.  
10:11 15  
10:11 16 A. That's correct.  
10:11 17  
10:11 18 Q. Your evidence is in relation to one of those  
10:11 19 recommendations, Recommendation 17?  
10:11 20  
10:11 21 A. Yes.  
10:11 22  
10:11 23 Q. I wonder if we can just spend a little bit of time discussing  
10:11 24 the review process and the review structure.  
10:11 25  
10:11 26 You set this out in paragraph 6 and following of your report. You  
10:11 27 say there that there is a steering committee at the VCGLR and  
10:11 28 you give us the names of the people who are in that steering  
10:12 29 committee in a table.  
10:12 30  
10:12 31 A. Yes.  
10:12 32  
10:12 33 Q. Then there is the review team which comprises both  
10:12 34 VCGLR staff and external advisors?  
10:12 35  
10:12 36 A. That's correct.  
10:12 37  
10:12 38 Q. You say that the director who led the project was  
10:12 39 responsible for leading the review, including managing the team.  
10:12 40  
10:12 41 A. Yes.  
10:12 42  
10:12 43 Q. You weren't personally involved in the review process  
10:12 44 itself?  
10:12 45  
10:12 46 A. That's correct.  
10:12 47

10:12 1 Q. You were only involved in the assessment of the  
10:12 2 implementation of the recommendations that came out of the  
10:12 3 review?  
10:12 4  
10:12 5 A. That's correct.  
10:12 6  
10:12 7 Q. And your evidence is concerned with how that  
10:12 8 implementation worked in relation to Recommendation 17?  
10:12 9  
10:12 10 A. Yes.  
10:12 11  
10:13 12 Q. Let's go to Recommendation 17 then. Recommendation 17  
10:13 13 and your evidence tips out of the response that you've made, or  
10:13 14 the VCGLR has made to the Notice to Produce and the Request  
10:13 15 For Statement, which is set out at paragraph 4. You put this  
10:13 16 forward as an example that illustrates how cooperative and  
10:13 17 responsive Crown was in its dealings and in its approach and  
10:13 18 attitude to dealing with the VCGLR; is that right?  
10:13 19  
10:13 20 A. That's correct.  
10:13 21  
10:13 22 Q. Recommendation 17 related to money laundering, didn't it?  
10:13 23  
10:13 24 A. Yes.  
10:13 25  
10:13 26 Q. I wonder if I can take you to the Sixth Review.  
10:13 27  
10:14 28 What I propose to do, Commissioner, is set a context for  
10:14 29 Recommendation 17 so that everybody in the room understands  
10:14 30 what we are talking about. So if we go to page 138 of the Sixth  
10:14 31 Review.  
10:14 32  
10:14 33 COMMISSIONER: You will have to give us a number.  
10:14 34  
10:14 35 MR FINANZIO: For the benefit, COM.0005.0001.0776. It is  
10:14 36 Exhibit #RC0002 that was tendered yesterday. That  
10:14 37 recommendation reads in these terms, this is page 138, PDF  
10:15 38 page 142. I'm working off a version of the Sixth Review that I've  
10:15 39 had since about March, Commissioner, and so we might just have  
10:15 40 to track the numbers a little bit during the process but we won't be  
10:15 41 long.  
10:15 42  
10:15 43 "The VCGLR recommends", this is Recommendation 17, that:  
10:15 44  
10:15 45 *..... by 1 July 2019, Crown undertake a robust review*  
10:15 46 *(with external assistance) of relevant internal control*  
10:15 47 *statements, including input from AUSTRAC, to ensure*



10:15 1           *that anti-money laundering risks are appropriately*  
10:15 2           *addressed.*  
10:15 3  
10:15 4       Now, there are three parts to that, aren't there; the  
10:15 5       first is there has to be a robust review of the ICS by  
10:16 6       Crown?  
10:16 7  
10:16 8       A. Correct.  
10:16 9  
10:16 10      Q. The second part is that that review has to be with external  
10:16 11      assistance?  
10:16 12  
10:16 13      A. Yes.  
10:16 14  
10:16 15      Q. The third part is that it has to have input from AUSTRAC?  
10:16 16  
10:16 17      A. Yes.  
10:16 18  
10:16 19      Q. Now, Recommendation 17 is concerned with Crown's  
10:16 20      internal control statements and I just want, for clarity, to put those  
10:16 21      in context. What is an internal control statement?  
10:16 22  
10:16 23      A. It is essentially required under section 121 of the Casino  
10:16 24      *Control Act, which is essentially a suite of controls that govern*  
10:16 25      how Crown essentially should conduct its business.  
10:16 26  
10:16 27      Q. And it is the case, isn't it, that it really cannot conduct  
10:16 28      operations in the casino unless the Commission has approved the  
10:16 29      internal control statement; is that right?  
10:16 30  
10:16 31      A. That's correct.  
10:16 32  
10:16 33      Q. And there is in the Act an elaborate process for that  
10:17 34      approval?  
10:17 35  
10:17 36      A. Yes.  
10:17 37  
10:17 38      Q. Now the Sixth Review says something about the  
10:17 39      recommendation. So the recommendation we're looking at on  
10:17 40      page 138 is in the blue hatching but there is something about why  
10:17 41      that recommendation is there in the document itself in the  
10:17 42      paragraph that is immediately to the left where it reads:  
10:17 43  
10:17 44                *The VCGLR observes that to assist in mitigating the risks*  
10:17 45                *associated with junkets, the current internal control*  
10:17 46                *statements for junkets could be strengthened with the*  
10:17 47                *inclusion of more robust controls in relation to the*

10:17 1 *identification of individual junket players and their*  
10:17 2 *associated gaming transactions when participating in*  
10:17 3 *junkets.*

10:17 4

10:17 5 Now, for clarity, I want to unpack a few of those  
10:17 6 concepts. What is the difference between a junket player  
10:18 7 and any other player?

10:18 8

10:18 9 A. So junket players are introduced to the casino via a junket  
10:18 10 operator and essentially operate or conduct their gaming activities  
10:18 11 under a junket program and receive rebates in relation to their  
10:18 12 level of activity.

10:18 13

10:18 14 Q. Yes. So in general terms a junket is an arrangement  
10:18 15 between the casino and the junket operator to facilitate a period  
10:18 16 of gambling by junket players; is that right?

10:18 17

10:18 18 A. That's correct.

10:18 19

10:18 20 Q. And in return for bringing to the casino those players, the  
10:18 21 casino pays the junket operators in one form or another,  
10:18 22 a commission based on the collective gambling of the group?

10:18 23

10:18 24 A. That's correct.

10:18 25

10:18 26 Q. So it is an arrangement from the junket operator and  
10:18 27 casino's point of view, in their commercial relationship, it is the  
10:18 28 activity of the group, the junket, that is important?

10:18 29

10:18 30 A. Correct.

10:18 31

10:19 32 Q. For the casino to work out how much it has to pay the  
10:19 33 junket operator, it only needs to know how much was wagered by  
10:19 34 the junket as a whole; is that right?

10:19 35

10:19 36 A. That's my understanding, correct.

10:19 37

10:19 38 Q. The casino doesn't need to know how much money each  
10:19 39 individual wagering?

10:19 40

10:19 41 A. Yes, that's correct.

10:19 42

10:19 43 Q. Or how much money an individual brought to the table in  
10:19 44 the first instance?

10:19 45

10:19 46 A. Correct.

10:19 47

10:19 1 Q. When the junket arrives, the front money for gambling by  
10:19 2 the junket players is put up by the junket operators; isn't it?  
10:19 3  
10:19 4 A. That's my understanding.  
10:19 5  
10:19 6 Q. Let's be clear what front money is; that's how much money  
10:19 7 the junket starts with?  
10:19 8  
10:19 9 A. Correct.  
10:19 10  
10:19 11 Q. If the junket operator deposits, say, \$100 million of front  
10:19 12 money for a junket, the casino did, not at that time, necessarily  
10:19 13 know how much was contributed by each junket player; is that  
10:19 14 right?  
10:19 15  
10:20 16 A. That's my understanding, yes.  
10:20 17  
10:20 18 Q. And unless there was some procedure in place for requiring  
10:20 19 the individual junket players or the junkets to make that known, it  
10:20 20 wouldn't necessarily be known?  
10:20 21  
10:20 22 A. Correct.  
10:20 23  
10:20 24 Q. At the time of the Sixth Review, there was no procedure in  
10:20 25 place for individual junket players to make known the proportion  
10:20 26 of their contribution of front money?  
10:20 27  
10:20 28 A. Yes.  
10:20 29  
10:20 30 Q. Am I right about that?  
10:20 31  
10:20 32 A. Yes.  
10:20 33  
10:20 34 Q. The ICS, or the internal control systems in place at the time,  
10:20 35 concerned junket operators and players who were not junket  
10:20 36 players, so individual premium players?  
10:20 37  
10:20 38 A. Correct. Correct. But there were also references  
10:20 39 throughout the ICS to identify junket players as part of the junket  
10:20 40 program per se. But your point is valid about the junket players'  
10:21 41 contribution of front money to the junket.  
10:21 42  
10:21 43 Q. So those pieces of information weren't necessarily known  
10:21 44 and weren't required to be known by the ICS?  
10:21 45  
10:21 46 A. That's correct.  
10:21 47

10:21 1 Q. Now, just bear with me for one minute. As you can  
10:21 2 imagine, there are so many papers in this case.  
10:21 3  
10:21 4 At paragraphs 44 and 45, you set this out in a bit of detail but I  
10:21 5 wonder if I could summarise it this way: you say in substance that  
10:21 6 Crown's junket and premium player ICS required visibility to the  
10:21 7 front money contributed by premium players and junket  
10:21 8 operators, but not junket players?  
10:21 9  
10:21 10 A. That's correct.  
10:21 11  
10:22 12 Q. I think you make the point at paragraph 26 of your  
10:22 13 statement that indeed the ICS defined front money in a way that  
10:22 14 made it referable to junket operators or premium players but  
10:22 15 obviously omitting junket players?  
10:22 16  
10:22 17 A. Correct.  
10:22 18  
10:22 19 Q. I just want to ask you something now about the premium  
10:22 20 players. At the time of the Sixth Review, Crown's ICSs  
10:22 21 contained requirements for individual premium players?  
10:22 22  
10:22 23 A. Yes.  
10:22 24  
10:22 25 Q. In particular, if you are an individual premium player you  
10:22 26 put up the front money, it is pretty clear what proportion of the  
10:22 27 front money you are putting up.  
10:22 28  
10:22 29 A. Yes.  
10:22 30  
10:23 31 Q. Is there any reason why a distinction should be drawn  
10:23 32 between knowing how much front money an individual premium  
10:23 33 player puts up to gamble at the casino, and knowing how much or  
10:23 34 what proportion a junket player puts up as front money at the  
10:23 35 casino?  
10:23 36  
10:23 37 A. I think that was clearly the risk that was portrayed in the  
10:23 38 review report, the Sixth Review Report, to ensure there was the  
10:23 39 same level of transparency to contributions from junket players in  
10:23 40 comparison to premium players. Clearly Crown's approach, and I  
10:23 41 understand it consistent with AML/CTF legislation, requires  
10:23 42 transparency to the interaction with the customer. It treats the  
10:23 43 junket operators as the direct customer, whereas in relation to  
10:24 44 premium players there is no intermediary per se – the interaction  
10:24 45 is between the premium player and the Crown so that  
10:24 46 transparency is more transparent.  
10:24 47

- 10:24 1 Q. So Crown treats the customer as the junket operator ---  
10:24 2 A. Correct.  
10:24 3  
10:24 4 Q. --- so there was visibility over what was the junket  
10:24 5 operator's transaction with Crown ---  
10:24 6  
10:24 7 A. Correct.  
10:24 8  
10:24 9 Q. --- but not necessarily the contribution of front money to  
10:24 10 the junket by individual players?  
10:24 11  
10:24 12 A. So my understanding is they certainly saw junket players as  
10:24 13 customers per se, and had some due diligence requirements in  
10:24 14 relation to those customers, but that did not extend to visibility to  
10:24 15 front monies, as you rightly put it.  
10:24 16  
10:24 17 Q. Okay. So when I go to page 138 of the Sixth Review  
10:24 18 where that page talks of the identification of the individual junket  
10:24 19 players and their associated gaming transactions when  
10:25 20 participating in junkets, we are meaning their identification in  
10:25 21 a way similar to non-junket players?  
10:25 22  
10:25 23 A. Correct.  
10:25 24  
10:25 25 Q. So treating non-junket players --- treating premium players,  
10:25 26 individual premium players and junket players the same?  
10:25 27  
10:25 28 A. Essentially, yes, and having visibility to the front money  
10:25 29 contributions.  
10:25 30  
10:25 31 Q. What would be gained by the ability to identify individual  
10:25 32 junket players and their associated transactions?  
10:25 33  
10:25 34 A. Well, I think clearly greater visibility to source of funds and  
10:25 35 essentially ensuring that those contributions were not from illicit  
10:25 36 activities, per se.  
10:25 37  
10:25 38 Q. Would you agree with the proposition that anonymity is  
10:25 39 an important ingredient in successful money laundering  
10:26 40 activities?  
10:26 41  
10:26 42 A. In relation to the source of funds, yes.  
10:26 43  
10:26 44 Q. And the removal of that might not stop money laundering  
10:26 45 but it could be a powerful disincentive?  
10:26 46  
10:26 47 A. Absolutely. I would assume it would assist Crown in

10:26 1 mitigating that risk.  
10:26 2  
10:26 3 Q. By implementing these changes or addressing this matter,  
10:26 4 you might introduce transparency?  
10:26 5  
10:26 6 A. Mm-hmm.  
10:26 7  
10:26 8 Q. So we're not assuming that we are just dealing with the  
10:26 9 junket, but the casino would know the actual customers in the  
10:26 10 casino and their gaming transactions?  
10:26 11  
10:26 12 A. Yes, their financial contribution to the junket, yes, correct.  
10:26 13  
10:26 14 Q. If that change were made, Crown's ICS would then help to  
10:26 15 identify and record the flow of the individual junket funds within  
10:27 16 individual --- within individual junket players' funds within the  
10:27 17 junket?  
10:27 18  
10:27 19 A. Correct.  
10:27 20  
10:27 21 COMMISSIONER: Just to put a perspective on this,  
10:27 22 Mr Cremona, when we talk about front money that the junket  
10:27 23 operator puts up, are we talking about thousands, hundreds of  
10:27 24 thousands, millions, or tens of millions of dollars or what?  
10:27 25  
10:27 26 A. I believe there is a minimum requirement. I don't have it  
10:27 27 off the top of my head in relation to front money requirements,  
10:27 28 but it could well exceed millions of dollars.  
10:27 29  
10:27 30 COMMISSIONER: Many millions of dollars?  
10:27 31  
10:27 32 A. Potentially.  
10:27 33  
10:27 34 MR FINANZIO: Is it right to say that we might come to this in  
10:27 35 a minute, but in broad terms, at the time of the Sixth Review, it  
10:27 36 was the VCGLR's view that there was an obvious gap in  
10:27 37 requirements of the ICSs?  
10:27 38  
10:27 39 A. That's correct.  
10:27 40  
10:28 41 Q. All right. I want to put this issue for the benefit of the  
10:28 42 Commission in a broader context. I want to draw the  
10:28 43 Commission's attention and your attention to a document  
10:28 44 prepared by AUSTRAC published late last year entitled "Junket  
10:28 45 Tour Operations in Australia - Money Laundering and Terrorism  
10:28 46 Financing Risk Assessment". Are you familiar with that work?  
10:28 47

10:28 1 A. I don't believe so, no.

10:28 2

10:28 3 Q. I just want to take you to some passages of it, and here I  
10:28 4 might have some --- the document is to be found at  
10:28 5 COM.0005.0001.1137. This will be a lot easier to say tab 3. I'm  
10:29 6 not sure that the advancements are necessarily progress. That's  
10:29 7 the document I'm referring to. I would just like to draw your  
10:29 8 attention to page 4 of that document, which would be PDF  
10:29 9 page 5. Under the heading "Vulnerabilities"; you see that?

10:29 10

10:29 11 A. Yes.

10:29 12

10:29 13 Q.

10:29 14

10:29 15 AUSTRAC assesses that junket tour operations are exposed  
10:29 16 *to a high level of ML/TF vulnerability.*

10:29 17

10:29 18 *At a sector level, the junket model has a number of money*  
10:29 19 *laundering vulnerabilities. A key vulnerability is the lack*  
10:29 20 *of transparency and level of anonymity created by the*  
10:29 21 *pooling of all players' funds and transactions under the*  
10:29 22 *name of the JTO, and that the financial arrangements*  
10:30 23 *between the JTO and junket players are not disclosed to*  
10:30 24 *the casino. There is also a long and complex value chain*  
10:30 25 *associated with junkets' funds flows that makes it difficult*  
10:30 26 *for a single reporting entity to understand the purpose of*  
10:30 27 *transactions or the beneficial owner/ultimate beneficiary*  
10:30 28 *of the value moved.*

10:30 29

10:30 30 Am I right that that sentiment there is reflective of the sentiment  
10:30 31 held by VCGLR during the course of your assessment of the  
10:30 32 implementation of Recommendation 17?

10:30 33

10:30 34 A. Absolutely.

10:30 35

10:30 36 Q. At page 16 of the document, which is page 17 of the PDF,  
10:31 37 AUSTRAC notes, I think, at the top of that page the nature and  
10:31 38 extent of the money laundering threats associated with junkets.  
10:31 39 And at page 20 it is said that junkets are exposed to infiltration  
10:31 40 by transnational serious and organised crime groups. I don't think  
10:31 41 I need to take you to those pages. I did want to take you to  
10:31 42 page 26, however. I suppose I could put this to you: it has been  
10:31 43 long known, hasn't it, that the nature and extent of the money  
10:32 44 laundering threats associated with junkets is high?

10:32 45

10:32 46 A. That would be an accurate statement, yes.

10:32 47

10:32 1 Q. It's not a revelation?  
10:32 2  
10:32 3 A. No.  
10:32 4  
10:32 5 Q. It is also the case that it is well known that junkets are  
10:32 6 exposed to infiltration by transnational and serious organised  
10:32 7 crime groups. Again that is not a revelation either?  
10:32 8  
10:32 9 A. No, I would agree with that.  
10:32 10  
10:32 11 Q. All right, I want to take you to page 26 and just take you to  
10:32 12 some passages of it. Can you see the passage headed  
10:32 13 "Higher-Risk Customers"? That's at PDF page 27.  
10:32 14  
10:32 15 A. Yes, I can see it now.  
10:32 16  
10:32 17 Q. In the second line:  
10:32 18  
10:32 19 *Under current arrangements, it is not possible to clearly*  
10:33 20 *determine beneficial ownership and control of the funds*  
10:33 21 *while the use of cash increases anonymity. Under the*  
10:33 22 *junket arrangements, the primary customer of the casino*  
10:33 23 *is the JTO while the relationship between the casino and*  
10:33 24 *the junket players is more opaque.*  
10:33 25  
10:33 26 .....  
10:33 27  
10:33 28 *Consultation with AUSTRAC's partner agencies*  
10:33 29 *highlighted concerns arising from the obscuring of the*  
10:33 30 *ultimate beneficiary of activity on junket accounts,*  
10:33 31 *identifying it as a key vulnerability associated with the*  
10:33 32 *sector, in terms of criminal exploitation of the casino as*  
10:33 33 *well as the intelligence gaps faced by law enforcement.*  
10:33 34  
10:33 35 And then it goes on up the page on the next page:  
10:33 36  
10:33 37 *When a transaction occurs on a casino junket account, the*  
10:33 38 *customer of the casino is the JTO (or any JTRs who may*  
10:33 39 *be acting as agents of the JTO).*  
10:33 40  
10:33 41 *However, the funds being deposited in, stored in or*  
10:34 42 *withdrawn from the JTO's account may not be in practice*  
10:34 43 *owned by the JTO .....*  
10:34 44  
10:34 45 And then the last passage I want to draw your attention  
10:34 46 to there is:  
10:34 47



10:34 1 *This arrangement causes two significant vulnerabilities.*  
 10:34 2 *First, the pooled nature of the funds in junket accounts*  
 10:34 3 *makes it more difficult for the casino and law enforcement*  
 10:34 4 *to link transactions made by the JTO/JTR to specific*  
 10:34 5 *junket players. Second, transaction reports submitted to*  
 10:34 6 *AUSTRAC about transactions requested by players are*  
 10:34 7 *likely to be reported under the JTO's name (with the JTR*  
 10:34 8 *as agent) rather than under the player's name. This*  
 10:34 9 *obscures the true actor and makes it difficult for*  
 10:34 10 *AUSTRAC and its partners to understand who is causing*  
 10:34 11 *what transactions to occur, who or where the funds come*  
 10:34 12 *from, and where they go.*

10:35 14 Now, that is a bit more expansive than what is in your  
 10:35 15 statement, but is there anything in that that is  
 10:35 16 inconsistent with your understanding of your intention or  
 10:35 17 the VCGLR's intention in pursuing Recommendation 17?  
 10:35 18

10:35 19 A. Not at all.

10:35 20  
 10:35 21 Q. I want to take you now to page 41. At 41 the heading is ---  
 10:35 22 I think everybody is working out that when I say 41, it is PDF  
 10:35 23 page 42.

10:35 24  
 10:35 25 That page is headed "Implementation of risk mitigation  
 10:35 26 strategies"; do you see that?  
 10:35 27

10:35 28 A. Yes.

10:35 29  
 10:35 30 Q. It says there that:  
 10:35 31

10:36 32 *AUSTRAC consulted all of the casino that offered junkets*  
 10:36 33 *over the relevant period. Casinos outlined a range of*  
 10:36 34 *practices used to mitigate the risk .....*  
 10:36 35

10:36 36 And if I draw your attention down the bottom, second from  
 10:36 37 the bottom in the left column:  
 10:36 38

10:36 39 *Retaining detailed records of gaming activity of all junket*  
 10:36 40 *players.*  
 10:36 41

10:36 42 And then on the second column on the same page but up  
 10:36 43 towards the top, can you see third from the top:  
 10:36 44

10:36 45 *Recording all gambling activities.*  
 10:36 46

10:36 47 Are those two things --- those mitigation strategies seem

10:36 1 to line up with what is said in the Sixth Review at  
10:36 2 page 138?  
10:36 3  
10:36 4 A. Yes, I think the only omission there is the interpretation of  
10:36 5 gambling activities, so I understand that Crown are required, or  
10:37 6 will actively monitor the level of turnover participated by each of  
10:37 7 the junket players. The issue there, though, is still that anonymity  
10:37 8 around front money contributions to the junket.  
10:37 9  
10:37 10 Q. Where it comes from?  
10:37 11  
10:37 12 A. Correct.  
10:37 13  
10:37 14 Q. Now, bear with me for a sec.  
10:37 15  
10:37 16 I will move off that report so I seek to tender ---  
10:37 17  
10:37 18 COMMISSIONER: Can I look at the first page of the report.  
10:37 19 I think it was described as AUSTRAC's money laundering risk  
10:37 20 assessment regarding junkets?  
10:37 21  
10:37 22 MR FINANZIO: "Junket tour operations in Australia - Money  
10:37 23 laundering and terrorism financing risk assessment 2020."  
10:37 24  
10:37 25 COMMISSIONER: With that description. 2020?  
10:37 26  
10:37 27 MR FINANZIO: Yes.  
10:37 28  
10:37 29 ASSOCIATE: RC0010.  
10:38 30  
10:38 31  
10:38 32 **EXHIBIT #RC0010 - JUNKET TOUR OPERATIONS IN**  
10:38 33 **AUSTRALIA -MONEY LAUNDERING AND TERRORISM**  
10:38 34 **FINANCING RISK ASSESSMENT 2020**  
10:38 35  
10:38 36  
10:38 37 MR FINANZIO: Now, Recommendation 17 was expressly  
10:38 38 supported by Crown, wasn't it?  
10:38 39  
10:38 40 A. Correct.  
10:38 41  
10:38 42 Q. Let's just get the process right. The Sixth Review is  
10:38 43 prepared by the VCGLR, and then it is provided to Crown for  
10:38 44 Crown's comment?  
10:38 45  
10:38 46 A. That's my understanding, correct.  
10:38 47

10:38 1 Q. And Crown reviews all of the recommendations and then  
10:38 2 comments on the recommendations and whether or not it agrees  
10:38 3 with them and other things that might be said about the  
10:38 4 recommendation?  
10:38 5  
10:38 6 A. Yes, my understanding is they were given an initial draft to  
10:39 7 comment on and on a second occasion given a copy of what was  
10:39 8 taken as the final draft and had a second opportunity to comment  
10:39 9 on those recommendations and the content of the report.  
10:39 10  
10:39 11 Q. So if I take you to tab 2 of your volume --- which is also tab  
10:39 12 2, I think, Commissioner, of your volume, that is a letter dated 4  
10:39 13 June, VCG.0001.0001.1804.  
10:39 14  
10:39 15 That is the letter that contains the comments from 4 June 2018,  
10:39 16 and on the second-last page or last four digits, 0010, the comment  
10:40 17 in relation to recommendation is that it is supported.  
10:40 18  
10:40 19 A. Correct.  
10:40 20  
10:40 21 Q. The Sixth Review was finalised in June 2018 and then you,  
10:40 22 or the VCGLR, moved into implementation mode; is that right?  
10:40 23  
10:40 24 A. Correct, yes.  
10:40 25  
10:40 26 Q. So the next series of questions, really, the rest of the  
10:40 27 examination, is going to be about the implementation mode.  
10:40 28  
10:40 29 A. No problem.  
10:40 30  
10:40 31 Q. Could I ask you to go to tab 7 in your folder, which is ---  
10:40 32 which are the minutes of a quarterly licence management  
10:40 33 meeting.  
10:40 34  
10:40 35 A. That's correct.  
10:40 36  
10:40 37 Q. That page number for those following is  
10:41 38 VCG.0001.0002.3504. Now, that was a quarterly licence  
10:41 39 management meeting?  
10:41 40  
10:41 41 A. That's correct.  
10:41 42  
10:41 43 Q. So I'm assuming you have one of them every quarter?  
10:41 44  
10:41 45 A. That's absolutely correct.  
10:41 46  
10:41 47 Q. You are the licence manager?

10:41 1  
10:41 2 A. Yes.  
10:41 3  
10:41 4 Q. And that is a regular meeting that you have to discuss  
10:41 5 licence management issues?  
10:41 6  
10:41 7 A. Yes, it is at more of a strategic level.  
10:41 8  
10:41 9 Q. This was the first one since the publication of the Sixth  
10:41 10 Review; correct?  
10:41 11  
10:41 12 A. That's my understanding, correct.  
10:41 13  
10:41 14 Q. You are a regular attendee of those management meetings?  
10:41 15  
10:41 16 A. Yes.  
10:41 17  
10:41 18 Q. And minutes of those meetings are taken?  
10:41 19  
10:41 20 A. That's correct.  
10:41 21  
10:41 22 Q. Am I right that they are circulated to all of the participants?  
10:41 23  
10:41 24 A. Yes.  
10:41 25  
10:41 26 Q. At the resumption of the next meeting they are commented  
10:41 27 upon or varied in the course of exchange of emails?  
10:42 28  
10:42 29 A. That's correct.  
10:42 30  
10:42 31 Q. To make sure that the content of the minutes reflects  
10:42 32 everybody's understanding of what went on?  
10:42 33  
10:42 34 A. Yes. Yes.  
10:42 35  
10:42 36 Q. Item 4 of the main business there deals with the Sixth  
10:42 37 Review recommendations, doesn't it?  
10:42 38  
10:42 39 A. That's correct.  
10:42 40  
10:42 41 Q. I just want to observe at that meeting is present Alex  
10:42 42 Fitzpatrick, who is your direct report and was at the time acting  
10:42 43 CEO, and also from Crown, Xavier Walsh, Joshua Preston,  
10:42 44 Michelle Fielding and Sonja Bauer.  
10:42 45  
10:42 46 A. That's correct.  
10:42 47

10:42 1 Q. Now, on page 3 there is a notation there about the Sixth  
10:42 2 Review:  
10:42 3  
10:42 4 Recommendation 17: Crown noted that it had spoken to  
10:42 5 *senior managers of AUSTRAC regarding this*  
10:42 6 *recommendation.*  
10:42 7  
10:42 8 So this is at 25 September 2018:  
10:42 9  
10:43 10 *Crown noted it had spoken to senior managers from*  
10:43 11 *AUSTRAC regarding this recommendation. The VCGLR*  
10:43 12 *will provide greater clarity of the recommendation and*  
10:43 13 *consult with AUSTRAC. Action item 4 (below)".*  
10:43 14  
10:43 15 That action item gives that task, I think, to Rowan Harris; is that  
10:43 16 correct?  
10:43 17  
10:43 18 A. That's correct.  
10:43 19  
10:43 20 Q. The VCGLR was, as I understand it, asked to provide  
10:43 21 greater clarity of its expectations; that is so?  
10:43 22  
10:43 23 A. Yes.  
10:43 24  
10:43 25 Q. Is it odd that the recommendation had been supported  
10:43 26 without the need for explanation or clarity?  
10:43 27  
10:43 28 A. Yes, very odd.  
10:43 29  
10:43 30 Q. When was the first time that you were asked for clarity or  
10:43 31 explanation, or the first VCGLR was asked for clarity or  
10:44 32 explanation about it?  
10:44 33  
10:44 34 A. That's the first time I engaged with Crown on the  
10:44 35 recommendations, so yes, that was my first understanding of  
10:44 36 Crown seeking any clarity on any one of the recommendations.  
10:44 37  
10:44 38 Q. Okay. What clarity was sought?  
10:44 39  
10:44 40 A. My recollection of the discussion at the time was in relation  
10:44 41 to the drivers for the recommendation, what was --- why was that  
10:44 42 recommendation deemed necessary and what was the expectation  
10:44 43 per se from the outcome of the review.  
10:44 44  
10:44 45 Q. I want to take you now to the next time that you met in  
10:44 46 relation to this issue. That's behind tab 9, which is  
10:44 47 VCG.0001.0002.3505 and tab 29 of your folder.

10:44 1  
10:44 2 COMMISSIONER: Thank you. Before you leave that one, when  
10:44 3 you were asked for clarification of what you expected from  
10:45 4 Recommendation 17, do you recall what you explained?  
10:45 5  
10:45 6 A. At that time, Commissioner, it was literally the first  
10:45 7 meeting. So we walked into that meeting to basically talk to the  
10:45 8 process and give Crown an opportunity to talk to each of the  
10:45 9 recommendation and give us an update. We hadn't really, as  
10:45 10 a team, sat down and started to break down the recommendations.  
10:45 11 That sort of came after this meeting. So we were quite surprised,  
10:45 12 though, to be asked for clarity to a recommendation at that point  
10:45 13 in time.  
10:45 14  
10:45 15 COMMISSIONER: Okay. Got it.  
10:45 16  
10:45 17 MR FINANZIO: All right. Tab 9 and that other document I just  
10:45 18 mentioned. That document is minutes of a meeting between the  
10:45 19 VCGLR and Crown headed "Sixth Casino Review  
10:45 20 Recommendations Meeting".  
10:45 21  
10:45 22 A. Correct.  
10:45 23  
10:45 24 Q. Am I right in saying that in an attempt to implement the  
10:46 25 recommendations of the Sixth Review, you set up a little working  
10:46 26 group between you and Crown to work through each of the  
10:46 27 recommendations progressively?  
10:46 28  
10:46 29 A. Essentially --- I think the governance process is covered off  
10:46 30 in my witness statement as well, but essentially we had several  
10:46 31 members of my team who would maintain responsibility for  
10:46 32 working on implementation. I think we also set out in the initial  
10:46 33 meeting with Crown that the key contact points would be myself,  
10:46 34 Mr Harris, Rowan Harris, and Steve Thurston. And we were of  
10:46 35 the understanding that we would engage pretty closely with  
10:46 36 Michelle Fielding on the majority of recommendations, and Sonja  
10:46 37 Bauer in relation to those recommendations that related to  
10:46 38 responsible gambling. But you are correct, I note that was noted  
10:46 39 as the first meeting to sit and discuss those recommendations.  
10:46 40  
10:46 41 Q. And is it right that these meetings were minuted; were the  
10:46 42 minutes circulated to all the participants in the meetings?  
10:46 43  
10:46 44 A. That would be my expectation, yes.  
10:46 45  
10:47 46 Q. And people got to comment on whether or not the minutes  
10:47 47 accurately reflected the subject matter of the discussion?

10:47 1  
10:47 2 A. Yes. Correct.  
10:47 3  
10:47 4 Q. All right.  
10:47 5  
10:47 6 Let's go to page 3. At page 3 there is a paragraph e) which talks  
10:47 7 about Recommendation 17. And I just want to take you to that:  
10:47 8  
10:47 9 *..... VCGLR to provide its expectations of this*  
10:47 10 *recommendation.*  
10:47 11  
10:47 12 I'm assuming that was raised again?  
10:47 13  
10:47 14 A. Yes.  
10:47 15  
10:47 16 Q.  
10:47 17  
10:47 18 *Crown noted that AUSTRAC has not expressed concern*  
10:47 19 *with Crown's procedures in respect of the Junkets ICS*  
10:47 20 *and regulates Crown through its AML Program.*  
10:47 21  
10:47 22 *The VCGLR advised that in their view part of this*  
10:47 23 *recommendation is about ensuring greater visibility of*  
10:47 24 *individual junket players and their gaming activity to*  
10:48 25 *ensure that anti-money laundering risks are appropriately*  
10:48 26 *addressed. Therefore, it is expected that the review of the*  
10:48 27 *appropriate ICS, which will include the Junkets and*  
10:48 28 *Premium Player Programs ICS, will vary the applicable*  
10:48 29 *ICS to enable the same level of transparency for*  
10:48 30 *individual junket player activity as there is for premium*  
10:48 31 *players. Crown noted that the Recommendations .....*  
10:48 32  
10:48 33 Pause there for a second. Insofar as at the first meeting that we  
10:48 34 talked about a minute ago, there had been a request for clarity ---  
10:48 35  
10:48 36 A. Yes.  
10:48 37  
10:48 38 Q. --- at this first meeting of the Sixth Review implementation  
10:48 39 working group, you provided what you thought the clarity was  
10:48 40 around Recommendation 17?  
10:48 41  
10:48 42 A. Well, that's correct, so that discussion there outlined at  
10:48 43 paragraph e) was in direct reference to the action point from the  
10:48 44 earlier meeting that you spoke to. Correct.  
10:48 45  
10:49 46 Q. So you actioned that point and you explained in this these  
10:49 47 terms recorded in the minutes in this way?

10:49 1  
10:49 2 A. That's correct.  
10:49 3  
10:49 4 Q. It then goes on to say:  
10:49 5  
10:49 6 *Crown noted that the Recommendations do not specify*  
10:49 7 *amendments to the Junket and Premium Player ICS, nor*  
10:49 8 *make mention of individual player activity.*  
10:49 9  
10:49 10 Did you take them to mean the express language of  
10:49 11 Recommendation 17 doesn't actually say those things?  
10:49 12  
10:49 13 A. Absolutely.  
10:49 14  
10:49 15 Q. Then:  
10:49 16  
10:49 17 *In reviewing the ICS, Crown would need to seek input*  
10:49 18 *from the VCGLR in conjunct with AUSTRAC regarding*  
10:49 19 *record keeping in relation to individual junket players*  
10:49 20 *(which Crown noted is not required by the*  
10:49 21 *Recommendations) .....*  
10:49 22  
10:49 23 So can I just be clear about that; in that passage you  
10:49 24 say it is said "in reviewing the ICS, Crown would need to  
10:50 25 seek" these things, is that an express of what the VCGLR  
10:50 26 thought was necessary to comply with the recommendation?  
10:50 27  
10:50 28 A. I think we clearly wanted to emphasise the intention behind  
10:50 29 the recommendation, so we understood by the discussion that  
10:50 30 Crown was applying almost a set of criteria to Recommendation  
10:50 31 17. We were implying that the outcome of the final criteria,  
10:50 32 which is the review, would need to include some strengthening in  
10:50 33 relation to these controls.  
10:50 34  
10:50 35 Q. I see. And in the parenthetical statement there, the one that  
10:50 36 starts:  
10:50 37  
10:50 38 *..... (which Crown noted is not required by the*  
10:50 39 *Recommendations) .....*  
10:50 40  
10:50 41 That is just a restatement of the same point that was made a little  
10:50 42 bit further statement above?  
10:50 43  
10:50 44 A. Correct.  
10:50 45  
10:50 46 Q.  
10:50 47



10:50 1 ..... and this should inform reporting of any suspicious  
10:50 2 *matters by Crown (which Crown noted is not required by*  
10:50 3 *the Recommendations).*  
10:50 4  
10:50 5 At paragraph 46 of your statement, you attribute those statements  
10:51 6 to Ms Fielding who was attending at the meeting; am I right  
10:51 7 about that?  
10:51 8  
10:51 9 A. Yes, that's correct.  
10:51 10  
10:51 11 Q. At that time, was it your understanding that Crown had in  
10:51 12 fact discussed this ICS, or the ICS issues, the junket ICS  
10:51 13 procedures, with AUSTRAC?  
10:51 14  
10:51 15 A. Well, that's clearly what we were advised at the time. That  
10:51 16 was the extent of the discussion, that they were engaging with  
10:51 17 AUSTRAC.  
10:51 18  
10:51 19 Q. And at that point in time had you had any contact with  
10:51 20 AUSTRAC?  
10:51 21  
10:51 22 A. Not at that point in time, no. But we certainly had all  
10:52 23 intentions to ensure we had clarity across both the VCGLR and  
10:52 24 AUSTRAC as to what was expected from Recommendation 17.  
10:52 25  
10:52 26 Q. In that passage, Crown is at pains to point out what is not  
10:52 27 part of the recommendation, on its language. But in the course of  
10:52 28 that discussion, did anyone from Crown explain why  
10:52 29 identification of junket players and their gaming activities was  
10:52 30 a bad idea?  
10:52 31  
10:52 32 A. Not that I can recall.  
10:52 33  
10:52 34 Q. Was it explained how the issue that had been raised by you  
10:52 35 would be addressed by AUSTRAC?  
10:52 36  
10:52 37 A. Sorry, can you repeat the question?  
10:52 38  
10:53 39 Q. Did anyone from Crown explain how it was that the  
10:53 40 substantive issue that you are raising, about the identification of  
10:53 41 junket players and their gaming activities, was being addressed by  
10:53 42 AUSTRAC?  
10:53 43  
10:53 44 A. No. Not that I can recall.  
10:53 45  
10:53 46 Q. At paragraph 49 you say that you were surprised by the  
10:53 47 level of clarification sought by Crown in relation to

10:53 1 Recommendation 17.  
10:53 2  
10:53 3 A. Yes, I think it was broader than Recommendation 17 at that  
10:53 4 point. My previous paragraph, paragraph 48, references five  
10:53 5 examples of recommendations where there was either  
10:53 6 clarification sought or questions asked in relation to "We're not  
10:53 7 sure what we are being asked to do or we already have a process  
10:53 8 in place and we are not sure why that recommendation was  
10:54 9 noted".  
10:54 10  
10:54 11 Q. And was part of that surprise --- well, I will just ask you  
10:54 12 this: in relation to the ones that you identify at paragraph 48, were  
10:54 13 they all in relation to recommendations that had been supported  
10:54 14 by Crown in the course of the Sixth Review ---  
10:54 15  
10:54 16 A. Absolutely.  
10:54 17  
10:54 18 Q. So your surprise was Crown had supported the  
10:54 19 recommendations and then turned up to this meeting and were  
10:54 20 seeking clarification about what the recommendations meant?  
10:54 21  
10:54 22 A. Yes. As you mentioned earlier, I had very little  
10:54 23 involvement in the conduct of the review itself so my role and  
10:54 24 remit at the time was to assess Crown's compliance with  
10:54 25 recommendations that they had accepted, so I was well and truly  
10:54 26 surprised at the outset to be effectively questioned on five, if not  
10:54 27 more, of the 20 recommendations, but I've certainly identified  
10:54 28 clear clarifications sought against five of them.  
10:54 29  
10:54 30 Q. As a result of you feeling surprised, you called Ms Fielding  
10:55 31 on 31 August 2018 to tell her about your concerns and then you  
10:55 32 followed up with an email to her I think the next day; is that  
10:55 33 right?  
10:55 34  
10:55 35 A. Sorry, was that 7 November?  
10:55 36  
10:55 37 Q. Yes, I think --- I'm just looking for the document. It is tab  
10:55 38 11. VCG.0001.0002.6406.  
10:55 39  
10:55 40 A. Yes.  
10:55 41  
10:55 42 Q. So this was an email that you sent, am I right, following up  
10:55 43 on your conversations from 31 October?  
10:55 44  
10:55 45 A. That's correct.  
10:55 46  
10:55 47 Q. Where you say you were concerned with the extent of

10:55 1 clarity being sought by Crown in relation to a large number of the  
10:55 2 20 recommendations in the Sixth Review, and you say that you  
10:55 3 have spoken to Alex about this and so on?  
10:56 4  
10:56 5 A. Yes, correct.  
10:56 6  
10:56 7 Q. According to your statement you never received a response  
10:56 8 from Ms Fielding in relation to that email?  
10:56 9  
10:56 10 A. That's my recollection, yes.  
10:56 11  
10:56 12 Q. You also sent a letter to Ms Fielding, and this is at tab 12.  
10:56 13 VCG.0001.0002.6164. You set out the reference to the  
10:57 14 conversations you had, and where you note at the end there:  
10:57 15  
10:57 16 *To ensure Crown addresses the recommendation within*  
10:57 17 *the time frame .....*  
10:57 18  
10:57 19 I will just set a context for this. Each of the  
10:57 20 recommendations had a time frame within which the  
10:57 21 recommendation task needed to be completed?  
10:57 22  
10:57 23 A. That's correct.  
10:57 24  
10:57 25 Q. And Recommendation 17 needed to be completed by 1 July  
10:57 26 2019?  
10:57 27  
10:57 28 A. That's correct.  
10:57 29  
10:57 30 Q. Essentially Crown had a year to undertake the tasks?  
10:57 31  
10:57 32 A. Yes.  
10:57 33  
10:57 34 Q. Part of the reason for you setting up the working group was  
10:57 35 to essentially keep pace with what was going on and to make sure  
10:57 36 there was progress in implementing the recommendation?  
10:57 37  
10:57 38 A. Yes, and if there were any concerns in relation to Crown's  
10:57 39 progress, we sought to escalate to the Commission to make them  
10:58 40 aware of those issues as they arose.  
10:58 41  
10:58 42 Q. But you wanted to see early whether there was an issue ---  
10:58 43  
10:58 44 A. Absolutely.  
10:58 45  
10:58 46 Q. --- and then manage the issue through?  
10:58 47

10:58 1 A. Correct.

10:58 2

10:58 3 Q. So on 9 November you wrote and in part you said:

10:58 4

10:58 5 *To ensure Crown addresses the recommendation within*  
10:58 6 *the timeframe, and to the satisfaction of the Commission,*  
10:58 7 *if Crown requires any clarification from the Commission*  
10:58 8 *then it should seek this clarity as soon as possible.*

10:58 9

10:58 10 *Please note the Commission will not consider redefinition*  
10:58 11 *or amendment of any of the recommendations detailed in*  
10:58 12 *the report.*

10:58 13

10:58 14 Now, according to your statement you didn't receive  
10:58 15 a response from Ms Fielding to that letter?

10:58 16

10:58 17 A. That's correct.

10:58 18

10:58 19 Q. Was it common for your correspondence on Crown to go  
10:58 20 unanswered like this?

10:59 21

10:59 22 A. No, I don't think so. I would have hoped that Crown would  
10:59 23 have treated communications in relation to the Sixth Review quite  
10:59 24 seriously, and in particular matches like this one where we are  
10:59 25 trying to kick off a process, trying to work collaboratively with  
10:59 26 Crown to ensure progress and implementation, you know, to be  
10:59 27 asked to be given an opportunity to seek clarification when the  
10:59 28 previous meeting with Crown, they clearly addressed issues at the  
10:59 29 working level, I wanted to make sure if there were any issues to  
10:59 30 address, I certainly wasn't in a position to redefine any  
10:59 31 recommendations that the Commission had determined, noting  
10:59 32 that I wasn't involved in the review process. To be clear, my  
10:59 33 remit was to work on implementation.

10:59 34

10:59 35 Q. So, to be clear, Recommendation 17 raised an important  
10:59 36 matter.

10:59 37

10:59 38 A. Yes.

10:59 39

10:59 40 Q. You, in the process of beginning the work in progress,  
11:00 41 identified where there might be a mismatch in understanding or  
11:00 42 clarity required; correct?

11:00 43

11:00 44 A. Correct.

11:00 45

11:00 46 Q. And you raised this matter as a matter of concern to you in  
11:00 47 the correspondence that you sent?

11:00 1  
11:00 2 A. Yes, and I was concerned that we would get further through  
11:00 3 the process, and the uncertainty per se in Crown's mind would  
11:00 4 become an issue for implementation, and I didn't want that to  
11:00 5 come back on myself or my team, so I wanted to make sure that  
11:00 6 Crown were fully aware that there was an opportunity so early in  
11:00 7 the piece to get the clarification and move forward to address the  
11:00 8 implementation.  
11:00 9  
11:00 10 Q. And in relation to other aspects of the recommendations,  
11:00 11 you sent correspondence, had meetings and so on ---  
11:00 12  
11:00 13 A. Yes.  
11:00 14  
11:00 15 Q. --- in an attempt to resolve them?  
11:00 16  
11:00 17 A. Yes.  
11:00 18  
11:00 19 Q. To resolve any issues that might arise, I should say?  
11:00 20  
11:00 21 A. Correct.  
11:00 22  
11:00 23 Q. And you would not describe it as common in relation to  
11:01 24 those other matters for your correspondence in relation to those  
11:01 25 matters to go unanswered?  
11:01 26  
11:01 27 A. That's correct.  
11:01 28  
11:01 29 COMMISSIONER: Can I just ask a couple of questions, please.  
11:01 30  
11:01 31 A. Absolutely.  
11:01 32  
11:01 33 COMMISSIONER: I'm just trying to understand properly what  
11:01 34 you mean when you say that Crown was seeking "clarity". If  
11:01 35 I have a look at paragraph 48 of your statement ---  
11:01 36  
11:01 37 A. Yes.  
11:01 38  
11:01 39 COMMISSIONER: --- there you seem to be --- your  
11:01 40 understanding of when somebody seeks clarity, or when Crown  
11:01 41 was seeking clarity, encompassed a number of things. For  
11:01 42 example, "I'm not sure what the recommendation means, can you  
11:01 43 explain it?" That is one possible meaning of clarity.  
11:01 44  
11:01 45 A. Correct.  
11:01 46  
11:01 47 COMMISSIONER: And the other is, "Why are you asking us to

11:02 1 do this", which is, I guess, clarifying but not clarifying something  
11:02 2 which might be misunderstood, but that is really challenging why  
11:02 3 this imposition or recommendation was imposed.

11:02 4

11:02 5 A. Yes.

11:02 6

11:02 7 COMMISSIONER: So there is a couple of meanings to "clarify".  
11:02 8 When I come to Recommendation 17, what kind of --- when you  
11:02 9 use the word "clarify", they wanted "clarity", what kind of clarity  
11:02 10 were they indicating to you; "We do not understand what is  
11:02 11 required of us", or "We don't want to do it" or "We don't  
11:02 12 understand why we should be asked to do it" or something like  
11:02 13 that?

11:02 14

11:02 15 A. That is a very good question, Commissioner. I think in  
11:02 16 relation to Recommendation 17 it was very much around "Why  
11:02 17 are you requiring a review of the ICS" as opposed to other  
11:02 18 structures, programs that exist within Crown to mitigate money  
11:02 19 laundering related issues, such as their AML/CTF program, so it  
11:03 20 was more a challenge as opposed to a clarification.

11:03 21

11:03 22 COMMISSIONER: Thank you.

11:03 23

11:03 24 MR FINANZIO: Now, if I take you to paragraph 61 of your  
11:03 25 statement you set out there that in November 2018, some time  
11:03 26 around the time presumably of the letter that you sent, you and  
11:03 27 Rowan Harris engaged with Miriam Holmes.

11:03 28

11:03 29 A. That's correct.

11:03 30

11:03 31 Q. She was involved in the preparation of the Sixth Review,  
11:03 32 wasn't she?

11:03 33

11:03 34 A. That's correct.

11:03 35

11:03 36 Q. And the purpose of you engaging with her was to discuss  
11:03 37 the background of some of the recommendations of the Sixth  
11:03 38 Review?

11:03 39

11:04 40 A. Correct.

11:04 41

11:04 42 Q. So what was intended, what was proposed as  
11:04 43 a consequence of the review?

11:04 44

11:04 45 A. That's correct.

11:04 46

11:04 47 Q. In paragraph 61 you extract what is behind tab 14 in the

11:04 1 materials. So if we just go to tab 14, tab 14 is in the form of  
11:04 2 a table where Miriam Holmes provided you with some  
11:04 3 commentary about the underlying rationale and background for  
11:04 4 some of the different recommendations made?  
11:04 5  
11:04 6 A. That's correct.  
11:04 7  
11:04 8 Q. Am I right in saying that the reason that you did this was to  
11:04 9 make sure that whatever position you adopted with Crown wasn't  
11:04 10 misguided by your own misunderstanding of things that were in  
11:04 11 the Sixth Review?  
11:04 12  
11:04 13 A. Yes, the meeting with Miriam was well and truly a direct  
11:04 14 response to ---  
11:04 15  
11:04 16 Q. Sorry, just hang on one second. I reverted to old school  
11:05 17 and forgot the document ID. VCG.0001.0002.6171. And the  
11:05 18 page number that I've referred for the benefit of my learned  
11:05 19 friends, I've referred to a document, which is in the form of  
11:05 20 a table, but the page that I'm about to go to is 23 of 27, or 0023 of  
11:05 21 that document. What that does is set out Ms Holmes' responses  
11:05 22 in relation to money laundering; is that right?  
11:05 23  
11:05 24 A. That's correct.  
11:05 25  
11:05 26 Q. So, in the left column she has placed what the  
11:05 27 recommendation is and in the right column there is some  
11:05 28 commentary with "Commonwealth secrecy provision" slapped  
11:06 29 over aspects of it. Can I just take you to that.  
11:06 30  
11:06 31 In terms of "Background", she says:  
11:06 32  
11:06 33       The VCGLR, other regulators and law enforcement  
11:06 34       *agencies are aware of the significant potential risks of*  
11:06 35       *money laundering through casinos, particularly through*  
11:06 36       *junket operations.*  
11:06 37  
11:06 38 Over the page at 24, yes, that's right, on that page there:  
11:06 39  
11:06 40       While the casino conducts Know Your Customer (KYC)  
11:06 41       *due diligence on the customer, being the Junket Operator,*  
11:06 42       *there are no KYC requirements for participants. This*  
11:06 43       *arrangement results in cash or other funds being moved*  
11:06 44       *through the junket, where neither the source of funds, the*  
11:06 45       *owner of funds nor the identity of the individual*  
11:06 46       *conducting the better transaction or cash deposit is*  
11:06 47       *known.*

11:06 1  
 11:06 2 And then over the page to 25 of 27:  
 11:06 3  
 11:07 4 *AUSTRAC has recently established a dedicated Gambling*  
 11:07 5 *Reporting Team. AUSTRAC has approached Stuart*  
 11:07 6 *McClelland in relation to Rec 17 (26 November). He is*  
 11:07 7 *organising a meeting with AUSTRAC.*  
 11:07 8  
 11:07 9 *Crown noted that AUSTRAC has not expressed concern*  
 11:07 10 *with Crown's procedures in respect of the junket ICS .....*  
 11:07 11  
 11:07 12 *The VCGLR advised that in their view part of this*  
 11:07 13 *recommendation is about ensuring greater visibility .....*  
 11:07 14  
 11:07 15 And here you have the passage that is referred to the  
 11:07 16 minutes of the meeting earlier in the year. I want to  
 11:07 17 draw your attention to the next passage:  
 11:07 18  
 11:07 19 *Crown has stated that AUSTRAC has not expressed*  
 11:07 20 *concern with Crown's procedures in respect of the junket*  
 11:07 21 *ICS and regulates Crown through its AML program. In*  
 11:08 22 *addition, Crown has noted that the Recommendations do*  
 11:08 23 *not specify amendments to the Junket and Premium*  
 11:08 24 *Player ICS, nor make mention of the individual player*  
 11:08 25 *activity. Crown also, advised that the recommendation*  
 11:08 26 *does not require Crown to review the junkets ICS with*  
 11:08 27 *AUSTRAC's input.*  
 11:08 28  
 11:08 29 *In reviewing the ICS, the Crown would need to seek input*  
 11:08 30 *from the VCGLR .....*  
 11:08 31  
 11:08 32 This is all a quote from the minutes.  
 11:08 33  
 11:08 34 A. Correct.  
 11:08 35  
 11:08 36 Q. And then at the end of it, there are two passages, one and  
 11:08 37 two on page 26 of 27:  
 11:08 38  
 11:08 39 *Review relevant ICS's, including Junket and Premium*  
 11:08 40 *Player Programs with input from AUSTRAC to ensure*  
 11:08 41 *there is the same level of transparency for individual*  
 11:08 42 *junket activity as there is for premium players.*  
 11:08 43  
 11:08 44 And then recommendation to:  
 11:08 45  
 11:08 46 *Do the relevant ICSs, including the Junket and Premium*  
 11:08 47 *Player ICS, identify and record the flow of junket player*



11:09 1 *funds within the junket as a minimum standard in the ICS*  
11:09 2 *to ensure that AML risks are appropriately addressed.*  
11:09 3  
11:09 4 I wanted to draw your attention to those sections because I  
11:09 5 wanted to ask you some questions about what Ms Holmes has  
11:09 6 told you. She told you that Recommendation 17 is consistent  
11:09 7 with concerns raised by AUSTRAC, took you to the AUSTRAC  
11:09 8 document earlier this morning, those concerns that are expressed  
11:09 9 there are consistent with concerns that AUSTRAC subsequently  
11:09 10 expressed?  
11:09 11  
11:09 12 A. In their subsequent report, yes, correct.  
11:09 13  
11:09 14 Q. What the VCGLR was wanting to see was the same level of  
11:09 15 transparency for individual junket activity as there was for  
11:10 16 premium players?  
11:10 17  
11:10 18 A. Yes, correct.  
11:10 19  
11:10 20 Q. What VCGLR wanted was for Crown's ICS to identify and  
11:10 21 record the flow of junket player funds within the junket as  
11:10 22 a minimum standard?  
11:10 23  
11:10 24 A. Yes, so essentially that front money contribution, correct.  
11:10 25  
11:10 26 Q. And at the very least, the VCGLR viewed this as a way to  
11:10 27 assist in minimising AML risk?  
11:10 28  
11:10 29 A. Yes.  
11:10 30  
11:10 31 Q. Now, on 10 December you wrote to Ms Fielding seeking  
11:10 32 details on progress except for Recommendations 1 and 2. It was  
11:10 33 a general --- it is behind tab 13, but I don't need to take you to it --  
11:10 34  
11:10 35 A. Okay.  
11:10 36  
11:10 37 Q. --- it was a general "How are things going with everything?"  
11:10 38  
11:10 39 A. Yes.  
11:10 40  
11:10 41 Q. And in relation to recommendation 16, by 10 December,  
11:11 42 about six months had already run and you weren't aware of any  
11:11 43 feedback from AUSTRAC at that time?  
11:11 44  
11:11 45 A. That's correct.  
11:11 46  
11:11 47 Q. And you weren't aware of any external advice that had been

11:11 1 Commissioned by Crown at that time?  
11:11 2  
11:11 3 A. Correct.  
11:11 4  
11:11 5 Q. On 3 January, Rowan Harris requested a process update  
11:11 6 and that is behind tab 16. Again that update was in relation to  
11:11 7 everything, not Recommendation 17 specifically?  
11:11 8  
11:11 9 A. Yes. So this was a standard process that we had developed  
11:11 10 very early on in the piece that we would seek regular status  
11:11 11 updates from Crown in relation to progress against the  
11:11 12 recommendations.  
11:11 13  
11:11 14 Q. And in response, by letter dated 18 January, Ms Fielding  
11:11 15 sent a table under cover of a letter describing the progress.  
11:11 16  
11:12 17 A. Correct.  
11:12 18  
11:12 19 Q. On page 8 of the table, the progress in relation to  
11:12 20 Recommendation 17 is recorded as at 18 January, that is  
11:12 21 VCG.0001.0002.6038\_0008. And on that date it said in the table:  
11:12 22  
11:12 23 *Crown has met with AUSTRAC to discuss this*  
11:12 24 *recommendation. A new joint AML Program across*  
11:12 25 *Crown's Australian Resorts is being developed and will*  
11:12 26 *be reviewed by an external party. AUSTRAC is being*  
11:12 27 *kept informed of the progress.*  
11:12 28  
11:12 29 *Internal controls are being reviewed.*  
11:13 30  
11:13 31 At paragraph 64 of your statement, you set out what you  
11:13 32 say your thinking was as at that time in response to that  
11:13 33 letter. You say, I think, in 64 that when you read the  
11:13 34 update, it appeared to you that the discussions between  
11:13 35 Crown and AUSTRAC at the time related to its joint  
11:13 36 AML/CTF program as opposed to Recommendation 17, as  
11:13 37 opposed to what Recommendation 17 specifically required.  
11:13 38 What do you mean?  
11:13 39  
11:13 40 A. Our view, and this was consistent with what we expressed  
11:13 41 to Crown early on in the piece, was that the recommendation  
11:13 42 required engagement with AUSTRAC on specifically the  
11:14 43 suitability of relevant ICSs. Although I recognise that the  
11:14 44 AML/CTF program would be fundamental in minimising  
11:14 45 anti-money laundering issues at the casino, my role was to see  
11:14 46 that Crown addressed the recommendation, and the  
11:14 47 recommendation was focused on the internal control statements.

11:14 1 So I think reading Crown's status update at that point in time,  
11:14 2 although we were a little concerned, it didn't throw up too many  
11:14 3 red flags because it suggested that Crown were having  
11:14 4 an engagement with AUSTRAC, although the status update  
11:14 5 wasn't as transparent as probably what it could have been in terms  
11:14 6 of what they were discussing with AUSTRAC, and who was  
11:14 7 actually discussing their ICSs at that point in time.  
11:14 8

11:14 9 Q. And at least at that time, Crown had said that it met with  
11:14 10 AUSTRAC to discuss the recommendations?  
11:14 11

11:14 12 A. Correct. And I note I think that update was in January,  
11:14 13 which still provided for a significant period of time for Crown to  
11:15 14 adequately address the recommendation.  
11:15 15

11:15 16 MR FINANZIO: I'm about to go to another topic. I know that  
11:15 17 yesterday you took a mid-morning break.  
11:15 18

11:15 19 COMMISSIONER: We'll take a break for 10 minutes. We'll  
11:15 20 adjourn for 10 minutes.  
11:15 21

11:15 22

11:15 23 **ADJOURNED** **[11:15A.M.]**

11:26 24  
11:26 25

11:26 26 **RESUMED** **[11:26A.M.]**

11:26 27  
11:26 28

11:26 29 MR FINANZIO: We left off before the break, Mr Cremona, with  
11:26 30 a reference to a letter from Crown dated 18 January 2019. I now  
11:26 31 want to ask you some questions about a meeting you had with  
11:26 32 AUSTRAC.  
11:26 33

11:26 34 On 20 February 2019 you met with AUSTRAC in relation to  
11:26 35 Recommendation 17 in the absence of Crown; is that right?  
11:26 36

11:26 37 A. That's correct.  
11:26 38

11:26 39 Q. The purpose of that meeting, I think it was referred to in  
11:27 40 some earlier documents but just to be clear about it, the purpose  
11:27 41 of that meeting, which is set out at paragraph 65 of your  
11:27 42 statement, is to ensure that AUSTRAC understood what  
11:27 43 VCGLR's position was.  
11:27 44

11:27 45 A. Yes, and there was also some engagement that was covered  
11:27 46 off in my statement, I believe, at paragraph 62, which was  
11:27 47 AUSTRAC seeking to discuss with the VCGLR expectations in

11:27 1 relation to Recommendation 17. So I think it was essentially  
11:27 2 two-fold. Yes.  
11:27 3  
11:27 4 Q. I want to take you, in the materials at tab 17, to  
11:27 5 VCG.0001.0002.6177, that is the agenda and all the attendees,  
11:28 6 and then at 18 are the minutes, which is VCG.0001.0002.3512.  
11:28 7 The minutes are prepared by VCGLR?  
11:28 8  
11:28 9 A. Yes, correct.  
11:28 10  
11:28 11 Q. Is it the case that the minutes record --- well, is it first of all  
11:28 12 the case that the minutes are circulated with other participants in  
11:28 13 the meeting?  
11:28 14  
11:28 15 A. That would be my understanding, yes.  
11:28 16  
11:28 17 Q. And that they record that VCGLR explained its position to  
11:28 18 AUSTRAC at that meeting on 20 January?  
11:28 19  
11:28 20 A. Yes.  
11:28 21  
11:28 22 Q. We see that, don't we, in paragraphs 8, 9, 10, 11 and 12 of  
11:28 23 the minutes? You also made a note at around the time or very  
11:29 24 shortly after of the meeting; is that correct?  
11:29 25  
11:29 26 A. That's correct.  
11:29 27  
11:29 28 Q. And those notes were taken in the meeting?  
11:29 29  
11:29 30 A. Yes.  
11:29 31  
11:29 32 Q. And at 67 of your report and at tab 19,  
11:29 33 VCG.0001.0002.6423, those notes are set out there; is that right?  
11:29 34  
11:29 35 A. That's correct.  
11:29 36  
11:29 37 Q. And you were told at that meeting by Briony Olmedo that  
11:30 38 AUSTRAC as at 20 February had not seen nor been consulted  
11:30 39 with on the suitability of the Crown ICS?  
11:30 40  
11:30 41 A. That's correct.  
11:30 42  
11:30 43 Q. That the ICS was only discussed briefly with Crown?  
11:30 44  
11:30 45 A. That's correct.  
11:30 46  
11:30 47 Q. And that in discussions with AUSTRAC, Crown had

11:30 1 expressed uncertainty in relation to Recommendation 17?  
11:30 2  
11:30 3 A. That's correct.  
11:30 4  
11:30 5 Q. I just want to go back a step. That was at a meeting you  
11:30 6 had with AUSTRAC, when AUSTRAC told you those things on  
11:30 7 20 February, but on 21 October 2018 Ms Fielding and Ms Sonja  
11:30 8 Bauer told you that AUSTRAC had not expressed concern with  
11:31 9 Crown's procedures in respect of the junket's ICS.  
11:31 10  
11:31 11 A. That's correct.  
11:31 12  
11:31 13 Q. Did you understand when they told you that on 31 October  
11:31 14 that in fact they had been discussed?  
11:31 15  
11:31 16 A. My assessment of that statement at that point in time was  
11:31 17 that there was historical discussions with AUSTRAC in relation  
11:31 18 to its ICSs but not specifically in response to Recommendation  
11:31 19 17.  
11:31 20  
11:31 21 Q. And according to what you were told by AUSTRAC,  
11:31 22 certainly on 18 January 2019 in the response in the progress,  
11:31 23 Crown told you that it had discussed it again?  
11:31 24  
11:31 25 A. Correct. Once again those discussions, it was uncertain as  
11:31 26 to whether they related to the AML program as opposed to the  
11:31 27 ICSs.  
11:31 28  
11:31 29 Q. According to what you were told by AUSTRAC on  
11:32 30 20 February, up to that point the ICS had been discussed only  
11:32 31 briefly?  
11:32 32  
11:32 33 A. Correct.  
11:32 34  
11:32 35 Q. No ICS had been provided?  
11:32 36  
11:32 37 A. That's correct.  
11:32 38  
11:32 39 Q. And where Crown was expressing uncertainty about the  
11:32 40 recommendation, that was being expressed when the VCGLR had  
11:32 41 explained to Crown on at least two occasions what its  
11:32 42 expectations were?  
11:32 43  
11:32 44 A. That's correct. I can only assume that the meeting with  
11:32 45 AUSTRAC occurred after those discussions with the VCGLR.  
11:32 46  
11:32 47 Q. Were you surprised to hear what you were told by

11:32 1 AUSTRAC in February 2019? After what you were told in  
11:32 2 October 2018 and the correspondence in January 2018?  
11:32 3  
11:32 4 A. Once Yeah, again I think was surprised at that point in  
11:32 5 time, but coming back to my point earlier, it was the first  
11:32 6 engagement we had with AUSTRAC, we were just basically  
11:32 7 setting the ground work for what we expected moving forward.  
11:32 8 So although I would have liked Crown to have been actively  
11:32 9 engaging with AUSTRAC at that point in time, the alarm bells  
11:33 10 per se were not going off. But we were certainly surprised to  
11:33 11 hear that that engagement was not progressing.  
11:33 12  
11:33 13 COMMISSIONER: Can I just pick up from there. This is tab  
11:33 14 16, whatever that is ---  
11:33 15  
11:33 16 MR FINANZIO: Let me see if I can assist you, Commissioner.  
11:33 17 Tab 16 is VCG.0001.0002.6038.  
11:33 18  
11:33 19 COMMISSIONER: Yes, I wanted to look at 008. That is page 8.  
11:33 20  
11:33 21 MR FINANZIO: Oh, the table.  
11:33 22  
11:33 23 COMMISSIONER: The table. I wanted to ask Mr Cremona  
11:33 24 about that.  
11:33 25  
11:33 26 Just so I don't make any mistake about this, this is a schedule  
11:33 27 provided to you by Crown --  
11:33 28  
11:34 29 A. That's correct, Commissioner.  
11:34 30  
11:34 31 COMMISSIONER: --- updating you on the progress of each of  
11:34 32 the recommendations made in the Sixth Review?  
11:34 33  
11:34 34 A. That's correct.  
11:34 35  
11:34 36 COMMISSIONER: And when I look at page 8 and the update in  
11:34 37 relation to Recommendation 17, the first sentence, "Crown has  
11:34 38 met with AUSTRAC to discuss this recommendation", I don't  
11:34 39 read that as discussing their AML/CTF program; do you?  
11:34 40  
11:34 41 A. Not in isolation, no.  
11:34 42  
11:34 43 COMMISSIONER: Not in isolation or any other way.  
11:34 44  
11:34 45 A. Following on from the next sentence, my view is it brings  
11:34 46 that discussion into line that focus was the AML/CTF program,  
11:34 47 but there was a passing reference to the recommendation.

11:35 1  
11:35 2 COMMISSIONER: Where do you add the word "passing"?  
11:35 3  
11:35 4 A. I think I add the word "passing" because I'm cognisant of  
11:35 5 the further discussions with Crown and the constant push  
11:35 6 reference to the AML/CTF program as opposed to the suitability  
11:35 7 of the ICSs, so I think I'm just putting that whole understanding  
11:35 8 into context when I look back and reflect on that statement, or  
11:35 9 that update, it appears, in that context, Crown were  
11:35 10 acknowledging that they had spoken to AUSTRAC about the  
11:35 11 ICSs --- sorry, about Recommendation 17, however the focus of  
11:35 12 the discussion was more about the AML program as opposed to  
11:35 13 the ICSs.  
11:35 14  
11:35 15 COMMISSIONER: Yep.  
11:35 16  
11:35 17 MR FINANZIO: When you spoke with AUSTRAC on 20  
11:35 18 February, you realised that the discussions that Crown had had  
11:36 19 were brief and not substantive?  
11:36 20  
11:36 21 A. And potentially unrelated to the recommendation.  
11:36 22  
11:36 23 Q. Thank you. On 22 February, you explained VCGLR's  
11:36 24 intent to AUSTRAC at the meeting, didn't you?  
11:36 25  
11:36 26 A. Correct.  
11:36 27  
11:36 28 Q. You also did it in a follow-up email to AUSTRAC setting  
11:36 29 out in very clear terms a summary of the VCGLR's position, in  
11:36 30 particular, that what you were looking for greater visibility of  
11:36 31 individual junket players. I want to take you to the second  
11:37 32 paragraph on that page. So that is VCG.0001.0002.6248.  
11:37 33  
11:37 34 *As discussed at the meeting, the VCGLR's view is that, at*  
11:37 35 *a minimum, the focus of this recommendation is about*  
11:37 36 *ensuring greater visibility of ..... junket players and their*  
11:37 37 *gaming activity (record keeping that should inform*  
11:37 38 *reporting of any suspicious matters by Crown) to ensure*  
11:37 39 *that anti-money laundering risks are appropriately*  
11:37 40 *addressed. Therefore, it is expected that Crown's review*  
11:37 41 *of the relevant ICSs, including the Junket and Premium*  
11:37 42 *Player Programs ICS, will vary the applicable ICSs to*  
11:37 43 *determine the same level of transparency for individual*  
11:37 44 *junket player activity as there is for premium players.*  
11:37 45  
11:37 46 As at that date, 22 February 2019, AUSTRAC knew what you  
11:38 47 were looking at in relation to Recommendation 17?

11:38 1  
11:38 2 A. Absolutely.  
11:38 3  
11:38 4 Q. And it is consistent with what Crown had been told  
11:38 5 some months before?  
11:38 6  
11:38 7 A. Yes. Yes.  
11:38 8  
11:38 9 Q. And as at February 2019, there had been no discussions  
11:38 10 between, to your understanding, Crown and AUSTRAC in  
11:38 11 relation to that discrete issue?  
11:38 12  
11:38 13 A. That's correct.  
11:38 14  
11:38 15 Q. On 22 February, Rowan Harris also emailed  
11:38 16 Michelle Fielding of Crown about the meetings with AUSTRAC  
11:38 17 and the VCGLR's expectations on Recommendation 17. I just  
11:39 18 want to take you to that email which is behind tab 21.  
11:39 19 VCG.0001.0002.3513.  
11:39 20  
11:39 21 It is said there by Mr Harris:  
11:39 22  
11:39 23 *I wish to advise that the VCGLR had a preliminary*  
11:39 24 *meeting with AUSTRAC earlier this week for the purpose*  
11:39 25 *of providing background to recommendation 17, and*  
11:39 26 *outlining the VCGLR's intention and expectations.*  
11:39 27  
11:39 28 *The VCGLR advised that it is expected that the review of*  
11:39 29 *the relevant ICSs, which will include the Junket and*  
11:39 30 *Premium Player Programs ICS, will determine the*  
11:39 31 *suitability of the ICS in maintaining appropriate*  
11:39 32 *information to assist in the detection and mitigation of*  
11:39 33 *money laundering.*  
11:39 34  
11:39 35 *In the course of your review of the relevant ICSs, the*  
11:39 36 *VCGLR requests that the relevant ICSs are made*  
11:40 37 *available to AUSTRAC for their input to the review, and*  
11:40 38 *to ensure the recommendation is appropriately addressed.*  
11:40 39 *The Commission has advised AUSTRAC that it is*  
11:40 40 *expected that Crown will formally consult with it to seek*  
11:40 41 *its view, and a formal response is expected to inform*  
11:40 42 *Crown's response to the Commission in relation to its*  
11:40 43 *addressing of the recommendation.*  
11:40 44  
11:40 45 Am I right that at paragraph 71 --- so that was sent to  
11:40 46 Ms Fielding and to your knowledge there was no response  
11:40 47 to that email?



11:40 1  
11:40 2 A. That's correct. Can I add, the intention behind the email  
11:40 3 was to be fully transparent with Crown that we had set the  
11:40 4 expectations with AUSTRAC, who were a fundamental player in  
11:40 5 achieving Recommendation 17. I wanted to ensure that the team  
11:40 6 made that known to Crown so there was no surprises come the  
11:40 7 latter part of the implementation process.  
11:40 8  
11:41 9 Q. Well, we are at 22 February so we have about three months  
11:41 10 to go before the recommendation needs to be complied with in  
11:41 11 2019; is that right?  
11:41 12  
11:41 13 A. Correct. And at that stage I think it is fair to say that we  
11:41 14 had put all processes in place to ensure Crown were well aware  
11:41 15 of what we expected, AUSTRAC were well aware of what we  
11:41 16 expected, and to your point, there was a period of time where they  
11:41 17 could essentially implement Recommendation 17 accordingly.  
11:41 18  
11:41 19 Q. On the 12th ---  
11:41 20  
11:41 21 COMMISSIONER: Just so I can get a feel for it, the particular  
11:41 22 protocol, standard, is a written document, and what you wanted to  
11:41 23 have included in the standard in relation to junkets was  
11:41 24 provisions that were found in the standard that related to premium  
11:42 25 players?  
11:42 26  
11:42 27 A. Well, they are both --- in relation to the ---  
11:42 28  
11:42 29 COMMISSIONER: They are both in the one?  
11:42 30  
11:42 31 A. Correct.  
11:42 32  
11:42 33 COMMISSIONER: I see. So it was enlarging the inquiries for  
11:42 34 information that had to be obtained in relation to junket players to  
11:42 35 make it match the information that is obtained for premium  
11:42 36 players?  
11:42 37  
11:42 38 A. Absolutely.  
11:42 39  
11:42 40 COMMISSIONER: Now, if you gave me that task to undertake,  
11:42 41 and if I had a mechanism by which I could cut-and-paste and  
11:42 42 make appropriate adjustments, how many minutes would it take  
11:42 43 me to do it, give or take?  
11:42 44  
11:42 45 A. Very small amount of time.  
11:42 46  
11:42 47 COMMISSIONER: I thought that. All right.

11:42 1  
11:42 2 MR FINANZIO: Okay. On 12 March, the VCGLR met with  
11:43 3 Crown about the Sixth Review. And I think there are minutes of  
11:43 4 that meeting. It was a dedicated meeting. There are minutes of  
11:43 5 that meeting at tab 25. Again this meeting --- just to give  
11:43 6 everybody the document number, VCG.0001.0002.6021 --- these  
11:44 7 minutes were of a meeting, "Sixth Casino Review  
11:44 8 VCGLR/Crown dedicated meeting", for the purposes of  
11:44 9 discussing the Sixth Review?  
11:44 10  
11:44 11 A. That's correct.  
11:44 12  
11:44 13 Q. Like all other meetings they were minuted?  
11:44 14  
11:44 15 A. Yes.  
11:44 16  
11:44 17 Q. And the minutes were circulated?  
11:44 18  
11:44 19 A. Yes.  
11:44 20  
11:44 21 Q. And people provided comments in relation to the minutes  
11:44 22 before they were finalised?  
11:44 23  
11:44 24 A. That's correct. Just to be clear, this meeting was --- we  
11:44 25 noted that there were a large number of recommendations that  
11:44 26 were due at the same time, being 1 July, noting it was fast  
11:44 27 approaching so we wanted to get a really solid update from  
11:44 28 Crown as to where progress was at.  
11:44 29  
11:44 30 Q. For the recommendations that were due on 1 July?  
11:44 31  
11:45 32 A. Yes, which included ---  
11:45 33  
11:45 34 Q. And Recommendation 17 was one of them?  
11:45 35  
11:45 36 A. That's correct.  
11:45 37  
11:45 38 Q. Now, at that meeting, Mr Preston and Ms Fielding  
11:45 39 attended, and you were there with your team?  
11:45 40  
11:45 41 A. That's correct.  
11:45 42  
11:45 43 Q. If I just take you to pages 4 and 5, these minutes record the  
11:45 44 points that are made in relation to Recommendation 17. I want to  
11:45 45 go through this a bit carefully, a bit more carefully. So in relation  
11:45 46 to Recommendation 17, JP, I take that to be Josh Preston?  
11:45 47

11:45 1 A. Correct.  
11:45 2  
11:45 3 Q. Advised that Crown --- before I do this, by this stage  
11:45 4 Crown had been told what your expectations were in relation to  
11:45 5 Recommendation 17?  
11:45 6  
11:45 7 A. Absolutely.  
11:45 8  
11:45 9 Q. And what you were trying to achieve by it; correct?  
11:45 10  
11:46 11 A. Absolutely, correct.  
11:46 12  
11:46 13 Q. And so had AUSTRAC?  
11:46 14  
11:46 15 A. Correct.  
11:46 16  
11:46 17 Q. JP has had ongoing meetings with AUSTRAC over the past  
11:46 18 two years, and has had positive AML/CTF assessments and  
11:46 19 outcomes. We're in March 2019.  
11:46 20  
11:46 21 A. Correct.  
11:46 22  
11:46 23 Q. At b):  
11:46 24  
11:46 25 *Crown has been working closely with AUSTRAC to*  
11:46 26 *develop a joint AML program across the Crown*  
11:46 27 *Melbourne and Perth Casinos. There is also*  
11:46 28 *a transaction monitoring program in place. JP referred*  
11:46 29 *to the 2017 VIP International framework --- AUSTRAC*  
11:46 30 *Assessment.*  
11:46 31  
11:46 32 *JP advised that the joint (Crown Perth/Crown*  
11:46 33 *Melbourne) AML program will be reviewed by*  
11:46 34 *an external party and is a 'significant piece of work'*  
11:46 35 *which may not be completed by 1 July 2019. The VCGLR*  
11:47 36 *believes that the joint AML program is not linked to*  
11:47 37 *recommendation 17."*  
11:47 38  
11:47 39 That is your view?  
11:47 40  
11:47 41 A. Correct.  
11:47 42  
11:47 43 Q. Why did you think that?  
11:47 44  
11:47 45 A. It clearly stated that in the recommendation.  
11:47 46  
11:47 47 Q. Am I right in saying whatever might be the outcome of the

11:47 1 AML/CTF program, the ICS could also include statements about  
11:47 2 monitoring or identifying junket player activity?  
11:47 3  
11:47 4 A. Absolutely. My view is --  
11:47 5  
11:47 6 Q. There is no reason why you can't do both?  
11:47 7  
11:47 8 A. No, absolutely, they should be quite supportive of each  
11:47 9 other as part of the overall approach that Crown takes in relation  
11:47 10 to AML/CTF. The regulator, the VCGLR has visibility and  
11:47 11 approves ICSs. If we deem a control necessary, that is the avenue  
11:48 12 we take to seek that Crown implement that control.  
11:48 13  
11:48 14 Q. One of the purposes of the Act is to avoid the infiltration or  
11:48 15 exploitation or influence of criminal activity?  
11:48 16  
11:48 17 A. Correct.  
11:48 18  
11:48 19 Q. If something was included in the ICS to the effect that you  
11:48 20 say it should be achieved, the ICS would be enforceable by the  
11:48 21 VCGLR, wouldn't it?  
11:48 22  
11:48 23 A. That's correct.  
11:48 24  
11:48 25 Q. It would give you regulatory teeth in relation to the  
11:48 26 processes deployed by Crown in mitigating the infiltration of  
11:48 27 crime; correct?  
11:48 28  
11:48 29 A. Absolutely.  
11:48 30  
11:48 31 Q. And in particular the infiltration of crime as is facilitated by  
11:48 32 money laundering at the casino?  
11:48 33  
11:48 34 A. Yeah, via junket operators, or junkets, I should say.  
11:48 35  
11:48 36 Q. In paragraph d):  
11:48 37  
11:49 38 *JP advised that Crown consults with AUSTRAC on its*  
11:49 39 *ICSs and that the strongest control is the joint AML*  
11:49 40 *program .....*  
11:49 41  
11:49 42 I suppose I will put to you this: strongest control  
11:49 43 enforceable by AUSTRAC --  
11:49 44  
11:49 45 A. Correct.  
11:49 46  
11:49 47 Q. --- but not enforceable by you.

11:49 1  
11:49 2 A. Correct.  
11:49 3  
11:49 4 Q.  
11:49 5  
11:49 6 In addition, the strengthening of internal controls would  
11:49 7 *be somewhat limited to the AML internal*  
11:49 8 *program/processes and 'framework documents'. JP*  
11:49 9 *believes the fundamental issue re AML/CTF is the*  
11:49 10 *internal AML/CTF program, not the ICSs.*  
11:49 11  
11:49 12 I put this to you: when you made recommendation 17, you  
11:49 13 asked Crown to consult with AUSTRAC?  
11:49 14  
11:49 15 A. That was part of the recommendation, yes.  
11:49 16  
11:49 17 Q. Was anyone consulting with you about the AML/CTF  
11:50 18 program?  
11:50 19  
11:50 20 A. I can't comment if there was consultation with the VCGLR.  
11:50 21 There was certainly no consultation with myself personally.  
11:50 22  
11:50 23 Q. About this particular CTF?  
11:50 24  
11:50 25 A. About the AML/CTF program.  
11:50 26  
11:50 27 Q. Paragraph e), JC --- that's you?  
11:50 28  
11:50 29 A. Yes.  
11:50 30  
11:50 31 Q.  
11:50 32  
11:50 33 ..... enquired if 'suitability of control statements' has been  
11:50 34 *discussed with AUSTRAC, as required by the*  
11:50 35 *recommendation. JP advised that it has not been*  
11:50 36 *discussed, and is of the view that the suitability of the*  
11:50 37 *AML/CTF program was more important than the ICS*  
11:50 38 *suitability in relation to Crown's approach to AML. JC*  
11:50 39 *advised that although the AML/CTF program was*  
11:50 40 *important, it was not the key consideration in line with the*  
11:50 41 *recommendation.*  
11:50 42  
11:50 43 That is a summary of the discussion, but am I right in  
11:50 44 saying that there was at that point a bit of push-back  
11:50 45 from Crown about whether or not it should even do this?  
11:50 46  
11:51 47 A. Absolutely.

11:51 1  
11:51 2 Q. At f):  
11:51 3  
11:51 4 JC advised that the ICSs should support the AML  
11:51 5 *program, and the ICS review as required by the*  
11:51 6 *recommendation, in particular the Junkets and scam*  
11:51 7 *Premium Players ICS, needed to be subject to Crown's*  
11:51 8 *review and AUSTRAC's input re its suitability.*  
11:51 9  
11:51 10 RH --- I'm assuming that is Rowan Harris?  
11:51 11  
11:51 12 A. Correct.  
11:51 13  
11:51 14 Q.  
11:51 15  
11:51 16 ..... referred to the central issue of lack of transparency of  
11:51 17 *individual junket players and referred to page 138 of the*  
11:51 18 *Sixth Casino Review Report which states 'mitigating the*  
11:51 19 *risks associated with junkets could be strengthened with*  
11:51 20 *the inclusion of more robust controls in relation to the*  
11:51 21 *identification of individual junket players and their*  
11:51 22 *associated gaming transactions when participating in*  
11:51 23 *junkets'. JP noted that this was an observation and would*  
11:52 24 *not 'drive' the recommendation review outcomes."*  
11:52 25  
11:52 26 So, I want to pause there. I wonder if page 138 of the  
11:52 27 Sixth Review could be brought up.  
11:52 28  
11:52 29 COMMISSIONER: Reference number?  
11:52 30  
11:52 31 MR FINANZIO: COM.0005.0001.0776 and it is on page 138,  
11:52 32 which is I think PDF 142. I want to unpack paragraph g) a little  
11:52 33 bit.  
11:52 34  
11:52 35 Recommendation 17 doesn't say everything, that is the thing in  
11:53 36 the blue box, doesn't say everything in the passage immediately to  
11:53 37 its left?  
11:53 38  
11:53 39 A. That's correct.  
11:53 40  
11:53 41 Q. And was it your understanding that the point made by  
11:53 42 Mr Preston at that time is because the recommendation didn't use  
11:53 43 the precise language of the observation that is made in the  
11:53 44 passage to the immediate left that those factors weren't important  
11:53 45 in the outcome of the review?  
11:53 46  
11:53 47 A. Yes, and I believe that the discussion went so far as saying

11:53 1 that the VCGLR shouldn't be pre-empting the outcome of the  
11:53 2 review. However, to your point, noting that the observation is on  
11:53 3 the same page of the review, it would be --- sorry, same page of  
11:53 4 the recommendation, it would be almost expected that that would  
11:53 5 be part of the outcome of that review.  
11:54 6  
11:54 7 Q. Anyway, that's how you'd read it?  
11:54 8  
11:54 9 A. Yes.  
11:54 10  
11:54 11 Q. You then made clear your expectations in relation to  
11:54 12 consultation with AUSTRAC and the review, and you advised,  
11:54 13 that's "JC advised", that's you, of your concern that Crown's  
11:54 14 response and the discussion in the meeting does not appear to  
11:54 15 specifically address the recommendation.  
11:54 16  
11:54 17 A. That's correct.  
11:54 18  
11:54 19 Q. Could I summarise it this way, though; it didn't appear to  
11:54 20 specifically address the recommendation as you read it; correct?  
11:54 21  
11:54 22 A. Correct.  
11:54 23  
11:54 24 Q. Informed by the passage immediately on the other side of  
11:54 25 the page which explained what the VCGLR's observations were?  
11:54 26  
11:54 27 A. Correct, and I think that the point to the --- my comments  
11:54 28 were that this was not about the AML/CTF program, this was  
11:54 29 specific to the internal control statements.  
11:54 30  
11:54 31 COMMISSIONER: Did either Mr Preston or Ms Fielding tell  
11:55 32 you or explain to you why they didn't want to comply with  
11:55 33 Recommendation 17 or why they wouldn't comply with  
11:55 34 Recommendation 17?  
11:55 35  
11:55 36 A. No. Not at that point, Commissioner.  
11:55 37  
11:55 38 COMMISSIONER: Did you ask them why they are not doing  
11:55 39 what they agreed to do, or indeed what the recommendation said  
11:55 40 they should do?  
11:55 41  
11:55 42 A. I can't recall specifically. However, to the paragraphs that  
11:55 43 were covered off earlier, they clearly pushed the point that in  
11:55 44 relation to AML/CTF and mitigating risks at the casino, the  
11:55 45 fundamental focus was that program, the AML/CTF program. So  
11:55 46 they tried to separate that program from the ICSs, and to an extent  
11:55 47 were pushing somewhat of a point-of-view relevance when it

11:55 1 came to AML/CTF risks, because the program adequately  
11:55 2 addressed those risks in their views.  
11:55 3  
11:55 4 COMMISSIONER: But you made clear that from your  
11:55 5 perspective, you wanted your recommendation, regardless what  
11:55 6 was to be found in the program established under the Federal  
11:56 7 legislation?  
11:56 8  
11:56 9 A. Correct.  
11:56 10  
11:56 11 MR FINANZIO: You've explained your understanding of the  
11:56 12 way it was put by Crown. In that conversation, did anyone say it  
11:56 13 would be a good idea to conserve junket players' anonymity?  
11:56 14  
11:56 15 A. No.  
11:56 16  
11:56 17 Q. Did anyone address the substance of what you were saying,  
11:56 18 as opposed to how this matter should be interpreted on the  
11:56 19 document?  
11:56 20  
11:56 21 A. No. And that was the confusing part of the discussion  
11:56 22 because there was almost an attempt to block out that  
11:56 23 observation. In my view.  
11:57 24  
11:57 25 Q. In the course of the discussion, Mr Preston is recorded as  
11:57 26 saying where he thought the proper place for consideration of  
11:57 27 these matters were, that is in the AML/CTF program review ---  
11:57 28  
11:57 29 A. That's correct.  
11:57 30  
11:57 31 Q. --- but did anybody point to any potential inconsistency  
11:57 32 between that process with AUSTRAC over the Perth and  
11:57 33 Melbourne casinos, and having a statement in the ICS that did  
11:57 34 effectively the same thing?  
11:57 35  
11:57 36 A. Sorry, can you repeat?  
11:57 37  
11:57 38 Q. Did anybody point to any reason why, even if there was  
11:57 39 duplication, why the ICS couldn't be amended to include the  
11:57 40 matters that you were talking about including?  
11:57 41  
11:57 42 A. No.  
11:57 43  
11:57 44 Q. I am going to move to another topic now. You remember  
11:57 45 at the beginning of my examination I drew your attention to the  
11:57 46 three limbs of the recommendation? So there was the review,  
11:58 47 there was the external advice in relation to the review, and there



11:58 1 was the meeting by AUSTRAC?  
11:58 2  
11:58 3 A. Correct.  
11:58 4  
11:58 5 Q. By May 2019 you still hadn't seen any review of the ICS?  
11:58 6  
11:58 7 A. That's correct.  
11:58 8  
11:58 9 Q. Neither had you seen any evidence of external advice to  
11:58 10 Crown about the ICS?  
11:58 11  
11:58 12 A. That's correct.  
11:58 13  
11:58 14 Q. And you hadn't reeled the results of any feedback from  
11:58 15 AUSTRAC in accordance with the recommendation?  
11:58 16  
11:58 17 A. Correct.  
11:58 18  
11:58 19 Q. On 3 May --- we'll just focus on the AUSTRAC component  
11:58 20 of the recommendation.  
11:58 21  
11:58 22 A. Yes.  
11:58 23  
11:58 24 Q. On 3 May, Ms Fielding from Crown sent a note, sent  
11:58 25 an email to Mr Harris with an updated status table. And that's at  
11:59 26 tab 32.  
11:59 27  
11:59 28 A. Thank you.  
11:59 29  
11:59 30 Q. That is VCG.0001.0002.6022. And the part of the table I'm  
11:59 31 most interested in is the bit that deals with Recommendation 17.  
11:59 32 Sorry, VCG.0001.0002.6023, which is page 9 of the document.  
12:00 33 And in that table, in relation to Recommendation 17 it says:  
12:00 34  
12:00 35 *Crown has met with AUSTRAC to discuss this*  
12:00 36 *recommendation. A new joint AML Program across*  
12:00 37 *Crown's Australian resorts is being developed and will be*  
12:00 38 *reviewed by an external party. AUSTRAC is being kept*  
12:00 39 *informed of progress.*  
12:00 40  
12:00 41 Now, on 8 May, a Commission paper was prepared, that is  
12:00 42 a VCGLR paper, was prepared for a forthcoming Commission  
12:00 43 meeting.  
12:00 44  
12:00 45 A. That's correct.  
12:00 46  
12:00 47 Q. So I just want to --- for the benefit of the transcript, the way

12:00 1 this works is that the Commission meets regularly?  
12:00 2  
12:00 3 A. Yes.  
12:00 4  
12:00 5 Q. As a body, like a board?  
12:00 6  
12:00 7 A. Correct.  
12:00 8  
12:00 9 Q. And the officers of the VCGLR put up papers to the  
12:00 10 Commission for its consideration, and for either noting or  
12:01 11 resolution at those meetings?  
12:01 12  
12:01 13 A. That's correct.  
12:01 14  
12:01 15 Q. And on 8 May a report was prepared for the Commission  
12:01 16 for its forthcoming meeting on 23 May, and that is at tab 33,  
12:01 17 which is VCG.0001.0001.0094. In paragraphs 15 and following,  
12:01 18 probably to 23, that effectively summarises --- first of all I should  
12:01 19 ask, were you the author of that report or a contributor to it?  
12:01 20  
12:01 21 A. I reviewed the report because Rowan Harris reports through  
12:01 22 my team. So as part of the review process I would have  
12:01 23 commented and contributed to the report.  
12:01 24  
12:02 25 Q. He reports to you?  
12:02 26  
12:02 27 A. He reports through to Steve Thurston, who was also part of  
12:02 28 the team that looked at implementation, and Steve reports through  
12:02 29 to me.  
12:02 30  
12:02 31 Q. And who --- so Rowan, to Steve to you ---  
12:02 32  
12:02 33 A. Correct.  
12:02 34  
12:02 35 Q. --- to Alex Fitzpatrick?  
12:02 36  
12:02 37 A. Yes.  
12:02 38  
12:02 39 Q. So when a report like this is being prepared, it has to pass  
12:02 40 through your hands before it gets to director level?  
12:02 41  
12:02 42 A. Absolutely.  
12:02 43  
12:02 44 Q. If it doesn't get past director level it doesn't go to the  
12:02 45 Commission?  
12:02 46  
12:02 47 A. That's correct.

12:02 1  
12:02 2 Q. So, prepared by others, but ultimately reviewed by you?  
12:02 3  
12:02 4 A. That's correct.  
12:02 5  
12:02 6 Q. And paragraphs 15 through 23 set out the background in  
12:02 7 relation to things as they stood as at 8 May?  
12:02 8  
12:02 9 A. That's correct.  
12:02 10  
12:02 11 Q. I won't read this out, Commissioner. I will invite you to  
12:02 12 cast your eye over it and I think just point out a couple of things.  
12:02 13  
12:03 14 At 18 you set out that licensing had articulated to Crown the  
12:03 15 expectations highlighted by what you've set out in paragraph 16.  
12:03 16 At paragraph 19 you say that in response to recommendation 17,  
12:03 17 Crown has advised what its various views are, which is what you  
12:03 18 have described.  
12:03 19  
12:03 20 At paragraph 20 you set out your view that:  
12:03 21  
12:03 22 ..... Crown appears to be of the view that it is acceptable to  
12:03 23 *have controls and procedures for an AML/CTF program*  
12:03 24 *prepared under the guidance of AUSTRAC that are*  
12:03 25 *distinct from controls procedures and controls in ICSs*  
12:03 26 *which are prepared pursuant to section 121 of the ..... Act*  
12:03 27 *..... However, Licensing is of the view that all controls*  
12:04 28 *relevant to section 121 should form the basis of ICSs even*  
12:04 29 *if those controls are relevant to the expectations of*  
12:04 30 *another regulator. The VCGLR's oversight of ICSs aims*  
12:04 31 *to ensure they support all regulatory requirements*  
12:04 32 *contained in section 121, not just those specific to*  
12:04 33 *gambling.*  
12:04 34  
12:04 35 So that comes back to the point I was talking to you about before,  
12:04 36 that if one of the objectives of the Act is to avoid criminal  
12:04 37 infiltration, and money laundering is an aspect of that, you were  
12:04 38 taking the view that that is something that should be in the ICS as  
12:04 39 well as whatever other regulatory agency might be looking at it?  
12:04 40  
12:04 41 A. That's correct.  
12:04 42  
12:04 43 Q. At paragraph 21 you say:  
12:04 44  
12:04 45 *In general, Crown appears to be reluctant to involve*  
12:04 46 *a review of any ICSs in its response to the*  
12:04 47 *recommendation and does not believe AUSTRAC should*

12:04 1 *be consulted about the adequacy of these documents.*  
 12:04 2 *Crown's response to date, in Licensing's opinion, fails to*  
 12:05 3 *address the key concerns identified in Recommendation*  
 12:05 4 *17. Although the joint AML/CTF program is a significant*  
 12:05 5 *project, Licensing believes that the program is not linked*  
 12:05 6 *to Recommendation 17.*

12:05 7  
 12:05 8 And then at 23 you express your concern that:  
 12:05 9

12:05 10 ..... discussions with Crown and its responses to date do  
 12:05 11 *not appear to address the recommendation. However, in*  
 12:05 12 *Crown's scheduled update provided on 2 May ..... it is*  
 12:05 13 *noted that 'internal controls are being reviewed,*  
 12:05 14 *preliminary discussions with AUSTRAC have taken place*  
 12:05 15 *and draft changes have been made for management*  
 12:05 16 *review.'*  
 12:05 17

12:05 18 So that is the status update as at 8 May reflecting your knowledge  
 12:05 19 and understand at that time?  
 12:05 20

12:05 21 A. Correct. So the intention behind the paper, it was an ad hoc  
 12:05 22 paper to provide an early indication of that concern that we had to  
 12:05 23 ensure the Commission were well aware of the issue, well aware  
 12:06 24 of the lack of progress and, if required, could intervene.  
 12:06 25

12:06 26 Q. Yes, and at page 18 of the same report, there is  
 12:06 27 an attachment 1, which is a table which records where things are  
 12:06 28 at. And in relation to Recommendation 17, you give it the status  
 12:06 29 "not on track"?  
 12:06 30

12:06 31 A. That's correct.  
 12:06 32

12:06 33 Q. On 20 May 2019 there was a conversation between Rowan  
 12:06 34 Harris and Briony Olmedo, Rowan Harris being a report under  
 12:06 35 your command and Briony Olmedo being an officer at  
 12:06 36 AUSTRAC; is that correct?  
 12:06 37

12:06 38 A. That's correct.  
 12:06 39

12:06 40 Q. That conversation was recorded in a file note by Rowan  
 12:07 41 Harris which is to be found at tab 34 in your folder and at  
 12:07 42 VCG.0001.0002.3131, and the stated purpose of that file note  
 12:07 43 was to record a telephone conversation between those two people  
 12:07 44 that occurred on 20 May, in particular to record AUSTRAC's  
 12:07 45 input into Crown's robust review of relevant ICSs to ensure that  
 12:07 46 anti-money laundering risks are appropriately addressed. And  
 12:07 47 then the comments are there.

12:07 1  
12:07 2 It sets out that:  
12:07 3  
12:07 4 ..... Briony has had one brief conversation with Crown in  
12:07 5 *relation to AUSTRAC's input into recommendation 17. In*  
12:08 6 *addition, AUSTRAC did an on-site tour of Crown at the*  
12:08 7 *beginning of May in 2019.*  
12:08 8  
12:08 9 ..... *No Internal Control Statements had been provided to*  
12:08 10 *AUSTRAC for its review. AUSTRAC has not pushed*  
12:08 11 *Crown for them.*  
12:08 12  
12:08 13 ..... *Briony advised that 'Crown is pushing back on*  
12:08 14 *reviewing the relevant ICSs, in particular the Junkets and*  
12:08 15 *Premium Player Program (ICS).*  
12:08 16  
12:08 17 ..... *Briony further advised that Joshua Preston, Chief*  
12:08 18 *Legal Officer did not seem to understand why the ICSs*  
12:08 19 *need to be reviewed.*  
12:08 20  
12:08 21 That is as at 20 May 2019?  
12:08 22  
12:08 23 A. That's correct.  
12:08 24  
12:08 25 Q. That call suggests that in the 11 months since the Sixth  
12:09 26 Review was published, Crown hadn't made any meaningful  
12:09 27 progress on Recommendation 17, at least insofar as that required  
12:09 28 engagement with AUSTRAC?  
12:09 29  
12:09 30 A. Yes. I think you highlighted the key fundamental pillars of  
12:09 31 Recommendation 17 and, yeah, they just --- at that stage the  
12:09 32 alarm bells were ringing relatively loudly that they were failing to  
12:09 33 adequately address the recommendation. And to your point  
12:09 34 earlier also, we had no visibility to any engagement with  
12:09 35 an external consultant. So essentially, all the key dot points of the  
12:09 36 recommendation had not yet proceeded, in our view.  
12:09 37  
12:09 38 Q. So you had no visibility of any engagement of an external  
12:09 39 consultant?  
12:09 40  
12:09 41 A. Not at that point in time, no.  
12:09 42  
12:09 43 Q. I will come back to that in a moment --  
12:09 44  
12:09 45 A. Yes.  
12:09 46  
12:09 47 Q. --- when we deal with the other limb.

12:09 1  
12:09 2 So on 21 May, the next day, you provided Alex Fitzpatrick with  
12:10 3 an update on Recommendation 17 and raised your concerns in  
12:10 4 relation to it, which I think you then record in an email to her the  
12:10 5 day after that. So if you just go to tab 35.  
12:10 6  
12:10 7 A. Yes.  
12:10 8  
12:10 9 Q. VCG.0001.0002.3525. Tab 35 for you. You got that there?  
12:10 10  
12:10 11 A. Yes.  
12:10 12  
12:10 13 Q. You start off in that email, "As discussed yesterday", that's  
12:10 14 why I say the email is dated 22 May but you say "as discussed  
12:10 15 yesterday" so it looks like you had the discussion the day before.  
12:10 16  
12:11 17 A. Yes.  
12:11 18  
12:11 19 Q. And you set out again as at 22 May your understanding of  
12:11 20 the situation. You say down the page a little:  
12:11 21  
12:11 22 *Our interpretation of this recommendation which we have*  
12:11 23 *clearly, on numerous occasions, advised Crown (Michelle*  
12:11 24 *Fielding and Josh Preston) is that to adequately address*  
12:11 25 *this recommendation the VCGLR would expect .....*  
12:11 26  
12:11 27 And you list the things that are there including an  
12:11 28 express reference to "a robust review" and then propose  
12:11 29 changes to the ICS. In the next paragraph you say:  
12:11 30  
12:11 31 *To date Crown have been very much 'non-committal' in*  
12:11 32 *terms of the extent of consultation with AUSTRAC and*  
12:11 33 *have deviated the focus of the recommendation from the*  
12:11 34 *suitability of the ICS's re AML, to the suitability of*  
12:11 35 *Crown's overall AML/CTF Program.*  
12:11 36  
12:11 37 That is a program over which you obviously have no  
12:12 38 oversight.  
12:12 39  
12:12 40 A. That's correct.  
12:12 41  
12:12 42 Q. "LMA", which is your team?  
12:12 43  
12:12 44 A. Yes.  
12:12 45  
12:12 46 Q.  
12:12 47

12:12 1 ..... have also consulted with AUSTRAC and discussed the  
12:12 2 recommendation and the VCGLR's expectation re the  
12:12 3 'consultation' required. As recently as last week, Rowan  
12:12 4 consulted further with AUSTRAC and was advised that  
12:12 5 they have not been approached by Crown to assess the  
12:12 6 suitability of the ICSs.

12:12 7  
12:12 8 I further discussed this with Michelle Fielding in my catch  
12:12 9 up with her yesterday and although she was 'confident  
12:12 10 that Crown's submission to meet the VCGLR's  
12:12 11 expectations', even after I highlighted that this  
12:12 12 recommendation was the one we were most concerned  
12:12 13 about due to the lack of consultation with AUSTRAC, she  
12:12 14 fell short in saying that AUSTRAC has been provided  
12:12 15 copies of Crown's ICS for input into the robust review.

12:12 16  
12:12 17 That is an odd way to say that, "fell short", what do you  
12:12 18 mean by that?

12:12 19  
12:12 20 A. That clearly our discussions with Crown in the lead-up  
12:13 21 were very clear in terms of what we expected, and they fell short  
12:13 22 to address our expectations at that point in time.

12:13 23  
12:13 24 Q. They told you they had talked to AUSTRAC about the ICSs  
12:13 25 in different pieces of correspondence, hadn't they?

12:13 26  
12:13 27 A. Yes, they did.

12:13 28  
12:13 29 Q. And they really hadn't?

12:13 30  
12:13 31 A. Once again, not sure in relation to the context of the  
12:13 32 discussion with AUSTRAC but I think Crown could have been  
12:13 33 clearly been more transparent and clear in relation to what those  
12:13 34 discussions related to.

12:13 35  
12:13 36 Q. So what you are saying is, when Crown said they discussed  
12:13 37 these matters with AUSTRAC, they weren't being specifically  
12:13 38 clear about how much they had discussed the ICSs with them?

12:13 39  
12:13 40 A. Or whether it was discussed at all.

12:13 41  
12:13 42 Q. And then you identify, I suppose, to cover yourself off, you  
12:13 43 want to fully inform your director that there is a real risk that the  
12:13 44 recommendation objectives might not be achieved by the relevant  
12:14 45 date?

12:14 46  
12:14 47 A. Yes, so the intention behind this email was --- the

12:14 1 Commission paper that we just referred to was drafted as per  
12:14 2 standard process within the Commission, probably a month in  
12:14 3 advance of the Commission meeting, and that had progressed  
12:14 4 beyond Alex. So there were several weeks between the drafting  
12:14 5 of that paper and the actual Commission meeting. So the  
12:14 6 intention behind this email was to brief Alex yet again, before she  
12:14 7 went into the Commission meeting, in relation to what our major  
12:14 8 risks and concerns were.  
12:14 9  
12:14 10 Q. Okay. You then --- I can't remember if you attached a draft  
12:14 11 letter, you did ---  
12:14 12  
12:14 13 A. Yes.  
12:14 14  
12:14 15 Q. --- you attached a draft letter to Mr Preston to that email  
12:14 16 setting out those concerns?  
12:14 17  
12:14 18 A. Correct.  
12:14 19  
12:14 20 MR FINANZIO: That is tab 36, Commissioner, and at  
12:14 21 VCG.0001.0002.3527.  
12:14 22  
12:15 23 At the meeting of the Commission on 23 May, the risk that you  
12:15 24 had identified was noted?  
12:15 25  
12:15 26 A. That's correct.  
12:15 27  
12:15 28 Q. And just for the benefit of completeness, the minutes of that  
12:15 29 are to be found at tab 37, VCG.0001.0002.6028.  
12:15 30  
12:15 31 Now, I just want to go back to that letter to Mr Preston. In that  
12:15 32 letter, which is VCG.0001.0002.3527 and tab 36 in the material,  
12:16 33 that letter to Mr Preston --- forgive me, I have the wrong  
12:16 34 document. It is tab 38 and it is VCG.0001.0002.3021. That letter  
12:16 35 wasn't a draft letter, that wasn't actually sent to Mr Preston, wasn't  
12:16 36 it?  
12:16 37  
12:16 38 A. Yes, the one at tab 38, correct.  
12:16 39  
12:16 40 Q. It is sent under the hand of Alex Fitzpatrick, your director?  
12:16 41  
12:16 42 A. Correct.  
12:16 43  
12:16 44 Q. To Mr Preston. There are a couple of passages I just want  
12:17 45 to draw your attention to. In the third substantive paragraph  
12:17 46 down, it expresses the concern that the Commission has, that it is  
12:17 47 of the view that Crown may not meet the intended outcomes of



12:17 1 the recommendation by the relevant date. And that is reiterated in  
12:17 2 the next paragraph. Then the third paragraph from the bottom:

12:17 3

12:17 4 *Based on discussions with Commission staff and Crown's*  
12:17 5 *written updates, Crown appears reluctant to undertake*  
12:17 6 *a review of any relevant internal control statements*  
12:17 7 *(ICSs) with input from AUSTRAC.*

12:17 8

12:17 9 *At a minimum, to implement this recommendation, the*  
12:17 10 *Commission expects that Crown provides AUSTRAC with*  
12:17 11 *the relevant ICSs, including the Junkets and Premium*  
12:17 12 *Player Programs ICS, to inform the review and assist*  
12:17 13 *Crown in ensuring that AML risks are appropriately*  
12:17 14 *addressed through its AML program as well as the ICSs.*

12:17 15

12:18 16 That letter is dated 23 May.

12:18 17

12:18 18 A. That's correct.

12:18 19

12:18 20 Q. As far as you were aware, as at that date Crown still hadn't  
12:18 21 provided the ICSs to AUSTRAC, had not sought external  
12:18 22 assistance as required by the recommendation?

12:18 23

12:18 24 A. That's correct.

12:18 25

12:18 26 Q. The following day Ms Fielding called you about the 23  
12:18 27 May letter that went to Mr Preston and that is behind tab 39.  
12:18 28 Following that call you sent an email a short time later to Alex  
12:18 29 Fitzpatrick; is that right?

12:18 30

12:18 31 A. That's correct.

12:18 32

12:18 33 Q. And you recorded in that email the substance of the  
12:18 34 conversation you'd had?

12:18 35

12:18 36 A. Yes.

12:18 37

12:18 38 Q. So it was a note, effectively, of what you had said  
12:19 39 a relatively short time after the conversation occurred?

12:19 40

12:19 41 A. Absolutely, correct.

12:19 42

12:19 43 Q. And you say here, the email starts --- it is  
12:19 44 VCG.0001.0002.3531.

12:19 45

12:19 46 This document includes Alex Fitzpatrick's reply to you at the top  
12:19 47 of the page, but the email I'm talking about starts halfway down

12:19 1 the page with a timestamp 12.51. You see that?

12:19 2

12:19 3 A. Yes.

12:19 4

12:19 5 Q. You say:

12:19 6

12:19 7 *Sorry to bother you, but I just thought I would let you*

12:19 8 *know that I got a call from Michelle this morning*

12:19 9 *responding pretty aggressively to the letter below.*

12:20 10

12:20 11 *Primarily she was of the view, as expected, that I, and the*

12:20 12 *tone of the letter, misrepresented Crown and they 'did not*

12:20 13 *say they would not seek input from AUSTRAC', amongst*

12:20 14 *other concerns.*

12:20 15

12:20 16 *Because she said Josh was 'furious' and would most*

12:20 17 *probably 'call the Minister', I have just briefed Catherine*

12:20 18 *on the matter noting my concerns and that I stand by the*

12:20 19 *risk that was presented to the Commission and the*

12:20 20 *response to Crown.*

12:20 21

12:20 22 I pause there.

12:20 23

12:20 24 *Catherine did not appear to have any concerns with the*

12:20 25 *letter and would be happy to speak to Josh, Michelle or*

12:20 26 *the Minister to clarify the position taken by us.*

12:20 27

12:20 28 *Sorry again to both you, but thought you should know just*

12:20 29 *in case!*

12:20 30

12:20 31 I wanted to ask you about that email. When you say that

12:20 32 Michelle responded pretty aggressively, can you explain what you

12:21 33 meant? Why you had that view?

12:21 34

12:21 35 A. I just think the tone was unexpected. I've had many

12:21 36 engagements with Michelle, many discussions with Michelle

12:21 37 along --- across my 20 years in gambling regulation, and I was

12:21 38 clearly taken aback by the tone, the aggressive nature and the fact

12:21 39 that there was --- referencing calling the minister is almost like

12:21 40 "We take offence to what you've said and we are going to take

12:21 41 action to escalate and seek that our position be put forward". It is

12:21 42 something that we ordinarily don't hear unless there is

12:21 43 an aggressive tone to escalate, per se.

12:21 44

12:21 45 And from my perspective I wouldn't ordinarily walk into

12:21 46 Catherine's office and update her on such matters, but I felt such

12:21 47 that the tone of the call was of such a nature that it required

12:21 1 an immediate escalation to Catherine and a subsequent email to  
12:22 2 Alex.  
12:22 3  
12:22 4 Q. Just on that, have you been threatened before by Crown in  
12:22 5 relation to --- has it ever be said to you before "We will talk to the  
12:22 6 Minister about this"?  
12:22 7  
12:22 8 A. I don't recall that phrase ever being used with me in relation  
12:22 9 to Crown.  
12:22 10  
12:22 11 COMMISSIONER: Did you get the impression that they, or that  
12:22 12 she wanted you to withdraw the action they were required to  
12:22 13 take ---  
12:22 14  
12:22 15 A. To an extent --  
12:22 16  
12:22 17 COMMISSIONER: --- (overspeaking) ---  
12:22 18  
12:22 19 A. Yes, apologies, Commissioner. Yes, to an extent. I think  
12:22 20 the reference to "you've misrepresented Crown" almost implies  
12:22 21 "We want you to take the comments back", but I was pretty solid  
12:22 22 in my position, I think the evidence is there, that that talks to the  
12:22 23 engagement we had with Crown along the journey, setting the  
12:22 24 expectations at many levels at many points in time, and still  
12:22 25 having a lack of clarity around Crown's actions.  
12:23 26  
12:23 27 COMMISSIONER: Well, there was no lack of clarity, was there;  
12:23 28 you knew they weren't doing it?  
12:23 29  
12:23 30 A. Sorry, there was no evidence that Crown were taking any  
12:23 31 action to address Recommendation 17 in line with our  
12:23 32 expectations.  
12:23 33  
12:23 34 COMMISSIONER: And threatening you, or pushing you?  
12:23 35  
12:23 36 A. Correct.  
12:23 37  
12:23 38 MR FINANZIO: I want to take you to tab 41 now. I will just ask  
12:23 39 you to look at this document for a minute. It is an email to you  
12:23 40 from Rowan Harris. Sorry, I have to give you the number:  
12:23 41 VCG.0001.0002.3129. Tab 41 in your folder.  
12:23 42  
12:24 43 At the bottom of it there is an email from Jack Haldane dated 28  
12:24 44 June, which is a note to, I think, Rowan Harris of your office, and  
12:24 45 then Rowan sends a note to you directly attaching the email. I  
12:24 46 just want to go to the email from Rowan to you first, we'll come  
12:24 47 back to that other email later. Rowan says:

12:24 1  
12:24 2 *Jack Haldane called to provide an update on its input to*  
12:24 3 *6CR Recommendation 17. AUSTRAC is providing a letter*  
12:24 4 *to Crown (Josh) this afternoon ahead of the 1 July*  
12:24 5 *deadline. Please refer to email below.*  
12:24 6  
12:25 7 We'll come to that in a minute. That email is to you  
12:25 8 dated 28 June 2019.  
12:25 9  
12:25 10 A. That's correct.  
12:25 11  
12:25 12 Q. So that is three days before the 1 July deadline?  
12:25 13  
12:25 14 A. That's correct.  
12:25 15  
12:25 16 Q. Then what is reported to you are the key points in the  
12:25 17 conversation:  
12:25 18  
12:25 19 *Crown only commenced engagement with AUSTRAC on*  
12:25 20 *30 May ..... A meeting was held with AUSTRAC on 14*  
12:25 21 *June. Crown has had 12 months to work on Rec 17.*  
12:25 22  
12:25 23 And then it goes on. I will come back to this in  
12:25 24 a moment when we come back to the other bits, but the  
12:25 25 short point is Crown first provided its ICS to AUSTRAC  
12:25 26 nearly a year after the Sixth Review was published?  
12:25 27  
12:26 28 A. That's correct.  
12:26 29  
12:26 30 Q. Only after the letter of 23 May 2019 to which great  
12:26 31 umbrage was taken?  
12:26 32  
12:26 33 A. That's correct.  
12:26 34  
12:26 35 Q. And with a little over a month before the deadline.  
12:26 36  
12:26 37 A. That's correct.  
12:26 38  
12:26 39 Q. You know that not because Crown told you, but  
12:26 40 AUSTRAC contacted you on 27 June by telephone and email.  
12:26 41  
12:26 42 A. That's correct. I also noted the first dot point was the first  
12:26 43 action we had received that there was any active engagement by  
12:26 44 Crown with an external consultant.  
12:26 45  
12:26 46 Q. Yes, and it says there you were told, through AUSTRAC  
12:26 47 effectively, that Mr Neil Jeans, the AML consultant, had been

12:26 1 engaged for the purposes of Recommendation 17?  
12:26 2  
12:27 3 A. That's correct.  
12:27 4  
12:27 5 Q. I want to go to that first email in the letter. This was  
12:27 6 AUSTRAC telling you what it was going to say?  
12:27 7  
12:27 8 A. That's correct.  
12:27 9  
12:27 10 Q. So AUSTRAC sent Rowan Harris --- this is at the bottom of  
12:27 11 that page, operator, there is an email at the bottom of this  
12:27 12 document. Yes, that is it. Do you see where it says  
12:27 13 "OFFICIAL", I want to go to that email now so if you could bring  
12:27 14 that up so we can see all of that together.  
12:27 15  
12:27 16 Do my learned friends have a copy in front of them? Do you  
12:28 17 have that, Commissioner? We might go without the technology  
12:28 18 for the minute.  
12:28 19  
12:28 20 That email is from Jack Haldane of AUSTRAC to Rowan Harris  
12:28 21 of VCGLR:  
12:28 22  
12:28 23 *Thanks again for your time earlier.*  
12:28 24  
12:28 25 *As discussed, attached is the correspondence that we will*  
12:28 26 *be sending to Crown later regarding their request for*  
12:28 27 *AUSTRAC input as part of rec 17 .....*  
12:28 28  
12:28 29 *Following internal consideration, we have made the*  
12:28 30 *decision that it is not appropriate for AUSTRAC to*  
12:28 31 *comment on the ICSs. The reason for this decision is that*  
12:28 32 *AUSTRAC's remit is AML/CTF legislation and*  
12:28 33 *compliance with that framework, and we do not believe it*  
12:28 34 *is appropriate for us to provide guidance on compliance*  
12:28 35 *with another legislative regime or compliance with those*  
12:28 36 *obligations.*  
12:28 37  
12:28 38 *In terms of the general question around Crown's*  
12:28 39 *compliance with the AML/CTF legislation, we would be*  
12:28 40 *happy to discuss with you at a later stage. However, as*  
12:28 41 *flagged during our call we have not conducted*  
12:29 42 *an assessment this year, predominantly based on Crown's*  
12:29 43 *advice that they will be adopting a new joint AML/CTF*  
12:29 44 *Program to cover both Perth and Melbourne businesses*  
12:29 45 *later this year. Our intention is to test their AML/CTF*  
12:29 46 *compliance after the adoption of that program. We are*  
12:29 47 *happy to be apprised of timing for the assessment on*

12:29 1           *Crown.*  
12:29 2  
12:29 3       Is it fair to say that that is the first time that VCGLR  
12:29 4       had any insight as to the progress of the AML/CTF program  
12:29 5       for Perth and Melbourne?  
12:29 6  
12:29 7       A. I can't recall, to be honest. Yeah, so I couldn't respond with  
12:29 8       any sort of confidence as to whether there was any indication of  
12:29 9       the joint program prior to that. But as I've emphasised  
12:30 10       throughout, that wasn't front and centre in our mind. Our clear  
12:30 11       remit was Recommendation 17, the ICSs. From my perspective,  
12:30 12       a joint program was irrelevant to the consideration of  
12:30 13       Recommendation 17.  
12:30 14  
12:30 15       Q. It is right, isn't it, that AUSTRAC wasn't saying that  
12:30 16       including things in the ICS, that might have an advantage for  
12:30 17       minimising --- might have an advantage directed towards  
12:30 18       minimising money laundering was a bad idea?  
12:30 19  
12:30 20       A. No, they didn't give that indication, no.  
12:30 21  
12:30 22       Q. I want to start --- I want to move now to another topic,  
12:30 23       which is the external advice component of the Recommendation  
12:31 24       17.  
12:31 25  
12:31 26       You mentioned a moment ago that Recommendation 17 --- well,  
12:31 27       we know that Recommendation 17 required Crown to conduct  
12:31 28       a review with external advice. That consultant was engaged  
12:31 29       some time in June 2019. That was Initialism, Neil Jeans.  
12:31 30  
12:31 31       A. That is my understanding, yes.  
12:31 32  
12:31 33       Q. And the first that you knew of the engagement was, as you  
12:31 34       said a minute ago, as a result of that conversation with Rowan  
12:31 35       Harris on 28 June?  
12:31 36  
12:31 37       A. Correct.  
12:31 38  
12:31 39       Q. On 14 June, once Crown --- bear with me. Can I take you  
12:31 40       to tab 40, VCG.0001.0002.6424. It is an email from Joshua  
12:32 41       Preston to Alex Fitzpatrick, attaching a letter under his hand  
12:32 42       dated 13 June. It is a letter sent in response to the 23 May letter  
12:32 43       that we discussed earlier. Is that correct?  
12:32 44  
12:32 45       A. That's correct.  
12:32 46  
12:32 47       Q. And it sets out the two bits of that letter that Crown was ---

12:33 1 did I --- the letter is VCG.0001.0002.6425. Mr Preston sets out  
12:33 2 after noting the things in the letter that he was concerned about he  
12:33 3 says:

12:33 4  
12:33 5 *Crown is keen to ensure that the VCGLR does not have*  
12:33 6 *fixed or predetermined views about the process followed*  
12:33 7 *by Crown, or the final outcome of the process followed by*  
12:33 8 *Crown.*

12:33 9  
12:33 10 *Crown's view is that these statements do not reflect or*  
12:33 11 *properly account for the detailed briefings already*  
12:33 12 *provided to the VCGLR on the status of Crown's response*  
12:33 13 *to this recommendation, and the relationship between*  
12:33 14 *ICSs and Crown's broader AML/CTF compliance*  
12:33 15 *framework.*

12:34 16  
12:34 17 *Given this, Crown feels it important to document the*  
12:34 18 *process it has followed, and the current status of that*  
12:34 19 *process.*

12:34 20  
12:34 21 *Actions taken by Crown in relation to Recommendation*  
12:34 22 *17*

12:34 23  
12:34 24 It says that it has reviewed all of the ICSs, identified the ICSs  
12:34 25 with potential relevance to anti-money laundering risks, it has  
12:34 26 considered the ICSs against the backdrop of Crown's existing  
12:34 27 AML/CTF compliance, so they are not against any proposed  
12:34 28 future, and that it has prepared proposed amendments to the ICSs  
12:34 29 where appropriate.

12:34 30  
12:34 31 Just pausing there, you had not seen evidence of any of those  
12:34 32 things at that point?

12:34 33

12:34 34 A. Correct.

12:34 35

12:34 36 Q. It says that it has recently submitted these ICSs, and the  
12:35 37 proposed changes to AUSTRAC and requested AUSTRAC  
12:35 38 provide its views on the changes and any other input or  
12:35 39 commentary and that it has also recently submitted these ICSs  
12:35 40 and the proposed changes to an independent AML/CTF expert,  
12:35 41 and requested that expert provide his view on the changes  
12:35 42 proposed by Crown and any other input or commentary that he  
12:35 43 has regarding the relevant ICSs.

12:35 44

12:35 45 At the same time Crown has also conducted its annual ML/TF  
12:35 46 risk assessment and separately performed a review of its  
12:35 47 corporate risk management. This is at 13 June 2019.

12:35 1  
12:35 2 *Crown is currently awaiting input from AUSTRAC and*  
12:35 3 *the independent expert. That input will, as the*  
12:35 4 *Commission would expect, be carefully considered and*  
12:35 5 *evaluated by Crown, absent any material delay in*  
12:36 6 *AUSTRAC or the independent expert providing their*  
12:36 7 *feedback, Crown remains on track .....*  
12:36 8  
12:36 9 On 21 June, Initialism provided its advice on  
12:36 10 Recommendation 17 to Crown.  
12:36 11  
12:36 12 A. Correct.  
12:36 13  
12:36 14 Q. I want to just be clear about this. It provided its advice to  
12:36 15 Crown but not to the VCGLR?  
12:36 16  
12:36 17 A. That's correct. That process is quite consistent with other  
12:36 18 recommendations where external assistance was provided. So  
12:36 19 there would be obviously that engagement between Crown and  
12:36 20 the external consultant and then we would receive information as  
12:36 21 part of a formal submission per se in response to the  
12:36 22 recommendation.  
12:36 23  
12:36 24 Q. And the way that that was done, generally speaking, is that  
12:36 25 if Crown needed to engage external advice, say from an expert in  
12:37 26 AML or gambling or whatever else ---  
12:37 27  
12:37 28 A. Yes.  
12:37 29  
12:37 30 Q. --- it would use its lawyers to engage that advice and then  
12:37 31 claim legal professional privilege over it; that was the case here,  
12:37 32 wasn't it? If you don't know, that's fine.  
12:37 33  
12:37 34 A. Sorry, I can't answer that question.  
12:37 35  
12:37 36 Q. The Initialism report was not provided until 28 August  
12:37 37 2021[sic] where both confidentiality and --- pardon me, I put the  
12:37 38 wrong note in my notes. The VCGLR didn't get a copy ---  
12:37 39  
12:37 40 A. Yes.  
12:37 41  
12:37 42 Q. --- of the Initialism report until 28 August 2019?  
12:38 43  
12:38 44 A. Yes, after having to request a copy of that report.  
12:38 45  
12:38 46 Q. We'll come to how that happened in a minute. And it is the  
12:38 47 case, isn't it, that when that report was provided to the VCGLR,



12:38 1 both a claim for confidentiality and a claim for legal professional  
12:38 2 privilege was made over the report of Mr jeans?  
12:38 3  
12:38 4 A. I believe that was the case, yes.  
12:38 5  
12:38 6 Q. Can I just ask you about that report. In your opinion, did  
12:38 7 the advice that was provided by Mr Jeans address the substance  
12:38 8 of Recommendation 17?  
12:38 9  
12:38 10 A. My recollection of the response was that it endorsed  
12:38 11 Crown's suggested amendments to the ICS, as opposed to put  
12:38 12 forward their own suggestions in relation to how the ICSs could  
12:39 13 be strengthened to address the observation made in the Sixth  
12:39 14 Review Report, which I found a bit unusual.  
12:39 15  
12:39 16 Q. There wasn't any mention in the report of the front money  
12:39 17 situation ---  
12:39 18  
12:39 19 A. Correct.  
12:39 20  
12:39 21 Q. --- that was central to the junket player issue that you had  
12:39 22 identified?  
12:39 23  
12:39 24 A. Can I just be taken to the actual report itself?  
12:39 25  
12:39 26 Q. Yes. Tab 51, VCG.0001.0001.0072.  
12:39 27  
12:39 28 A. Thank you.  
12:39 29  
12:39 30 Q. Perhaps I will put this a different way. In your view, did  
12:40 31 the review that was done and provided amount to a proper  
12:40 32 response to Recommendation 17 as you understood it?  
12:40 33  
12:40 34 A. No.  
12:40 35  
12:40 36 Q. We'll come back to that in a bit more detail in a moment. I  
12:40 37 want to focus now on the decision process that VCGLR  
12:40 38 undertook in relation to whether or not Crown's work on  
12:40 39 Recommendation 17 should get a tick or not.  
12:40 40  
12:40 41 Q. Can we go to tab 44. Tab 44, VCG.0001.0001.0037.  
12:40 42  
12:41 43 Commissioner, this is the last topic that I'm going to deal with  
12:41 44 with this witness, and where I'm at right now marks a real  
12:41 45 moment or a break before I go into this next bit. It would be  
12:41 46 better if we did this in one hit. I wonder if you might rise early  
12:41 47 now and say resume at 2? Everybody happy with that?

12:41 1  
12:41 2 MR FINANZIO: Yes.  
12:41 3  
12:41 4 COMMISSIONER: Okay. We'll break now and continue at  
12:41 5 2 o'clock.  
12:41 6  
12:41 7  
12:41 8 **ADJOURNED** [12:41P.M.]  
13:59 9  
13:59 10  
13:59 11 **RESUMED** [1:59P.M.]  
13:59 12  
13:59 13  
13:59 14 COMMISSIONER: Mr Finanzio.  
13:59 15  
13:59 16 MR FINANZIO: Commissioner, before lunch we were coming  
13:59 17 to the part of the process that involved VCGLR's consideration of  
13:59 18 whether or not Recommendation 17 had been met, and I was  
14:00 19 taking you, I think, to tab 44 which was a submission made to the  
14:00 20 VCGLR to the CEO, for benefit of everybody else,  
14:00 21 VCG.0001.0001 .0037. That was a letter by Mr Felstead to the  
14:00 22 CEO Ms Myers in relation to Recommendation 17. Can I take  
14:00 23 you to that letter. It says at the bottom of the first page --- it sets  
14:00 24 out a number of background matters to Crown's position, and  
14:01 25 then at the bottom of page 2 it makes the observation:  
14:01 26  
14:01 27 *We note in this respect that Crown's AML/CTF Program*  
14:01 28 *was most recently reviewed by AUSTRAC in November*  
14:01 29 *2017, no non-compliances identified. AUSTRAC did*  
14:01 30 *however make several recommendations, which Crown*  
14:01 31 *considered and, where required, adopted into its*  
14:01 32 *AML/CTF Program.*  
14:01 33  
14:01 34 This is in the context of the AUSTRAC consultation. Is there  
14:01 35 anything arising out of that program that was relevant to the ICS?  
14:01 36  
14:01 37 A. I do believe so. As I mentioned earlier, we did not spend  
14:01 38 time on dissecting the AML/CTF because our focus was on the  
14:01 39 ICSs and Recommendation 17.  
14:01 40  
14:02 41 Q. Yes, and at the bottom of page 3 in this submission, you  
14:02 42 will see there "Results of Relevant ICS Review". It sets out  
14:02 43 a series of things, and then the "Results of Relevant ICS Review":  
14:02 44  
14:02 45 *Following Crown's robust review, and taking into account*  
14:02 46 *input from Initialism and AUSTRAC, Crown proposes the*  
14:02 47 *following changes .....*

14:02 1  
14:02 2 And then these two bullet points are identified:  
14:02 3  
14:02 4 *the inclusion of Crown's AML/CTF Program as a control*  
14:02 5 *in the 'Minimum Standards and Controls' section of each*  
14:02 6 *relevant ICS; and*  
14:02 7  
14:02 8 *the inclusion of a specific risk of 'Criminal influence and*  
14:02 9 *exploitation' (which captures potential money laundering*  
14:02 10 *or terrorism financing activities) in each relevant ICS*  
14:03 11 *Risk Assessment Matrix where that risk is not already*  
14:03 12 *directly or indirectly included.*  
14:03 13  
14:03 14 Can I ask you a couple of questions about those two  
14:03 15 points. Were there ICSs at the time that did not include  
14:03 16 criminal exploitation as a risk?  
14:03 17  
14:03 18 A. I couldn't answer that question.  
14:03 19  
14:03 20 Q. Okay. In the second dot point, this letter doesn't set out the  
14:03 21 exact language, I will take you to that in a minute, but can I take  
14:03 22 you back to page 3, see where it says "Following Crown's robust  
14:03 23 review". Am I right at this stage of the process on 1 July, which  
14:03 24 is the date by which this is all meant to have been done, Crown  
14:03 25 makes the submission about the level of its achievement of the  
14:04 26 requirements of Recommendation 17?  
14:04 27  
14:04 28 A. Correct.  
14:04 29  
14:04 30 Q. And then it is for you and VCGLR to consider the  
14:04 31 submission which is made, and determine your views in relation  
14:04 32 to it?  
14:04 33  
14:04 34 A. That is correct.  
14:04 35  
14:04 36 Q. I will go to the documents in a minute, but while we are on  
14:04 37 the letter and Crown says that its review was "robust", do you  
14:04 38 agree with that description?  
14:04 39  
14:04 40 A. We considered that as part of my team looking at the  
14:04 41 review recommendations. I can see the avenue of questioning  
14:04 42 being that a lot of the processes occurred in the month leading up  
14:04 43 to the recommendations being due, or that particular  
14:04 44 recommendation being due, so I understand the point about  
14:04 45 "Well, can you conduct such a robust review in such a short space  
14:04 46 of time", but because there was really no definition or no  
14:04 47 guidance as to the extent of what is robust and what is not, we

14:05 1 focused on the intention behind the recommendation as opposed  
14:05 2 to determining what is robust and what is not robust.  
14:05 3  
14:05 4 Q. I see. Let me take you ---  
14:05 5  
14:05 6 COMMISSIONER: Does that mean from your perspective there  
14:05 7 might or might not have been a robust examination?  
14:05 8  
14:05 9 A. I think you could argue either way, yes.  
14:05 10  
14:05 11 MR FINANZIO: And from what you saw, you couldn't tell how  
14:05 12 robust it had been?  
14:05 13  
14:05 14 A. Correct.  
14:05 15  
14:05 16 COMMISSIONER: Before you leave the letter, in relation to the  
14:05 17 two points where Crown says --- the last page of the letter where  
14:05 18 Crown says what it has done, I must say I have difficulty  
14:05 19 understanding either point. Can you tell me what they are telling  
14:05 20 you they have done?  
14:05 21  
14:05 22 A. My take on the first dot point is they draw the link between  
14:06 23 the AML/CTF program and the ICS, which effectively almost  
14:06 24 creates the AML program as a new standard or requirement under  
14:06 25 the ICS.  
14:06 26  
14:06 27 And in relation to the second dot point there is some ---  
14:06 28  
14:06 29 COMMISSIONER: Can I, just so I follow it, every ICS has to be  
14:06 30 approved by you?  
14:06 31  
14:06 32 A. That's correct.  
14:06 33  
14:06 34 COMMISSIONER: By the regulator?  
14:06 35  
14:06 36 A. Yes.  
14:06 37  
14:06 38 COMMISSIONER: So they have to give you a form because the  
14:06 39 standard will be a written standard, which you then get, read,  
14:06 40 consider, and either accept or reject?  
14:06 41  
14:06 42 A. That's correct.  
14:06 43  
14:06 44 COMMISSIONER: Good. So, have you seen a relevant ICS,  
14:06 45 whatever that is, each relevant ICS, which has got something  
14:06 46 included?  
14:06 47

14:06 1 MR FINANZIO: Can I just take you to that now? It might assist  
14:06 2 you.  
14:06 3

14:06 4 COMMISSIONER: Before we go to that one, we'll have a look  
14:07 5 at it, what does the second one mean?  
14:07 6

14:07 7 A. So each ICS includes a risk assessment matrix towards the  
14:07 8 back end of the ICS, and I take it that this looks for the inclusion  
14:07 9 of criminal influence and exploitation as one of those key risks to  
14:07 10 be identified in that matrix.  
14:07 11

14:07 12 COMMISSIONER: By telling you how the criminal  
14:07 13 exploitation or influence will be dealt with or what?  
14:07 14

14:07 15 A. No, it gives an indication as to the level of risk associated  
14:07 16 with that particular point.  
14:07 17

14:07 18 COMMISSIONER: Okay. So is it fair to conclude, then --- I  
14:07 19 guess we'll get there in a minute, but to try and work out what  
14:07 20 they are telling you, or what Mr Felstead is telling you, is he  
14:07 21 telling you that they are doing something which is not what  
14:07 22 Recommendation 17 says should be done but something else?  
14:07 23

14:07 24 A. Correct.  
14:07 25

14:07 26 COMMISSIONER: Okay.  
14:07 27

14:07 28 A. Can I add, Commissioner, and from my team's perspective,  
14:08 29 we viewed that observation in the report to be the first hurdle. So  
14:08 30 that was what we were looking for, that was the outcome that we  
14:08 31 expected. As a consequence of not seeing that in Crown's  
14:08 32 submission, we didn't really assess the suitability of those two dot  
14:08 33 points because our view was "You failed to meet the first hurdle",  
14:08 34 and that is to mitigate that risk associated with junket players'  
14:08 35 contribution.  
14:08 36

14:08 37 COMMISSIONER: Yes. This does not require Crown to  
14:08 38 identify who is behind the junket operator?  
14:08 39

14:08 40 A. Correct.  
14:08 41

14:08 42 COMMISSIONER: So whatever it does, it does something else?  
14:08 43

14:08 44 A. Absolutely.  
14:08 45

14:08 46 COMMISSIONER: Not what you said should be done?  
14:08 47

14:08 1 A. That's correct.  
14:08 2  
14:08 3 COMMISSIONER: Okay.  
14:08 4  
14:08 5 MR FINANZIO: I just want to take you to the language that was  
14:08 6 proposed for inclusion in the ICS as a result of the review. If I  
14:08 7 take you to tab 47, this is a recommendation to the Commission  
14:09 8 in relation to Recommendation 17.  
14:09 9  
14:09 10 A. Correct.  
14:09 11  
14:09 12 Q. I will come back to this in a bit more detail in a minute, but  
14:09 13 the language that was proposed by Crown is included in here in  
14:09 14 paragraph 31, on page VCG.0001.0001.0041\_0005. Do you see  
14:09 15 that there?  
14:09 16  
14:09 17 A. Yes, I do.  
14:09 18  
14:09 19 Q. Paragraph 31 sets out the results of Crown's review and its  
14:09 20 proposed amendments to the ICS in the context of the two bullet  
14:09 21 points that Mr Felstead included in that letter; right?  
14:09 22  
14:09 23 A. That's correct.  
14:09 24  
14:09 25 Q. So we are at 31(a), it recites what Mr Felstead said:  
14:09 26  
14:09 27 *Following Crown's review, it proposes the below*  
14:09 28 *amendments ....*  
14:09 29  
14:10 30 *(a) the inclusion of Crown's AML/CTF Program as*  
14:10 31 *a control in the 'Minimum Standards and Controls' .....*  
14:10 32  
14:10 33 And then there is a footnote, footnote 8.  
14:10 34  
14:10 35 A. Yes.  
14:10 36  
14:10 37 Q. "The proposed wording", this is a product of the review, the  
14:10 38 proposed wording was that:  
14:10 39  
14:10 40 *..... Crown will adopt an AML/CTF Program in*  
14:10 41 *accordance with its obligations under the Anti-Money*  
14:10 42 *Laundering and Counterterrorism Financing Act ..... and*  
14:10 43 *the Anti-Money Laundering and Counterterrorism*  
14:10 44 *Financing Rules Instrument 2007 .....*  
14:10 45  
14:11 46 That was it, wasn't it?  
14:11 47

14:11 1 A. Correct.  
14:11 2  
14:11 3 Q. How did it deal with junket players and ICS?  
14:11 4  
14:11 5 A. It basically reinforced an existing requirement on Crown.  
14:11 6  
14:11 7 COMMISSIONER: In other words, they have done nothing.  
14:11 8  
14:11 9 A. To address the risk, yes.  
14:11 10  
14:11 11 COMMISSIONER: To address the recommendation?  
14:11 12  
14:11 13 A. To address the risk behind the recommendation, correct.  
14:11 14  
14:11 15 MR FINANZIO: Can I just be clear about that, to address the  
14:11 16 risk behind the recommendation; agree?  
14:11 17  
14:11 18 A. Yes.  
14:11 19  
14:11 20 Q. That's the first point, agree? And the second point is to  
14:11 21 include specific language about that risk in the ICS?  
14:11 22  
14:11 23 A. Correct.  
14:11 24  
14:11 25 COMMISSIONER: Having failed to comply with the  
14:11 26 recommendation, what did you do? I'll wait.  
14:11 27  
14:11 28 MR FINANZIO: In light of what you just said, can you look at  
14:11 29 the results, that inclusion, did you need a particularly robust  
14:12 30 review to come up with that language?  
14:12 31  
14:12 32 A. No.  
14:12 33  
14:12 34 MR FINANZIO: Sorry, Commissioner, you were going to ---  
14:12 35  
14:12 36 COMMISSIONER: Yes, I was going to ask.  
14:12 37  
14:12 38 Just assume, as it seems to be the case, that Crown said "We're  
14:12 39 not doing anything that the recommendation requires"; just  
14:12 40 assume that. What is the consequence generally, forget about  
14:12 41 Recommendation 17, but when the regulator conducts a three,  
14:12 42 five-year review, whatever it might be, and comes up with  
14:12 43 recommendations, what happens if the casino operator says "very  
14:12 44 interesting, I will ignore them". What is the next step? What do  
14:12 45 you do?  
14:12 46  
14:12 47 A. From my team's perspective if that is to be the case in

14:13 1 relation to a recommendation of the Sixth Review, we would put  
14:13 2 forward a situation to the Commission via a Commission paper as  
14:13 3 explained earlier. Put forward the facts, put forward  
14:13 4 a recommendation to the Commission, and seek that they make  
14:13 5 a determination on whether we redirect Crown to do some further  
14:13 6 work or, alternatively, an alternative response in relation to  
14:13 7 Crown's resistance to action a recommendation accordingly.

14:13 8

14:13 9 COMMISSIONER: Under the Act, are you aware of what  
14:13 10 options are available to the regulator to compel compliance with  
14:13 11 what is described as a "recommendation"?

14:13 12

14:13 13 A. Not specifically in relation to a section 25 review, but  
14:13 14 obviously there are grounds for disciplinary action to take action  
14:13 15 against the casino, and there are various consequences as a result  
14:13 16 of pursuing successful disciplinary action.

14:13 17

14:13 18 COMMISSIONER: Would one possibility be, I'm not sure  
14:14 19 whether this falls under --- I'm not sure that failing to comply  
14:14 20 with a recommendation is something that permits disciplinary  
14:14 21 action, I have to check that.

14:14 22

14:14 23 A. I can't answer that with any confidence as well,  
14:14 24 Commissioner.

14:14 25

14:14 26 COMMISSIONER: No, no, I'll have a look, but does it  
14:14 27 principally go to the question of suitability, the review is to assess  
14:14 28 the continued suitability of the casino operator?

14:14 29

14:14 30 A. That is my understanding of the intention behind the actual  
14:14 31 review process itself.

14:14 32

14:14 33 COMMISSIONER: I think the Act says that.

14:14 34

14:14 35 A. Yes.

14:14 36

14:14 37 COMMISSIONER: Yes. So, if you make recommendations and  
14:14 38 they are disregarded, let's say all 20 recommendations were  
14:14 39 disregarded, would the next step be to see whether or not  
14:14 40 a regulator --- sorry, the regulated firm, the casino operator who  
14:14 41 thumbs its nose at the regulator remains a suitable person to hold  
14:14 42 the licence?

14:14 43

14:14 44 A. I couldn't answer the question with any confidence,  
14:15 45 Commissioner, I've never been in that position.

14:15 46

14:15 47 COMMISSIONER: We'll work it out.



14:15 1  
14:15 2 MR BORSKY: It might be section 23.  
14:15 3  
14:15 4 MR FINANZIO: Can I take you to VCG.0001.001.0037\_0002.  
14:15 5 Under the heading "External Assistance", in the letter on that  
14:15 6 page Crown set out that it had undertaken external review, that it  
14:15 7 engaged Initialism. It didn't say when it had done that, did it?  
14:16 8  
14:16 9 A. No.  
14:16 10  
14:16 11 Q. And it didn't provide you with a copy of the advice from  
14:16 12 Initialism at that time?  
14:16 13  
14:16 14 A. That's correct.  
14:16 15  
14:16 16 Q. We traversed this before lunch, but here the  
14:16 17 recommendation asked for external advice to be obtained. Is it  
14:16 18 normal for you to be asked to assume that that advice has been  
14:16 19 obtained without you being provided a copy of it?  
14:16 20  
14:16 21 A. That was a constant theme throughout my team's addressing  
14:16 22 of the recommendations, correct.  
14:16 23  
14:16 24 Q. When you say "constant theme", there would be  
14:16 25 a recommendation to obtain external advice, Crown would go and  
14:16 26 get that advice ---  
14:16 27  
14:16 28 A. Correct.  
14:16 29  
14:16 30 Q. --- it would then summarise it itself and provide you with  
14:17 31 the summary?  
14:17 32  
14:17 33 A. Correct. I can recall at least three recommendations that  
14:17 34 required external assistance, and I think off memory, on every  
14:17 35 one of those three occasions, Crown's submission failed to  
14:17 36 provide a copy of that advice and it required a further request  
14:17 37 from the Commission before it obtained a copy.  
14:17 38  
14:17 39 Q. Okay. Now, I just want to set the context here because this  
14:17 40 submission that is made to you talking about Crown's AML/CTF  
14:17 41 situation is expressed to be the position as at 1 July 2019?  
14:17 42  
14:17 43 A. Correct.  
14:17 44  
14:17 45 Q. I just want to put in context that it is well known that the  
14:17 46 media allegations in relation to Crown's activities were also made  
14:17 47 known in July 2019. On 2 August, Rowan Harris emailed you

14:18 1 a draft internal memo concerning what LMA's position on the  
14:18 2 Crown response to Recommendation 17 might be?

14:18 3

14:18 4 A. That's correct.

14:18 5

14:18 6 Q. Now, I think that document is referred to in your evidence,  
14:18 7 but it is not actually included in your evidence; is that so?

14:18 8

14:18 9 A. I believe so, yes.

14:18 10

14:18 11

14:18 12 MR FINANZIO: What I will do now is seek to tender that  
14:18 13 separately because it's not in the folder, Commissioner, it is  
14:18 14 VCG.0001.0002.6033, and there is an attachment to that which is  
14:19 15 6034. It's come up on the screen. You have effectively  
14:19 16 summarised that in your paragraphs 118 to 120 of your report; is  
14:19 17 that right?

14:19 18

14:19 19 COMMISSIONER: I will mark it as an exhibit. That's an email  
14:19 20 from Mr Cremona to Steve Thurston, 8 February 2019.

14:19 21

14:19 22 MR FINANZIO: No, no, it's 2 August.

14:19 23

14:19 24 COMMISSIONER: 2 August.

14:19 25

14:19 26 MR FINANZIO: For some reason or another it appears that the  
14:19 27 American system for ---

14:19 28

14:19 29 COMMISSIONER: Okay, of course.

14:19 30

14:19 31 MR FINANZIO: --- dating applies.

14:19 32

14:19 33 COMMISSIONER: I didn't pick that up.

14:19 34

14:19 35 ASSOCIATE: RC11.

14:19 36

14:19 37 COMMISSIONER: With the attachment?

14:19 38

14:19 39 MR FINANZIO: With the attachment, yes.

40

41 COMMISSIONER: Yes.

42

43 **EXHIBIT #RC0011 - EMAIL FROM MR CREMONA TO**  
44 **STEVE THURSTON DATED 2 AUGUST 2019**

45

46 **EXHIBIT #RC0012 - EMAIL ATTACHMENT: MEMORANDUM**  
47 **IN PROGRESS FROM ROWAN HARRIS TO ALEX**  
48 **FITZPATRICK REGARDING SIXTH CASINO REVIEW**

1  
14:19 2 MR FINANZIO: That covering email sets out the three options  
14:20 3 that you refer to and it sets out that you've got three options for  
14:20 4 the Commission:  
14:20 5  
14:20 6 1. Accept Crown has met the recommendation without  
14:20 7 *qualification. Nothing further to do.*  
14:20 8  
14:20 9 2. *Crown has met the recommendation, but not happy*  
14:20 10 *with the outcome ..... VCGLR to review.*  
14:20 11  
14:20 12 3. *Crown has not met the recommendations, and it should*  
14:20 13 *go back and further review the ICS under VCGLR's*  
14:20 14 *guidance.*  
14:20 15  
14:20 16 They are the three options that Mr Harris posits in this memo to  
14:20 17 you?  
14:20 18  
14:20 19 A. That's correct.  
14:20 20  
14:20 21 Q. You decided ultimately to pursue option 2.  
14:20 22  
14:20 23 A. Correct.  
14:20 24  
14:20 25 Q. Which is to say, look, they've met the recommendation, but  
14:20 26 not happy with the outcome and VCGLR will review the situation  
14:20 27 itself.  
14:20 28  
14:20 29 A. That's correct.  
14:21 30  
14:21 31 COMMISSIONER: In fact point 3 was accurate, Crown's not  
14:21 32 met the recommendation?  
14:21 33  
14:21 34 A. Well, in the context of that consideration, the issue we had  
14:21 35 was if we determined "had not met the recommendation" that  
14:21 36 would have required Crown to conduct a further review. And  
14:21 37 that's where we had a little bit of a sticking point, because in  
14:21 38 discussions with my team we agreed that that wasn't  
14:21 39 an acceptable outcome. We had made Crown fully aware as to  
14:21 40 what we expected to be the outcome of that review, which comes  
14:21 41 across through my whole statement, and I didn't think it was  
14:21 42 an acceptable outcome, and I don't believe I could put faith in  
14:21 43 Crown to deliver the outcomes if we were to require a second  
14:21 44 review.  
14:21 45  
14:21 46 COMMISSIONER: I see. It would have been a waste of time to  
14:21 47 go back and get them to do it again --

14:21 1  
14:21 2 A. That was my view, Commissioner.  
14:22 3  
14:22 4 COMMISSIONER: --- you thought they weren't going to do it  
14:22 5 properly in any event.  
14:22 6  
14:22 7 A. Well, if you were given so many indications of what was  
14:22 8 required, we were extremely open and transparent with Crown in  
14:22 9 relation to bringing them to that observation what we expected,  
14:22 10 and to get the outcome we did, I had no trust in their want to  
14:22 11 deliver on the outcome we required.  
14:22 12  
14:22 13 COMMISSIONER: I understand.  
14:22 14  
14:22 15 MR FINANZIO: So, just to go to the language of that, when you  
14:22 16 were able to conclude that Crown had met the recommendation, it  
14:22 17 was technically, they technically met it; is that correct?  
14:22 18  
14:22 19 A. Absolutely, it was a ---  
14:22 20  
14:22 21 Q. In the sense that they had actually engaged with  
14:22 22 AUSTRAC; correct?  
14:22 23  
14:22 24 A. Correct.  
14:22 25  
14:22 26 Q. And they had actually engaged an external consultant?  
14:22 27  
14:22 28 A. Correct.  
14:22 29  
14:22 30 Q. And they had actually reviewed the ICS; correct?  
14:22 31  
14:22 32 A. That's correct.  
14:22 33  
14:22 34 Q. But in a way that you regarded as not meaningful?  
14:22 35  
14:23 36 A. Oh, it was minimalist at best. I come back to the point, it  
14:23 37 was agreed that it was extremely important that the Commission  
14:23 38 push ahead to address this significant issue.  
14:23 39  
14:23 40 Q. I want to take you now to tab 46. Tab 46 is dated 5 August  
14:23 41 and is a memorandum from Rowan Harris to the director Alex  
14:23 42 Fitzpatrick; correct?  
14:23 43  
14:23 44 A. Correct.  
14:23 45  
14:23 46 Q. It was directed specifically to the purpose of compliance or  
14:23 47 otherwise with Recommendation 17?

14:23 1  
14:23 2 A. That's correct.  
14:23 3  
14:23 4 Q. What that document does is set out, in a compilation sense,  
14:24 5 the relevant history as seen from the perspective of VCGLR in  
14:24 6 relation to its dealings with Crown on this issue?  
14:24 7  
14:24 8 A. That's correct.  
14:24 9  
14:24 10 Q. Can I deal with it this way, without taking it to the language  
14:24 11 of it all: the VCGLR expected a robust review of the ICS relevant  
14:24 12 to money laundering and, in particular, Junkets and Premium  
14:24 13 Player Programs?  
14:24 14  
14:24 15 A. Correct.  
14:24 16  
14:24 17 Q. That the input from AUSTRAC, following an independent  
14:24 18 assessment of the relevant ICSs, that that would occur?  
14:24 19  
14:24 20 A. Yes.  
14:24 21  
14:24 22 Q. And that the ICSs would be amended for the inclusion of  
14:25 23 more robust controls in relation to the identification of individual  
14:25 24 junket players and their associated transactions?  
14:25 25  
14:25 26 A. That's correct.  
14:25 27  
14:25 28 Q. And that would have resulted in the same level of  
14:25 29 transparency in the ICS, or relevant ICSs, as already existed in  
14:25 30 relation to premium players who play individually and not part of  
14:25 31 a junket?  
14:25 32  
14:25 33 A. That's correct. Can I also add that that was the minimum  
14:25 34 expectation. Like we would have fully appreciated if Crown  
14:25 35 went above and beyond that to highlight any additional risks they  
14:25 36 thought required mitigation.  
14:25 37  
14:25 38 Q. So at paragraph 24 of that document, there are a series of  
14:25 39 observations made by Licensing in its assessment of the response  
14:25 40 of Crown to the recommendations, but in summary you would say  
14:26 41 this, wouldn't you: Crown didn't engage with AUSTRAC on the  
14:26 42 ICS until 30 May 2019?  
14:26 43  
14:26 44 A. Correct.  
14:26 45  
14:26 46 Q. 11 months after the Sixth Review started?  
14:26 47

14:26 1 A. Correct.  
14:26 2  
14:26 3 Q. Crown relied on a report from Initialism but did not provide  
14:26 4 it to the regulator?  
14:26 5  
14:26 6 A. That's correct.  
14:26 7  
14:26 8 Q. And the proposed amendments to the ICS do not address  
14:26 9 the intention clearly stated by the VCGLR in relation to  
14:26 10 Recommendation 17 and page 138 of the Sixth Review.  
14:26 11  
14:26 12 A. That is correct.  
14:26 13  
14:26 14 Q. The conclusion, I will take you to on that page in paragraph  
14:26 15 25, it's VCG.0001.0002.3148\_0004. LMA staff, do you see  
14:27 16 paragraph 25?  
14:27 17  
14:27 18 Do you have that, Commissioner, paragraph 25:  
14:27 19  
14:27 20 *..... LMA staff are of the view that Crown has met the*  
14:27 21 *specific requirements of Recommendation 17. However,*  
14:27 22 *the shortcomings in Crown's proposed amendments to*  
14:27 23 *ICSs do not go far enough to provide the sort of*  
14:27 24 *transparency to the Commission of individual junket*  
14:27 25 *participants and their gaming transactions as intended by*  
14:27 26 *the Sixth Casino Review Report ..... This needs to form the*  
14:27 27 *basis of a recommendation to the Commission that further*  
14:27 28 *review and development of the relevant ICSs is required.*  
14:27 29  
14:27 30 The end result was that the paper suggested that the  
14:27 31 VCGLR resolve that Crown had implemented the  
14:28 32 recommendation, but that the VCGLR would go on with its  
14:28 33 own external assistance and conduct a further independent  
14:28 34 review in relation to the ICSs, is that right?  
14:28 35  
14:28 36 A. That's correct.  
14:28 37  
14:28 38 Q. And I think you answered questions from the  
14:28 39 Commissioner earlier. If the question is live, why didn't you stick  
14:28 40 to your guns and just say they haven't complied?  
14:28 41  
14:28 42 A. As I mentioned to the Commissioner earlier, my view of  
14:28 43 a view of non-compliance would have required Crown to conduct  
14:28 44 a further review, and I was at the point that there was no  
14:28 45 confidence in Crown's ability to re-assess the situation and come  
14:28 46 back with a set of recommendations or a set of amendments to the  
14:28 47 ICS that addressed the risk.

14:28 1  
14:28 2 Q. Okay.  
14:28 3  
14:28 4 A. As I mentioned, I think the risk that was identified by the  
14:29 5 review required immediate correction, and undue delay was not  
14:29 6 appropriate in this space, and I thought that the process would be  
14:29 7 further delayed if we went to Crown and seek a further review.  
14:29 8  
14:29 9 Q. All right. So at paragraph 129 you make reference to this  
14:29 10 report that I've been taking you to at tab 47, and the conclusions  
14:29 11 that are reached.  
14:29 12  
14:29 13 On 15 August you emailed Alex Fitzpatrick and I just want to  
14:29 14 take you to tab 48. This is where I think you say in an email to  
14:30 15 Alex Fitzpatrick that you just didn't see any sense in continuing.  
14:30 16  
14:30 17 A. Correct.  
14:30 18  
14:30 19 Q. Yes. So there was a Commission meeting on 15 August,  
14:30 20 the minutes of which are behind tab 49. VCG.0001.0002.6024.  
14:30 21 The question at that meeting in relation to Recommendation 17  
14:30 22 was, the ultimate resolution made by the VCGLR at that meeting  
14:30 23 was that a final finding on Recommendation 17 would be  
14:30 24 deferred?  
14:30 25  
14:30 26 A. That is correct.  
14:30 27  
14:30 28 Q. But deferred on the basis pending provision to the VCGLR  
14:31 29 of a copy of the Initialism report?  
14:31 30  
14:31 31 A. That is correct.  
14:31 32  
14:31 33 Q. But also at that meeting, the VCGLR formally resolved that  
14:31 34 it would go off and do the work itself?  
14:31 35  
14:31 36 A. Absolutely correct, yes.  
14:31 37  
14:31 38 Q. On 21 August the VCGLR requested a copy of the  
14:31 39 Initialism report in a letter to Mr Preston, which is behind tab 50.  
14:31 40 That is VCG.0001.0001.2124. I don't propose to take you to the  
14:31 41 terms of that letter, but that is the letter by which the VCGLR  
14:31 42 informed Crown of the outcome, namely it was going off to do  
14:31 43 the work --- it had resolved, as it had, and that it wanted a copy of  
14:32 44 the Initialism report?  
14:32 45  
14:32 46 A. Correct, yes. It determined, as you mentioned, to defer its  
14:32 47 decision and would conduct its own review and requested the

14:32 1 Initialism report.  
14:32 2  
14:32 3 Q. In other words, the regulator, by this letter of 21 August,  
14:32 4 made abundantly clear by that second paragraph that it wasn't  
14:32 5 happy with the results of the work done by Crown and that it was  
14:32 6 going off to do that work itself?  
14:32 7  
14:32 8 A. Absolutely.  
14:32 9  
14:32 10 Q. All right. On 28 August Crown sent to the VCGLR a letter,  
14:32 11 and that's behind tab 51 VCG.0001.0001.0072. It enclosed  
14:32 12 a copy of the Initialism report. So this is the first time that the  
14:33 13 VCGLR had obtained a copy of that report?  
14:33 14  
14:33 15 A. That's correct.  
14:33 16  
14:33 17 Q. I want to draw your attention to the letter and in particular  
14:33 18 on page 2, in providing you with a copy of the Initialism report,  
14:33 19 Crown indicates that the information contained in the  
14:33 20 correspondence and enclosed documents are confidential, and  
14:33 21 Crown has not waived and does not intend to waive privilege in  
14:33 22 any document, including any document created in connection  
14:33 23 with or relating to the Initialism report.  
14:33 24  
14:34 25 Was that kind of approach, in relation to the supply of  
14:34 26 reports to the regulator required by a recommendation,  
14:34 27 common?  
14:34 28  
14:34 29 A. I can't recall off the top of my head what the response is in  
14:34 30 relation to other recommendations or what the response was, I'm  
14:34 31 sorry.  
14:34 32  
14:34 33 Q. All right. Coming to the end of the story now, on  
14:34 34 9 September a Commission paper was prepared, which is to be  
14:34 35 found at tab 53, where the conclusion --- where, having received  
14:34 36 a copy of the Initialism report and noting that it didn't identify any  
14:35 37 significant concerns in relation to Crown's ICSs, your team  
14:35 38 recommended that there should be agreement that the  
14:35 39 Recommendation 17 had been met.  
14:35 40  
14:35 41 A. Yes, noting the further work to be conducted.  
14:35 42  
14:35 43 Q. Noting the further work to be done.  
14:35 44  
14:35 45 At paragraph 138 of your statement you set out that on  
14:35 46 29 October 2019 Ross Kennedy, being the Chair of the VCGLR,  
14:35 47 sent a letter to Joshua Preston which stated effectively the



14:36 1 outcomes of the whole process. Basically VCGLR had finally  
14:36 2 resolved to progress the matter; correct?

14:36 3

14:36 4 A. Correct.

14:36 5

14:36 6 Q. And that the VCGLR was going forward to implement its  
14:36 7 own review of the ICSs?

14:36 8

14:36 9 A. That's correct.

14:36 10

14:36 11 Q. At paragraph 139 you make the point that that work was in  
14:36 12 fact carried out by the VCGLR.

14:36 13

14:36 14 A. The further review?

14:36 15

14:36 16 Q. The further review?

14:36 17

14:36 18 A. Correct.

14:36 19

14:36 20 Q. In your paragraph 139 you explain that a number of steps  
14:36 21 were taken, in particular that Senet Legal were retained, the  
14:36 22 Commission accepted the recommendations of the Senet review  
14:36 23 on 28 May. The ICSs were drafted. Crown was consulted in  
14:37 24 relation to the redraft of the ICSs and the amended ICSs for  
14:37 25 junkets were sent to the Commission for approval and were  
14:37 26 approved, and Crown were advised of those amendments.

14:37 27

14:37 28

14:37 29

14:37 30

14:37 31

14:37 32

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Confidential



14:39 1 Confidential  
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14:41 1 [REDACTED]

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14:42 13 [REDACTED]

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Confidential [REDACTED]

Confidential [REDACTED]

14:43 1 Q. Reading your report, it seems that at certain times along the  
14:44 2 way with Crown, Crown's point to you seems to have been that  
14:44 3 the recommendation in its precise terms, on the precise language  
14:44 4 used, was not directed to what you were saying it was directed to?  
14:44 5  
14:44 6 A. That's correct.  
14:44 7  
14:44 8 Q. And in the end you had to impose those changes that were  
14:44 9 being sought by the Sixth Review yourself?  
14:44 10  
14:44 11 A. Yes.  
14:44 12  
14:44 13 Q. In your view, it would have been better if Crown had just  
14:44 14 acknowledged the issue?  
14:44 15  
14:44 16 A. Absolutely.  
14:44 17  
14:44 18 Q. And worked constructively to address it?  
14:44 19  
14:44 20 A. That's correct.  
14:44 21  
14:44 22 Q. Rather, in your view, Crown was working against what  
14:44 23 seemed to be a necessary and obvious improvement in the  
14:44 24 systems?  
14:44 25  
14:44 26 A. Yes.  
14:44 27  
14:44 28 Q. To treat junket players as customers of Crown and do  
14:45 29 proper due diligence just like any other premium player which  
14:45 30 they already did?  
14:45 31  
14:45 32 A. That's correct.  
14:45 33  
14:45 34 Q. It is sufficiently clear, isn't it, from all of your experience,  
14:45 35 that money laundering is a reason to do something about junket  
14:45 36 player anonymity, and in particular the contribution that a junket  
14:45 37 player might make to front money?  
14:45 38  
14:45 39 A. Absolutely.  
14:45 40  
14:45 41 Q. And there is no explanation, from all of your experience,  
14:45 42 for why doing so would be a bad idea?  
14:45 43  
14:45 44 A. No, absolutely not.  
14:45 45  
14:45 46 Q. AUSTRAC didn't say it was a bad idea?  
14:45 47

14:45 1 A. No.  
14:45 2  
14:45 3 Q. Mr Jeans didn't really address it?  
14:45 4  
14:46 5 A. That's correct. I do note that the Initialism report, though,  
14:46 6 actually emphasises the point that transactions over \$10,000 only  
14:46 7 required visibility from a junket operator perspective as opposed  
14:46 8 to players. So it emphasises the point of the risk.  
14:46 9  
14:46 10 Q. So it doubled down on junket operators being the subject of  
14:46 11 those requirements?  
14:46 12  
14:46 13 A. Correct.  
14:46 14  
14:46 15 Q. You were forced to engage Senet to help you implement the  
14:46 16 change?  
14:46 17  
14:46 18 A. That's correct.  
14:46 19  
14:46 20 Q. And Crown resisted the change at really all of the steps in  
14:46 21 the process that we've gone through in the course of today?  
14:46 22  
14:46 23 A. Yes.  
14:46 24  
14:46 25 Q. That is so even after you explained to Crown in explicit  
14:46 26 terms on a number of occasions what was intended?  
14:46 27  
14:46 28 A. That's correct.  
14:46 29  
14:47 30 MR FINANZIO: Thank you, Commissioner.  
14:47 31  
14:47 32 COMMISSIONER: One question from me. Did you ever come  
14:47 33 to any understanding why Crown didn't want to be under  
14:47 34 an obligation to check out who the junket players were?  
14:47 35  
14:47 36 A. Did I get an indication from Crown as to the reason? No.  
14:47 37  
14:47 38 COMMISSIONER: You have some suspicions about that?  
14:47 39  
14:47 40 A. Well, I have views that if Crown were required to obtain  
14:47 41 information in relation to source of funds from junket players,  
14:47 42 that could be reason for the junket players not to come and  
14:47 43 gamble at the Melbourne casino and look elsewhere.  
14:47 44  
14:47 45 COMMISSIONER: It the only reason, isn't it?  
14:47 46  
14:47 47 A. I believe so, Commissioner.

14:48 1  
14:48 2 COMMISSIONER: I think you had indicated you might want to  
14:48 3 ask questions, Mr Borsky.  
14:48 4  
14:48 5  
14:48 6 **CROSS-EXAMINATION BY MR BORSKY**  
14:48 7  
14:48 8  
14:48 9 MR BORSKY: With your leave.  
14:48 10  
14:48 11 Mr Cremona, I appear for Crown. Can you hear me clearly  
14:48 12 enough?  
14:48 13  
14:48 14 A. Yes.  
14:48 15  
14:48 16 Q. The VCGLR conducted periodic investigations or reviews  
14:48 17 of Crown Casino under section 25 of the Act at least every five  
14:48 18 years; correct?  
14:48 19  
14:48 20 A. That is correct.  
14:48 21  
14:48 22 Q. And to your knowledge, VCGLR found Crown to be  
14:48 23 cooperative in relation to the section 25 reviews?  
14:48 24  
14:48 25 A. I can't answer that.  
14:48 26  
14:48 27 Q. You've read the Sixth Review report carefully --  
14:48 28  
14:48 29 A. Yes, I have.  
14:48 30  
14:48 31 Q. --- Mr Cremona?  
14:48 32  
14:48 33 A. Yes.  
14:48 34  
14:48 35 Q. And you've been employed by VCGLR since its inception  
14:48 36 in 2012?  
14:48 37  
14:48 38 A. Yes, correct.  
14:48 39  
14:48 40 Q. I will ask you again. To your knowledge, did the VCGLR  
14:48 41 find Crown to be cooperative in relation to its section 25 reviews?  
14:49 42  
14:49 43 A. Well, I wasn't involved in the review themselves so I  
14:49 44 couldn't comment on the cooperative nature during the conduct of  
14:49 45 the reviews.  
14:49 46  
14:49 47 Q. You are the VCGLR representative who has been charged

14:49 1 with answering the question in the Commissioner's request for  
14:49 2 statement as to Crown's cooperativeness and responsiveness in its  
14:49 3 dealings with the VCGLR; correct?  
14:49 4  
14:49 5 A. Correct.  
14:49 6  
14:49 7 Q. I will ask you again. to your knowledge, has the VCGLR  
14:49 8 found Crown to be cooperative in relation to the VCGLR's  
14:49 9 section 25 reviews, "yes" or "no"?  
14:49 10  
14:49 11 A. I think the question is quite broad. So I did respond to  
14:49 12 a notice to supply in relation to providing an example --  
14:49 13  
14:49 14 Q. Yes.  
14:49 15  
14:49 16 A. --- which I did in relation to one of the recommendations --  
14:49 17 one of the 20 recommendations, I do note --  
14:49 18  
14:49 19 Q. Yes.  
14:49 20  
14:49 21 A. --- so I don't --- I'm not in a position to comment on Crown's  
14:49 22 responsiveness to the review process per se.  
14:50 23  
14:50 24 COMMISSIONER: Is that because you had no involvement  
14:50 25 whatsoever ---  
14:50 26  
14:50 27 A. Absolutely.  
14:50 28  
14:50 29 COMMISSIONER: --- in any of the reviews?  
14:50 30  
14:50 31 A. Absolutely, Commissioner.  
14:50 32  
14:50 33 MR BORSKY: Right. Are you aware, Mr Cremona, that Crown  
14:50 34 directors and staff cooperated with the VCGLR in the conduct of  
14:50 35 the Sixth Review?  
14:50 36  
14:50 37 A. I cannot comment.  
14:50 38  
14:50 39 Q. Are you aware of that or not?  
14:50 40  
14:50 41 A. Well, I wasn't involved in any element of the conduct of the  
14:50 42 review, so I'm not sure how clear I can be on that.  
14:50 43  
14:50 44 Q. Could I have the Sixth Review, Exhibit RC0002 called up,  
14:50 45 please. It's COM.0005.0001.0776. You've read this carefully?  
14:50 46  
14:50 47 A. Yes.

14:50 1  
14:50 2 Q. You've certainly read the executive summary?  
14:50 3  
14:50 4 A. Yes.  
14:50 5  
14:50 6 Q. Can we go to the executive summary that commences at  
14:51 7 0784. Do you recognise that as the first page of the executive  
14:51 8 summary?  
14:51 9  
14:51 10 A. Yes.  
14:51 11  
14:51 12 Q. Which you've reviewed recently?  
14:51 13  
14:51 14 A. I wouldn't say recently, but as part of the process in relation  
14:51 15 to assessing the recommendations, I would have reviewed the  
14:51 16 report.  
14:51 17  
14:51 18 Q. You reviewed it before finalising your statement in April  
14:51 19 this year?  
14:51 20  
14:51 21 A. Yes, absolutely.  
14:51 22  
14:51 23 Q. Could we then go to the final page of the executive  
14:51 24 summary which is at 0786, so two pages on from where we are.  
14:51 25  
14:51 26 Could the operator zoom in on the final note on which the  
14:51 27 VCGLR concludes its executive summary.  
14:51 28  
14:51 29 I will ask you again, Mr Cremona: to your knowledge, did Crown  
14:51 30 directors and staff cooperate with the VCGLR in the conduct of  
14:51 31 the Sixth Review?  
14:51 32  
14:52 33 A. Well ---  
14:52 34  
14:52 35 MR ROZEN: Commissioner, that is the fifth time he's been  
14:52 36 asked the same question, (inaudible) the document speaks for  
14:52 37 itself I don't understand how this can assist my learned friend.  
14:52 38  
14:52 39 COMMISSIONER: From his knowledge it is clear that he won't  
14:52 40 know.  
14:52 41  
14:52 42 MR BORSKY: I will approach it differently, if I may.  
14:52 43  
14:52 44 In your experience, Mr Cremona, do the review reports reflect the  
14:52 45 settled views of the VCGLR?  
14:52 46  
14:52 47 A. Sorry, can you rephrase the question?



14:52 1  
14:52 2 Q. Yes, the reports which are published following the section  
14:52 3 25 reviews, in your experience, the VCGLR, do the text of those  
14:52 4 reports reflect the settled views of the Commission, the VCGLR?  
14:52 5  
14:52 6 A. Well, I understand those reports are endorsed by the  
14:52 7 Commission so I would say yes.  
14:52 8  
14:52 9 Q. They are reviewed and approved by the Commission before  
14:52 10 publication; correct?  
14:52 11  
14:52 12 A. That is my understanding.  
14:52 13  
14:52 14 Q. Unlike your witness statement which you prepared yourself  
14:52 15 and which reflects your personal views?  
14:53 16  
14:53 17 A. Correct.  
14:53 18  
14:53 19 Q. To your knowledge, Crown was cooperative also with the  
14:53 20 VCGLR's Fifth Review which concluded in 2013, correct?  
14:53 21  
14:53 22 A. I can't comment on the Fifth Review.  
14:53 23  
14:53 24 Q. Have you read the Fifth Review.  
14:53 25  
14:53 26 A. No, I have not.  
14:53 27  
14:53 28 MR BORSKY: Just for the transcript I might tender it rather than  
14:53 29 taking the time with the witness. It's CRW.510.025.5690.  
14:53 30  
14:53 31 COMMISSIONER: Do you want that called up or not?  
14:53 32  
14:53 33 MR BORSKY: I'm happy to call it up and tender it, if I may.  
14:53 34  
14:53 35 COMMISSIONER: We can tender it without you calling it up.  
14:53 36 Can you remind me of the date of the Fifth Review?  
14:53 37  
14:53 38 MR BORSKY: 2013 --  
14:53 39  
14:53 40 COMMISSIONER: It's the Fifth Review in 2013.  
14:53 41  
14:53 42 MR BORSKY: That's correct. It's the second-most recent  
14:53 43 review conducted by the VCGLR. I see it has been called up, for  
14:53 44 the assistance of the Commissioner, if we could go to 0754,  
14:53 45 please.  
14:53 46  
14:54 47 COMMISSIONER: I'll have an exhibit number first.

14:54 1  
14:54 2 ASSOCIATE: RC13.  
14:54 3  
4  
5 **EXHIBIT #RC0013 - FIFTH REVIEW OF THE CASINO**  
6 **OPERATOR AND LICENCE DATED JUNE 2013**  
7  
8  
14:54 9 MR BORSKY: 5074 we see a similar, though not identical end  
14:54 10 note. Have you read this before, Mr Cremona?  
14:54 11  
14:54 12 A. No. No. Not in its entirety, no.  
14:54 13  
14:54 14 Q. You are not in a position to give any evidence contrary to  
14:54 15 the VCGLR's note that Crown Melbourne and Crown Ltd's  
14:54 16 cooperation with the review was complete and generally timely?  
14:54 17  
14:54 18 A. No, I'm not in a position to respond to that.  
14:54 19  
14:54 20 Q. All right. That is in relation to the conduct of the reviews  
14:54 21 in which you said in your evidence you had limited involvement  
14:54 22 in; correct?  
14:54 23  
14:54 24 COMMISSIONER: I think he said he had no involvement.  
14:54 25  
14:54 26 MR BORSKY: Yes, he did, he said ad hoc requests and  
14:54 27 assistance to the team.  
14:54 28  
14:55 29 A. Oh, very minor, correct.  
14:55 30  
14:55 31 Q. But in relation to the implementation of the  
14:55 32 recommendations ---  
14:55 33  
14:55 34 A. Yes.  
14:55 35  
14:55 36 Q. --- you were closely involved?  
14:55 37  
14:55 38 A. In relation to recommendation --- in relation to the Sixth  
14:55 39 Review, yes, I was. In relation to the Fifth Review there was  
14:55 40 some minor work in relation to a single recommendation at the  
14:55 41 time, and that coincided with the formation of my team that I  
14:55 42 currently manage.  
14:55 43  
14:55 44 Q. Which is the LMA team?  
14:55 45  
14:55 46 A. That's correct.  
14:55 47

14:55 1 Q. Licensing, Managing and Audit?  
14:55 2  
14:55 3 A. That's correct.  
14:55 4  
14:55 5 Q. I will focus these questions on the Sixth Review just to  
14:55 6 assist you. Is this fair: VCGLR staff worked together with  
14:55 7 Crown staff in relation to the implementation of the 20  
14:55 8 recommendations in the Sixth Review?  
14:55 9  
14:55 10 A. That is correct.  
14:55 11  
14:55 12 Q. Is it correct also that there were regular meetings between  
14:56 13 VCGLR staff and Crown staff?  
14:56 14  
14:56 15 A. There were meetings as required, correct.  
14:56 16  
14:56 17 Q. And they were regular, weren't they?  
14:56 18  
14:56 19 A. Well, regular, as required, yes --- there were quarterly  
14:56 20 meetings and there were then quarterly licence management  
14:56 21 meetings, as we explained earlier in my statement, and then there  
14:56 22 were meetings as required throughout the process. So if you take  
14:56 23 those two into context, yes, they would have been regular.  
14:56 24  
14:56 25 Q. Weren't there also regular meetings between the executives  
14:56 26 of the VCGLR and Crown at which the Sixth Casino Review  
14:56 27 recommendations were specifically considered?  
14:56 28  
14:56 29 A. They are the quarterly meetings that I referred to.  
14:56 30  
14:56 31 Q. Yes. And didn't the Crown Group General Manager of  
14:56 32 regulatory and compliance, and also Crown's Group General  
14:56 33 Manager of responsible gaming, meet on a regular basis with  
14:56 34 your team?  
14:56 35  
14:56 36 A. Correct.  
14:56 37  
14:57 38 Q. That is Ms Fielding and Ms Bauer?  
14:57 39  
14:57 40 A. Correct.  
14:57 41  
14:57 42 Q. Do you know Ms Fielding and Ms Bauer well?  
14:57 43  
14:57 44 A. In the context of my role, I do.  
14:57 45  
14:57 46 Q. You have dealt with them specifically over the years?  
14:57 47

- 14:57 1 A. Correct.  
14:57 2
- 14:57 3 Q. You have found them generally to be cooperative and direct  
14:57 4 in their approach and in dealings with the VCGLR?  
14:57 5
- 14:57 6 A. On most occasions, correct.  
14:57 7
- 14:57 8 Q. Members of your team corresponded with those and other  
14:57 9 representatives of Crown between those regular meetings quite  
14:57 10 frequently in relation to the implementation of the Sixth Review  
14:57 11 recommendations, didn't they?  
14:57 12
- 14:57 13 A. Depends how you define "frequently", but as required,  
14:57 14 when we required updates or a status in relation to those  
14:57 15 recommendations, we would engage with Ms Fielding and  
14:57 16 Ms Bauer as required.  
14:57 17
- 14:57 18 Q. You and your team felt quite comfortable reaching out,  
14:57 19 whether by phone or in email, to members of the Crown staff  
14:57 20 whenever there were queries or concerns in relation to any aspect  
14:58 21 of implementation of the Sixth Review recommendations?  
14:58 22
- 14:58 23 A. Absolutely. That is my role as the regulator. I should be  
14:58 24 comfortable to reach out and have any discussion with a licensee,  
14:58 25 including Crown.  
14:58 26
- 14:58 27 Q. Leaving to one side the Recommendation 17 to which we  
14:58 28 will return, leaving that example to one side, your general  
14:58 29 experience with the Crown staff was that they were cooperative  
14:58 30 and responsive in answer to those requests for queries; correct?  
14:58 31
- 14:58 32 A. Well, that is difficult to comment on without going through  
14:58 33 each of the recommendations. So there were times where there  
14:58 34 were matters that needed to be clarified and addressed and, you  
14:58 35 know, further details supplied in response to submissions. I want  
14:58 36 to clarify that I was brought today to respond to Recommendation  
14:58 37 17. I haven't considered the detail of all the other  
14:58 38 recommendations in the lead-in to this discussion. So I just  
14:59 39 wanted to put that on the table, but you know ---  
14:59 40
- 14:59 41 Q. Just picking that up, if I may, when you say that you were  
14:59 42 "brought" today to respond to Recommendation 17, who do you  
14:59 43 say "brought" you here to focus on that recommendation in  
14:59 44 particular?  
14:59 45
- 14:59 46 A. Well, there was a request for the Commission to present up  
14:59 47 to three examples of matters in relation to its cooperation with

14:59 1 Crown or its dealings with Crown. I provided a witness  
14:59 2 statement in relation to that response, and I got asked to come and  
14:59 3 present or appear as a witness in relation to that statement.  
14:59 4  
14:59 5 Q. Okay. I will take you to that request a little later, but just if  
14:59 6 you would, please, answer my question about your general  
15:00 7 experience in dealing with Crown representatives in relation to  
15:00 8 the implementation of the Sixth Review recommendations?  
15:00 9  
15:00 10 A. Yes.  
15:00 11  
15:00 12 Q. Is it a fair characterisation of that experience, Mr Cremona,  
15:00 13 to say that generally Crown staff were cooperative and responsive  
15:00 14 to your team in their dealings?  
15:00 15  
15:00 16 A. To my requests, yes, they were.  
15:00 17  
15:00 18 Q. And to the requests of your team, Messrs Harris and  
15:00 19 Thurston at least?  
15:00 20  
15:00 21 A. Correct.  
15:00 22  
15:00 23 Q. You don't suggest to the Commissioner that Crown was ---  
15:00 24 leaving aside Recommendation 17, which I will give you  
15:00 25 an opportunity to give more evidence about --- you don't suggest  
15:00 26 that Crown was anything other than cooperative and responsive  
15:00 27 generally?  
15:00 28  
15:00 29 A. Well, as I mentioned, there would be situations that come to  
15:00 30 mind that I'm happy to expand on, but I haven't come here today  
15:00 31 prepared to talk to the detail of those recommendations. But, you  
15:00 32 know, there were recommendations along the journey that  
15:00 33 required further information from Crown. As per what occurred  
15:01 34 with Recommendation 17, there were discussions around  
15:01 35 information that should be supplied as part of Crown's response  
15:01 36 to recommendations, and that information was not supplied until  
15:01 37 such time that we requested that further information via  
15:01 38 an escalation through the Commission.  
15:01 39  
15:01 40 So I just want to put the point across that there was clearly  
15:01 41 cooperation, but there were instances, similar to Recommendation  
15:01 42 17, that required escalation and required appropriate action from  
15:01 43 the casino and from Crown and its representatives.  
15:01 44  
15:01 45 Q. Mr Cremona, the VCGLR concluded that Crown met all of  
15:01 46 the recommendations in the Sixth Review that have so far fallen  
15:01 47 due for implementation; correct?

15:01 1  
15:01 2 A. That is correct.  
15:01 3  
15:01 4 Q. So of the 20 recommendations in the Sixth Review, 17 had  
15:02 5 a fixed completion date; correct?  
15:02 6  
15:02 7 A. That is my understanding, yes.  
15:02 8  
15:02 9 Q. Three were ongoing recommendations ---  
15:02 10  
15:02 11 A. Yes.  
15:02 12  
15:02 13 Q. --- they imposed ongoing obligations --  
15:02 14  
15:02 15 A. Correct.  
15:02 16  
15:02 17 Q. --- or requirements on Crown; correct?  
15:02 18  
15:02 19 A. Correct.  
15:02 20  
15:02 21 Q. Of the 17 recommendations with a fixed completion date,  
15:02 22 the VCGLR decided subsequently that one was unnecessary for  
15:02 23 Crown to complete; that was Recommendation 20; do you agree?  
15:02 24  
15:02 25 A. That's correct.  
15:02 26  
15:02 27 Q. So that left 16 recommendations with a fixed completion  
15:02 28 date that Crown --- that was incumbent upon Crown to  
15:02 29 implement?  
15:02 30  
15:02 31 A. Correct.  
15:02 32  
15:02 33 Q. And in respect of each of those 16 recommendations,  
15:02 34 Crown made a submission to the VCGLR prior to the due date,  
15:03 35 explaining how and why Crown considered that it had  
15:03 36 implemented the recommendation; do you agree?  
15:03 37  
15:03 38 A. I agree.  
15:03 39  
15:03 40 Q. Those submissions were received on time, without  
15:03 41 exception?  
15:03 42  
15:03 43 A. Yes, and --- sorry, just to clarify, there was one  
15:03 44 recommendation that Crown sought an extension.  
15:03 45  
15:03 46 Q. Yes ---  
15:03 47

15:03 1 A. Just to clarify that position. So, yes, there is one that the  
15:03 2 due date defined in the review report has been extended.  
15:03 3  
15:03 4 Q. You are quite right. Thank you for the clarification. But  
15:03 5 that extension was granted by the Commission?  
15:03 6  
15:03 7 A. Correct.  
15:03 8  
15:03 9 Q. And then, in respect of each of those 16 recommendations  
15:03 10 the VCGLR acknowledged that Crown had completed each of  
15:03 11 them; correct?  
15:03 12  
15:03 13 A. Correct.  
15:03 14  
15:03 15 Q. Now, the three recommendations which had no fixed  
15:04 16 completion date were Recommendations 5, 7 and 19; do you  
15:04 17 agree?  
15:04 18  
15:04 19 A. I can't recall off the top of my head, apologies.  
15:04 20  
15:04 21 Q. That's all right. Perhaps I will take you to the passage in  
15:04 22 the Sixth Review where the recommendations are summarised.  
15:04 23 That might assist you. It should commence at 0791. Page 12 in  
15:04 24 the print.  
15:04 25  
15:04 26 Here, the Commission conveniently summarises the  
15:04 27 recommendations just in a few pages. So those three with  
15:05 28 ongoing requirements were first recommendation 5; do you see?  
15:05 29 Are you able to make that out or should we zoom in?  
15:05 30  
15:05 31 A. I do see that but I note it doesn't --- apologies, yes, they do  
15:05 32 provide the deadline. That was an ongoing regulation.  
15:05 33  
15:05 34 Q. That there be annual roundtables, et cetera?  
15:05 35  
15:05 36 A. Yes.  
15:05 37  
15:05 38 Q. And Recommendation 7, if we could pull that up, please.  
15:05 39 That was a responsible gaming recommendation; correct?  
15:05 40  
15:05 41 A. That's correct.  
15:05 42  
15:05 43 Q. It recommended that Crown use observable signs in  
15:05 44 conjunction with other harm minimisation measures such as data  
15:05 45 analytics to identifying patrons at risk of being harmed from  
15:05 46 gambling?  
15:05 47

15:05 1 A. Correct.  
15:05 2  
15:05 3 Q. Can you explain to the Commissioner what "observable  
15:06 4 signs" means?  
15:06 5  
15:06 6 A. Well, observable signs in the context of Crown staff  
15:06 7 observing issues in relation to patrons gaming at the casino.  
15:06 8  
15:06 9 Q. So, in addition to data analytics may by reason of spend  
15:06 10 patterns or time spent at the casino, staff may observe signs in  
15:06 11 patrons such as agitation ---  
15:06 12  
15:06 13 A. Correct.  
15:06 14  
15:06 15 Q. --- or fatigue or other behaviours ---  
15:06 16  
15:06 17 A. Yes.  
15:06 18  
15:06 19 Q. --- which may put staff on notice that there may, not is, but  
15:06 20 there may be, a responsible gaming issue to investigate?  
15:06 21  
15:06 22 A. That's correct.  
15:06 23  
15:06 24 Q. So that is an ongoing obligation that recommendation, you  
15:06 25 agree?  
15:06 26  
15:06 27 A. Yes.  
15:06 28  
15:06 29 Q. Then the third and final recommendation which fell into  
15:06 30 this category is Recommendation 18, which was  
15:06 31 a recommendation requiring Crown to include things in all future  
15:07 32 submissions.  
15:07 33  
15:07 34 A. Yes.  
15:07 35  
15:07 36 Q. You agree?  
15:07 37  
15:07 38 A. Yes.  
15:07 39  
15:07 40 Q. Now, I suggest to you that for each of those three  
15:07 41 recommendations, the VCGLR has acknowledged that Crown is  
15:07 42 implementing and complying with those recommendations; do  
15:07 43 you agree?  
15:07 44  
15:07 45 A. That's correct.  
15:07 46  
15:07 47 MR BORSKY: Commissioner, I'm in your hands, of course.



15:07 1 I can --- in due course we will want to rely on documents which  
15:07 2 make good the propositions to which the witness is receiving.  
15:07 3 I can either give the IDs now and proceed to manually tender, or  
15:07 4 we can prepare an aide-memoire and provide that to our friends.  
15:07 5  
15:07 6 COMMISSIONER: Do it that way with a bundle of documents.  
15:07 7  
15:07 8 MR BORSKY: We'll do that.  
15:07 9  
15:07 10 COMMISSIONER: Then you can have internal references, and  
15:07 11 in due course they will be taken as read --  
15:07 12  
15:07 13 MR BORSKY: Thank you.  
15:07 14  
15:07 15 COMMISSIONER: --- when they are tendered. You will do  
15:07 16 a separate tender bundle?  
15:07 17  
15:07 18 MR BORSKY: We will, but we'll proceed in whatever way  
15:08 19 assists you best. What I was proposing was we will send a draft  
15:08 20 of our proposed aide-memoire to Mr Finanzio and his team, and  
15:08 21 then it can make its way to you and hopefully the materials  
15:08 22 referred to therewith will be tendered.  
15:08 23  
15:08 24 COMMISSIONER: Will it just be references or will it  
15:08 25 commentary as well? I'm content for it to include commentary if  
15:08 26 that makes it easier.  
15:08 27  
15:08 28 MR BORSKY: Thank you.  
15:08 29  
15:08 30 COMMISSIONER: Then I can read the documents to see if I  
15:08 31 agree with the comment.  
15:08 32  
15:08 33 MR BORSKY: Thank you. What I have in mind is at least this,  
15:08 34 a table which for each recommendation has the dates, the  
15:08 35 submissions, the VCGLR acknowledgements of compliance, and  
15:08 36 whatever other relevant comments.  
15:08 37  
15:08 38 COMMISSIONER: I would prefer to do that in paper form  
15:08 39 rather than have Mr Cremona --  
15:08 40  
15:08 41 MR BORSKY: I won't waste time on that.  
15:08 42  
15:08 43 COMMISSIONER: Okay.  
15:08 44  
15:08 45 MR BORSKY: Mr Cremona, do you agree also that in addition  
15:09 46 to implementing each of the recommendations in the Sixth  
15:09 47 Review, Crown also provided information and assistance to

15:09 1 VCGLR that went above and beyond what the recommendations  
15:09 2 required?  
15:09 3  
15:09 4 A. I don't have a view on that.  
15:09 5  
15:09 6 Q. Isn't it your job to manage the team which was responsible  
15:09 7 on the VCGLR side for assessing implementation of each of  
15:09 8 those 20 recommendations?  
15:09 9  
15:09 10 A. Absolutely. But a question about did Crown go above and  
15:09 11 beyond over the last couple of years is something I haven't turned  
15:09 12 my attention to.  
15:09 13  
15:09 14 Q. Can I show you this document, CRW.010.029.4623.  
15:09 15  
15:10 16 This is a letter dated 13 November 2019 to Mr Preston at Crown  
15:10 17 from Mr Kennedy, the Chair of the VCGLR; correct?  
15:10 18  
15:10 19 A. Sorry, I can't see the bottom of that letter.  
15:10 20  
15:10 21 Q. Sorry, could we scroll first up to show Mr Cremona the  
15:10 22 date and then down to show him the signatory. Yes.  
15:10 23  
15:11 24 A. Yes, thank you.  
15:11 25  
15:11 26 Q. I suggest this letter would not have been signed by  
15:11 27 Mr Kennedy before passing through Ms Fitzpatrick and you  
15:11 28 prior; correct?  
15:11 29  
15:11 30 A. That's a fair assumption, yes, but I can't comment  
15:11 31 specifically on this letter. Just noting it was several years ago and  
15:11 32 I may have been on holidays at the time for all I know. But the  
15:11 33 standard process is, yes, that if there was a letter linked to  
15:11 34 a recommendation, it would ordinarily go through me and  
15:11 35 through my director.  
15:11 36  
15:11 37 Q. In this letter, it was noted that at the Commission's meeting  
15:11 38 on 24 October 2019, having considered Crown's submissions, the  
15:11 39 Commission noted that Crown had implemented  
15:11 40 Recommendation 10; correct?  
15:11 41  
15:11 42 A. That's correct.  
15:11 43  
15:12 44 Q. And that recommendation, as the letter discloses, required  
15:12 45 Crown to undertake a comprehensive review of its policy for the  
15:12 46 making and revocation of voluntary exclusion orders under  
15:12 47 section 72(2A) of the Act?

15:12 1  
15:12 2 A. Correct.  
15:12 3  
15:12 4 Q. So what the Commission is signalling here in this letter is  
15:12 5 that Crown received a tick from the Commission in respect of  
15:12 6 Recommendation 10?  
15:12 7  
15:12 8 A. That's correct.  
15:12 9  
15:12 10 Q. By this date, by 24 October when the Commission met to  
15:12 11 consider it, if not earlier, Crown had completed its  
15:12 12 implementation of Recommendation 10 to the satisfaction of the  
15:12 13 VCGLR?  
15:12 14  
15:12 15 A. That is correct.  
15:12 16  
15:12 17 Q. But then the Commission notes, under the three bullet  
15:13 18 points, that in considering Crown's submission in relation to  
15:13 19 Recommendation 10, the Commission had noted Crown's  
15:13 20 12-month evaluation trial of three and six-month time-out  
15:13 21 program agreements?  
15:13 22  
15:13 23 A. Yes, that's correct.  
15:13 24  
15:13 25 Q. Are you familiar with the three and six-month time-out  
15:13 26 program?  
15:13 27  
15:13 28 A. That's correct.  
15:13 29  
15:13 30 Q. Could you tell the Commissioner briefly what that was,  
15:13 31 please?  
15:13 32  
15:13 33 A. What a time-out program is?  
15:13 34  
15:13 35 Q. Yes.  
15:13 36  
15:13 37 A. It is an alternative that is made available to players --- sorry,  
15:13 38 as an alternative to voluntary self-exclusions under section 72 of  
15:13 39 the Act that requires the player to commit to a short-term  
15:13 40 exclusion, albeit informal, from the casino.  
15:13 41  
15:13 42 Q. Thank you. So you agree that it was something distinct  
15:13 43 from the voluntary exclusion orders the subject of  
15:13 44 Recommendation 10 and section 72(2A) of the Act?  
15:14 45  
15:14 46 A. Well, it was part of the comprehensive review of Crown's  
15:14 47 approach to self-exclusions.

15:14 1  
15:14 2 Q. Well, a time-out program agreement is not a voluntary  
15:14 3 self-exclusion order under the Act.  
15:14 4  
15:14 5 A. I fully appreciate that, but I'm fairly confident that Crown's  
15:14 6 submission in relation to Recommendation 10 would have called  
15:14 7 out the fact that it offers ---  
15:14 8  
15:14 9 Q. Yes.  
15:14 10  
15:14 11 A. --- TOPAs.  
15:14 12  
15:14 13 Q. In addition to complying with section 72(2A) of the Act?  
15:14 14  
15:14 15 A. Correct.  
15:14 16  
15:14 17 Q. So, having acknowledged Crown's implementation of  
15:14 18 Recommendation 10, the Commission requested for its  
15:14 19 assistance, Crown to provide data from the evaluation trial of the  
15:14 20 time-out program agreements; correct?  
15:14 21  
15:14 22 A. Correct.  
15:14 23  
15:14 24 Q. And Crown was told that the licensing division, of which  
15:15 25 you are a member ---  
15:15 26  
15:15 27 A. Yes.  
15:15 28  
15:15 29 Q. --- would consult with Crown to clarify the data required  
15:15 30 and the expected deadline for provision of that data?  
15:15 31  
15:15 32 A. That's correct.  
15:15 33  
15:15 34 Q. That did subsequently occur, didn't it?  
15:15 35  
15:15 36 A. Correct.  
15:15 37  
15:15 38 Q. Your team, in fact you, yourself, wrote to Ms Fielding in  
15:15 39 January of 2020 to provide details of the data that would assist  
15:15 40 you; correct?  
15:15 41  
15:15 42 A. I don't have a copy of that correspondence, I can't comment  
15:15 43 on that.  
15:15 44  
15:15 45 MR BORSKY: I will tender that, please.  
15:15 46  
15:15 47 COMMISSIONER: This is a letter dated 13 November 2019

15:15 1 from Mr Kennedy to Mr Preston.  
15:15 2  
15:15 3 ASSOCIATE: RC14.  
15:15 4  
15:15 5  
15:15 6 **EXHIBIT #RC0014 - LETTER DATED 13 NOVEMBER 2019**  
15:15 7 **FROM ROSS KENNEDY TO JOSHUA PRESTON**  
15:15 8  
15:15 9  
15:15 10 COMMISSIONER: Do you want to go to another document?  
15:15 11  
15:15 12 MR BORSKY: Yes, CRW.010.029.4623.  
15:16 13  
15:16 14 COMMISSIONER: Who is the author of this letter?  
15:16 15  
15:16 16 MR BORSKY: Mr Cremona.  
15:16 17  
15:16 18 COMMISSIONER: Let me look at the second page. Why don't  
15:16 19 we tender it now.  
15:16 20  
15:16 21 MR BORSKY: Thank you.  
15:16 22  
15:16 23 COMMISSIONER: Go back to the first page, please. Letter  
15:16 24 dated 15 January 2020 from Mr Cremona to Ms Fielding.  
15:16 25  
15:16 26 ASSOCIATE: RC15.  
15:16 27  
15:16 28  
15:16 29 **EXHIBIT #RC0015 - LETTER FROM JASON CREMONA TO**  
15:16 30 **MICHELLE FIELDING DATED 15 JANUARY 2020**  
15:16 31  
15:16 32  
15:16 33 MR BORSKY: Does this refresh your memory, Mr Cremona?  
15:16 34  
15:16 35 A. Yes.  
15:16 36  
15:16 37 Q. I make no criticism (inaudible) but you did in January 2020  
15:16 38 write to Ms Fielding and provide details of the data?  
15:16 39  
15:17 40 A. Yes, I did.  
15:17 41  
15:17 42 Q. If we could scroll down, we see that this letter followed  
15:17 43 a meeting between you and Ms Fielding and perhaps others  
15:17 44 a week earlier; correct?  
15:17 45  
15:17 46 A. Appears to be the case, yes.  
15:17 47

15:17 1 Q. You then set out the data you required, and you requested  
15:17 2 that that data be provided in tranches. If we scroll so  
15:17 3 Mr Cremona can see over the page, please.  
15:17 4  
15:17 5 Having set out the various data you were of, you then asked for it  
15:17 6 to be provided in tranches, the first tranche by 28 February and  
15:17 7 the second tranche by 31 August; correct?  
15:17 8  
15:17 9 A. Correct.  
15:17 10  
15:17 11 Q. Ms Fielding did provide the data on time in both tranches,  
15:18 12 correct?  
15:18 13  
15:18 14 A. I can't answer that.  
15:18 15  
15:18 16 Q. All right. CRW.510.029.4347. This is a letter --- for some  
15:18 17 reason sent to Mr Harris and not to you, sent to your team, by  
15:18 18 Ms Fielding four days earlier than the date you had requested, on  
15:18 19 24 February 2023. Correct?  
15:18 20  
15:18 21 A. Yes, that's correct.  
15:18 22  
15:18 23 COMMISSIONER: Yes. Letter dated 24 February 2020 from  
15:18 24 Ms Fielding to Mr Rowan Harris, I think we are up to number 16.  
15:18 25  
15:18 26  
15:18 27 **EXHIBIT #RC0016 - LETTER FROM MICHELLE FIELDING**  
15:19 28 **TO ROWAN HARRIS DATED 24 FEBRUARY 2020**  
15:19 29  
15:19 30  
15:19 31 MR BORSKY: And if we can scroll down to the text of the  
15:19 32 letter, I won't take time dwelling on the detail, but she refers to  
15:19 33 your letter of 15 January, which I've just showed you, and she  
15:19 34 then sets out in some detail answers to the questions and  
15:19 35 references to the data over the next four or five pages. Could we  
15:19 36 just scroll through that in a manner convenient to Mr Cremona to  
15:19 37 peruse it.  
15:19 38  
15:19 39 COMMISSIONER: This is providing some of the data you  
15:19 40 requested?  
15:19 41  
15:19 42 A. Yes, absolutely, yes.  
15:19 43  
15:19 44 MR BORSKY: Then the second tranche was delivered again on  
15:19 45 time by 31 August 2020, this time addressed to you,  
15:19 46 CRW.510.029.4581.  
15:19 47

15:20 1 COMMISSIONER: It is a letter dated 31 August 2020 from  
15:20 2 Ms Fielding to Mr Cremona. 17.  
15:20 3  
15:20 4  
15:20 5 **EXHIBIT #RC0017 - LETTER FROM MS FIELDING TO MR**  
15:20 6 **CREMONA DATED 31 AUGUST 2020**  
15:20 7  
15:20 8  
15:20 9 MR BORSKY: Again, can we scroll through to give  
15:20 10 Mr Cremona an opportunity to identify this as the second tranche  
15:20 11 response to your 15 January 2020 request.  
15:20 12  
15:20 13 A. Thank you. Yep.  
15:20 14  
15:20 15 Q. Now, after these tranches were delivered in response to  
15:20 16 your request, you then requested some more data relevant to the  
15:20 17 time-out program agreements; correct?  
15:20 18  
15:20 19 A. As I said, I can't answer that off the top of my head, so .....

15:20 20  
15:20 21 MR BORSKY: CRW.510.029.4610.  
15:21 22  
15:21 23 COMMISSIONER: Email from Mr Harris to Ms Fielding sent  
15:21 24 on 14 October 2020 will be 0018.  
15:21 25  
15:21 26  
15:21 27 **EXHIBIT #RC0018 - EMAIL FROM MR HARRIS TO MS**  
15:21 28 **FIELDING DATED 14 OCTOBER 2020**  
15:21 29  
15:21 30  
15:21 31 MR BORSKY: Thank you. It is an email chain and I wanted to  
15:21 32 begin by drawing your attention to the email from Mr Harris to  
15:21 33 Ms Fielding and others, including you, on 25 September, which is  
15:21 34 on the bottom half of this first page. You see that is a copy of  
15:21 35 an email which you received?  
15:21 36  
15:21 37 A. Right. Yes.  
15:21 38  
15:21 39 Q. And Mr Harris of your team thanks Ms Fielding for her  
15:21 40 time on the phone earlier, presumably on or about 25 September,  
15:22 41 and then says:  
15:22 42  
15:22 43 *As discussed, the VCGLR requests information from the*  
15:22 44 *previous TOPA trial to assist with the Commission's*  
15:22 45 *preparation of its paper on the then current TOPA trial*  
15:22 46 *evaluation .....*  
15:22 47

15:22 1 A. Yes.  
15:22 2  
15:22 3 Q. And then there is a number of additional requests all set  
15:22 4 out, spanning over to the next page, please, and Mr Harris says  
15:22 5 that he appreciates that some data information may or may not be  
15:22 6 available but please advise and provide what is and that he is  
15:22 7 happy to discuss further.  
15:22 8  
15:22 9 I want to suggest to you, Mr Cremona, that this cooperative sort  
15:22 10 of tone is absolutely typical of the tone of communications  
15:22 11 between your team and the Crown staff in charge of liaising with  
15:23 12 VCGLR?  
15:23 13  
15:23 14 A. Across the board, yes, I agree the tone was cooperative,  
15:23 15 yes.  
15:23 16  
15:23 17 Q. And that generally speaking, what the Commission asked  
15:23 18 for from Crown it received, and it received it by the dates it had  
15:23 19 asked to receive it?  
15:23 20  
15:23 21 A. Correct.  
15:23 22  
15:23 23 Q. And this is all in the context of Recommendation 10 having  
15:23 24 already been implemented as the Commission had confirmed;  
15:23 25 correct?  
15:23 26  
15:23 27 A. Sorry, can you rephrase the question.  
15:23 28  
15:23 29 Q. All of these requests were made and responded to,  
15:23 30 subsequent to the Commission having acknowledged that Crown  
15:23 31 had already concluded its implementation?  
15:23 32  
15:23 33 A. Yes, but it is consistent with Recommendation 17 where the  
15:23 34 Commission deemed, as with per Recommendation 10,  
15:24 35 incomplete but required further information to continue to  
15:24 36 monitor the situation. So it is a similar analogy in such that we've  
15:24 37 accepted the recommendation, however there is a need to  
15:24 38 continue to monitor Crown's offering of TOPAs.  
15:24 39  
15:24 40 Q. Mr Cremona, it is not similar to Recommendation 17, is it?  
15:24 41  
15:24 42 A. I'm answering the question in the context ---  
15:24 43  
15:24 44 Q. I just want to pick you up on you drawing a comparison  
15:24 45 between Recommendation 10 and Recommendation 17.  
15:24 46  
15:24 47 A. Just at a holistic level.



15:24 1  
15:24 2 Q. I want you to be very clear about this: you don't consider  
15:24 3 Recommendation 10 and Crown's implementation of it ---  
15:24 4 (overspeaking) ---  
15:24 5  
15:24 6 A. No, no, no. Apologies.  
15:24 7  
15:24 8 Q. To be similar to Recommendation 17, do you?  
15:24 9  
15:24 10 A. No, not in that context.  
15:24 11  
15:24 12 Q. Do you consider Recommendation 17 to be the worst  
15:24 13 example from your perspective of Crown's implementation of  
15:25 14 a Sixth Review recommendation; correct?  
15:25 15  
15:25 16 A. That is a fair comment, yes.  
15:25 17  
15:25 18 Q. And so I will call up this document, please,  
15:25 19 CRW.012.062.0001. This is a schedule to request for statement  
15:25 20 that was issued by this Royal Commission to the VCGLR. Could  
15:25 21 we go forward one page, please, where the questions should be  
15:25 22 visible. You recognise this as the request --- (overspeaking) --- to  
15:25 23 your statement and Mr Bryant responded?  
15:25 24  
15:25 25 A. Correct.  
15:25 26  
15:25 27 Q. And you read the terms of question 4 carefully before  
15:25 28 signing off on your statement, I take it?  
15:25 29  
15:26 30 A. That's correct, yes.  
15:26 31  
15:26 32 MR BORSKY: Does the Commission want this tendered or is it  
15:26 33 otherwise in the record?  
15:26 34  
15:26 35 COMMISSIONER: I don't think it needs to be tendered unless  
15:26 36 you think it does. I don't think it does.  
15:26 37  
15:26 38 MR BORSKY: What the Commission requested the VCGLR do  
15:26 39 in question 4 was to provide up to three examples that best  
15:26 40 illustrate how responsive and cooperative Crown Melbourne is in  
15:26 41 its dealings and approach and attitude to its dealings with the  
15:26 42 VCGLR; do you agree?  
15:26 43  
15:26 44 A. I agree.  
15:26 45  
15:26 46 Q. Did you appreciate that was what the Commission was  
15:26 47 asking for when you signed off on your statement?

15:26 1  
15:26 2 A. Yes.  
15:26 3  
15:26 4 Q. The best illustration, using up to three examples ---  
15:26 5  
15:26 6 A. Yes.  
15:26 7  
15:26 8 Q. --- of Crown's cooperativeness and responsiveness to the  
15:27 9 VCGLR?  
15:27 10  
15:27 11 A. That's correct.  
15:27 12  
15:27 13 Q. In your statement to the Commission, you didn't provide  
15:27 14 any details in respect of Crown's responsiveness or  
15:27 15 cooperativeness in relation to your team in relation to the 20  
15:27 16 recommendations viewed fairly as a whole?  
15:27 17  
15:27 18 A. That's not what I was asked to provide a statement on.  
15:27 19 I was asked, reading that particular paragraph, asked to provide  
15:27 20 an example that best illustrates responsiveness and cooperative  
15:27 21 approach from Crown Melbourne. Now, my view is  
15:27 22 Recommendation 17 was an illustration of how unresponsive  
15:27 23 Crown was in relation to that particular recommendation and  
15:27 24 uncooperative.  
15:27 25  
15:27 26 Q. Yes. Recommendation 17 was, from your perspective, the  
15:27 27 worst example of Crown's level of cooperation and  
15:27 28 responsiveness, correct?  
15:27 29  
15:27 30 A. Correct.  
15:27 31  
15:27 32 Q. It painted Crown in the worst light that you could paint  
15:28 33 Crown in, in terms of cooperation and cooperativeness?  
15:28 34  
15:28 35 A. It was the most concerning response to a recommendation,  
15:28 36 and I believe it was information that would assist the  
15:28 37 Commissioner in his process that he's going through at the  
15:28 38 moment. In relation to the other recommendations I think, you  
15:28 39 know, Crown's response was as we would expect of a regulated  
15:28 40 entity.  
15:28 41  
15:28 42 Q. So you agree with me that you picked the worst example  
15:28 43 you could find amongst the 20 recommendation?  
15:28 44  
15:28 45 A. I picked an example that provided an illustration to the  
15:28 46 Commissioner of the --- I will preface that by saying of  
15:28 47 an example of Crown's approach and unresponsive approach to

15:28 1 the recommendations.  
15:28 2  
15:28 3 Q. Mr Cremona, the Commission, amongst many other things,  
15:28 4 is tasked with assessing Crown's suitability through the lens of,  
15:29 5 amongst other inquiries, how cooperative it has been ---  
15:29 6  
15:29 7 A. Yep.  
15:29 8  
15:29 9 Q. --- with the VCGLR; you understand that?  
15:29 10  
15:29 11 A. Absolutely.  
15:29 12  
15:29 13 Q. So you were asked to provide the best illustration of how  
15:29 14 cooperative and responsive Crown is in its dealings with the  
15:29 15 VCGLR, but instead you provided the worst.  
15:29 16  
15:29 17 A. Well, that's not the context that I read the reference "best".  
15:29 18 It is not how positive the outcome was. It is an illustration of  
15:29 19 Crown's responsive and cooperative nature.  
15:29 20  
15:29 21 Q. Did you read "best" as meaning most fairly, illustrate or  
15:29 22 most representative?  
15:29 23  
15:29 24 A. No, I don't believe so.  
15:29 25  
15:29 26 Q. How did you read it?  
15:29 27  
15:29 28 COMMISSIONER: Does it matter? Well, you cross-examine  
15:29 29 me about it.  
15:29 30  
15:29 31 MR BORSKY: Mr Cremona, you agree that the recommendation  
15:30 32 is the example you could find of Crown being least cooperative  
15:30 33 from your perspective?  
15:30 34  
15:30 35 A. Correct.  
15:30 36  
15:30 37 Q. And Recommendation 17 of all the 20 was the one that the  
15:30 38 VCGLR was most concerned about?  
15:30 39  
15:30 40 A. Correct.  
15:30 41  
15:30 42 Q. Could we go back to a document Mr Finanzio took you to,  
15:30 43 VCG.0001.0001.0094.  
15:30 44  
15:30 45 COMMISSIONER: Which one is that? Is that a new one or  
15:30 46 another exhibit?  
15:31 47

15:31 1 MR BORSKY: It is a document that Mr Finanzio has already  
15:31 2 gone to.  
15:31 3  
15:31 4 MR FINANZIO: It would be in your folder under a tab but I'm  
15:31 5 not sure that Mr Borsky knows the tab numbers.  
15:31 6  
15:31 7 MR BORSKY: Mr Borsky's not been great with folders or tabs  
15:31 8 so we're going new school!  
15:31 9  
15:31 10 I see it is on the screen. It's referred to in paragraph 98 of your  
15:31 11 statement, Mr Cremona, and footnoted in your footnote 33, tab  
15:31 12 33.  
15:31 13  
15:31 14 So this is the Commission paper dated 8 May 2019; correct?  
15:31 15  
15:31 16 A. Sorry, I can't see the date.  
15:31 17  
15:32 18 Q. Well, in your statement ---  
15:32 19  
15:32 20 A. Sorry.  
15:32 21  
15:32 22 Q. Paragraph 98, that's how you describe it.  
15:32 23  
15:32 24 COMMISSIONER: It is dated on the last page.  
15:32 25  
15:32 26 MR BORSKY: \_0004, please. Scroll a little down and we  
15:32 27 should see the date. Attached to this paper was a table which  
15:32 28 your team prepared for the Commission of each of the  
15:32 29 recommendations, with some comments and showing which were  
15:33 30 on track, not on track, or potentially not on track; correct?  
15:33 31  
15:33 32 A. Correct.  
15:33 33  
15:33 34 Q. If we scroll over the page, please, we see, for example,  
15:33 35 Recommendation 1, the status, that is another category again.  
15:33 36 Recommendation 1 by this time had been completed so it had  
15:33 37 a blue circle. And then next page, Recommendations 2 and 3  
15:33 38 were in the view of your team as at early May 2019 on track;  
15:33 39 correct?  
15:33 40  
15:33 41 A. That's correct.  
15:33 42  
15:33 43 Q. And if we go to \_0016, please. Recommendation 11, which  
15:33 44 was due for completion on 1 July 2019, was, in the view of your  
15:34 45 team, potentially not on track as at early May; correct?  
15:34 46  
15:34 47 A. That's what appears on the schedule, correct.

15:34 1  
15:34 2 Q. Does it accord with your reaction that that was the only  
15:34 3 recommendation that was potentially not on track?  
15:34 4  
15:34 5 A. I don't have a recollection of what occurred on 2 May 2019.  
15:34 6  
15:34 7 Q. Does it accord with your recollection that subsequently in  
15:34 8 relation to Recommendation 11, the VCGLR did accept that the  
15:34 9 recommendation had been implemented by Crown and on time?  
15:34 10  
15:34 11 A. Sorry, which recommendation are you referring to?  
15:34 12  
15:34 13 Q. Recommendation 11.  
15:34 14  
15:34 15 A. On what date? 1 July?  
15:34 16  
15:34 17 Q. Yes.  
15:34 18  
15:34 19 A. I can't comment on that.  
15:34 20  
15:34 21 Q. Okay. I will just provide the doc IDs for the transcript but  
15:34 22 will include that in our aide if that's convenient.  
15:35 23 CRW.507.001.6563. It's not necessary to call it up.  
15:35 24  
15:35 25 Other than this Recommendation 11, which was listed as at early  
15:35 26 May as potentially not on track, every single other of the 20  
15:35 27 recommendations was either completed or on track, in your  
15:35 28 team's view, save for Recommendation 17; correct?  
15:35 29  
15:35 30 A. Yes.  
15:35 31  
15:35 32 Q. Again, I put to you that Recommendation 17 is not the  
15:35 33 fairest or best example to illustrate how cooperative and  
15:35 34 responsive Crown is in its dealings with VCGLR. Indeed, it is  
15:35 35 not a fair or good example at all.  
15:35 36  
15:35 37 A. I believe it is the best example to present to the  
15:35 38 Commissioner in terms of the issues we faced with the  
15:35 39 recommendations, and in particular Recommendation 17. As I  
15:35 40 mentioned earlier, I would expect that Crown's approach to the  
15:35 41 other recommendations was consistent with the way it  
15:36 42 approached Recommendation 17, so we wouldn't have received  
15:36 43 the positive outcome that we expected, and we brought to  
15:36 44 Crown's attention throughout the year leading up to 1 July.  
15:36 45  
15:36 46 Q. When you say you would expect Crown's approach to the  
15:36 47 other recommendations was consistent with the way it

15:36 1 approached Recommendation 17, you are not suggesting, are you,  
15:36 2 that Crown did approach the other ---  
15:36 3  
15:36 4 A. No, not at all.  
15:36 5  
15:36 6 Q. Focusing on Recommendation 17 then, if we might, which  
15:36 7 I think you have agreed was the worst example you could find in  
15:36 8 terms of the light it would paint Crown, do you agree that the  
15:36 9 problem in Recommendation 17 was that Crown and the VCGLR  
15:36 10 had a difference of opinion as to how that recommendation was  
15:36 11 to be interpreted?  
15:36 12  
15:37 13 A. Well, Crown chose to have a difference of opinion because  
15:37 14 we were well --- what's the word --- we were very much aggressive  
15:37 15 in our position that we believed that the outcome of  
15:37 16 Recommendation 17 should address the observation in the review  
15:37 17 report.  
15:37 18  
15:37 19 Q. Yes. You say you, the VCGLR was aggressive in its  
15:37 20 position?  
15:37 21  
15:37 22 A. Yes, for use of a better word, yes.  
15:37 23  
15:37 24 Q. That the recommendation meant what you said it meant,  
15:37 25 which was to incorporate the observation on the top left-hand  
15:37 26 corner of 138 --  
15:37 27  
15:37 28 A. Correct.  
15:37 29  
15:37 30 Q. And you agree that, don't you, Crown had a different idea  
15:37 31 on how the recommendation was to be interpreted?  
15:37 32  
15:37 33 A. Well, yes.  
15:37 34  
15:37 35 Q. And that ideally centred on the relevance or, in your view,  
15:37 36 irrelevance of the AML/CTF program to ensuring that AML risks  
15:37 37 were appropriately addressed as Recommendation 17  
15:38 38 contemplated; correct?  
15:38 39  
15:38 40 A. My role was to address Crown's implementation of the  
15:38 41 recommendations; Recommendation 17 did not call to any aspect  
15:38 42 of the AML/CTF program.  
15:38 43  
15:38 44 Q. Yes. So, in your view, Crown's AML/CTF program was  
15:38 45 irrelevant to Recommendation 17?  
15:38 46  
15:38 47 A. In relation to achieving Recommendation 17, correct.

15:38 1 Achieving implementation of Recommendation 17, that's correct.  
15:38 2  
15:38 3 Q. It was your view, at least in early 2019, and perhaps still  
15:38 4 today, that Crown's AML/CTF program was irrelevant to  
15:38 5 Recommendation 17?  
15:38 6  
15:38 7 A. In relation to meeting implementation of Recommendation  
15:38 8 17, correct.  
15:38 9  
15:38 10 Q. I suggest to you that was an untenable position,  
15:38 11 Mr Cremona. I suggest to you that Recommendation 17 required  
15:38 12 Crown to undertake a robust review with external assistance of its  
15:39 13 relevant ICSs, including input from AUSTRAC to ensure that  
15:39 14 anti-money laundering risks were appropriately addressed;  
15:39 15 correct?  
15:39 16  
15:39 17 A. Correct.  
15:39 18  
15:39 19 Q. And the primary mechanism for addressing anti-money  
15:39 20 laundering risks is a reporting entity's AML/CTF program;  
15:39 21 correct?  
15:39 22  
15:39 23 A. That is not what the recommendation required.  
15:39 24  
15:39 25 Q. Mr Cremona, do you now accept that the AML/CTF  
15:39 26 program is a fundamental tool in addressing AML risks?  
15:39 27  
15:39 28 A. I don't have an extensive visibility to the AML/CTF  
15:39 29 program, however in consultation with AUSTRAC, yes, I believe  
15:39 30 it is a pillar of Crown's response to AML/CTF risks associated  
15:39 31 with the ICSs.  
15:39 32  
15:39 33 Q. So do you now accept that the AML/CTF program is  
15:39 34 a fundamental tool in addressing AML risks?  
15:40 35  
15:40 36 A. That was not the intention of Recommendation 17.  
15:40 37  
15:40 38 Q. Please focus on my question, Mr Cremona. Do you now  
15:40 39 accept that the AML/CTF program is a fundamental tool in  
15:40 40 addressing risks?  
15:40 41  
15:40 42 A. Yes.  
15:40 43  
15:40 44 Q. And I suggest to you ---  
15:40 45  
15:40 46 A. Not the only tool, but a fundamental tool.  
15:40 47

15:40 1 Q. Thank you. And I suggest to you that, given that, it would  
15:40 2 not have been sensible for Crown to review the ICSs from the  
15:40 3 perspective of money laundering risk without reference to or  
15:40 4 regard to the AML program; you agree with that, don't you?  
15:40 5  
15:40 6 A. I don't have a view on that.  
15:40 7  
15:40 8 Q. You now accept, don't you, that some strict dichotomy  
15:40 9 between ICSs on the one hand and the AML/CTF program on the  
15:40 10 other is not sustainable; correct?  
15:40 11  
15:41 12 A. I don't have a view on that.  
15:41 13  
15:41 14 Q. Well, you now recognise the need to consider and review  
15:41 15 the AML/CTF program of Crown.  
15:41 16  
15:41 17 A. Sorry, can you repeat ---  
15:41 18  
15:41 19 Q. You now recognise the need for VCGLR to review Crown's  
15:41 20 AML/CTF program.  
15:41 21  
15:41 22 A. No, I don't believe I said that.  
15:41 23  
15:41 24 Q. Are you sure about that?  
15:41 25  
15:41 26 A. I believe so.  
15:41 27  
15:41 28 Q. Do you want to go to your statement, Mr Cremona, please,  
15:41 29 at paragraph 131, which is on page 46 where you conveniently  
15:41 30 extract an email you sent to Ms Fitzpatrick about  
15:41 31 Recommendation 17? We can go to the source document if we  
15:42 32 need to, but you have extracted for the Commission, in the final  
15:42 33 line on page 46, a recognition of the need for VCGLR to review  
15:42 34 the AML/CTF program; correct?  
15:42 35  
15:42 36 A. Sorry, can I just read the section.  
15:42 37  
15:42 38 Q. Sure. I'm referring in particular to the words "however,  
15:42 39 recognise the need to review the program".  
15:42 40  
15:42 41 A. So my take on that is that is a reference for the need to  
15:42 42 Crown to continue to evolve and review its program, as I ---  
15:42 43  
15:42 44 Q. No. Let's go over the page to page 47 where your extract  
15:42 45 continues, the fourth dash point, you've told your superior,  
15:43 46 Ms Fitzpatrick:  
15:43 47



15:43 1           *When working through the suggested review of ICSs,*  
15:43 2           *Licensing .....*  
15:43 3  
15:43 4       That is your team; correct?  
15:43 5  
15:43 6       A. Correct.  
15:43 7  
15:43 8       Q.  
15:43 9  
15:43 10           ..... Licensing do envisage reviewing the suitability of the  
15:43 11           *AML/CTF program .....*  
15:43 12  
15:43 13       Right?  
15:43 14  
15:43 15       COMMISSIONER: I think you should read the full sentence.  
15:43 16  
15:43 17       MR BORSKY: I'm happy to do that.  
15:43 18  
15:43 19           ..... if the link to the ICS is to be retained.  
15:43 20  
15:43 21       What I'm putting to you, Mr Cremona, is that you now accept that  
15:43 22       is some strict dichotomy between ICSs on the one hand and the  
15:43 23       AML/CTF program on the other is not sustainable.  
15:43 24  
15:43 25       A. I need to be clear what my remit was in relation to this  
15:43 26       process, and it was to work with Crown to ensure it implemented  
15:43 27       a recommendation that was endorsed by the Commission and  
15:44 28       supported by Crown and that was to enhance the ICSs.  
15:44 29  
15:44 30       Q. Yes.  
15:44 31  
15:44 32       A. There was no further remit in my space to, you know,  
15:44 33       review the suitability of the AML/CTF program, to ensure that  
15:44 34       Crown's overarching approach to AML/CTF is appropriate, it  
15:44 35       was specific to the outcome of the recommendation.  
15:44 36  
15:44 37       Q. Despite the difference of opinion between you and the  
15:44 38       VCGLR on one hand and Crown on the other hand as to what  
15:44 39       Recommendation 17 required, you agree, don't you, that Crown  
15:44 40       implemented Recommendation 17 to the satisfaction of the  
15:44 41       VCGLR some?  
15:44 42  
15:44 43       A. At a minimalist level, yes.  
15:44 44  
15:44 45       Q. Well, you add those words "at a minimalist level", but they  
15:45 46       either satisfied VCGLR or they didn't.  
15:45 47

15:45 1 A. I agree.  
15:45 2  
15:45 3 Q. Do you agree with me that despite the difference of opinion  
15:45 4 as to interpretation, Crown implemented Recommendation 17 to  
15:45 5 the satisfaction of VCGLR?  
15:45 6  
15:45 7 A. Noting the further work that was required to meet the  
15:45 8 intention.  
15:45 9  
15:45 10 Q. I see you nodding your head.  
15:45 11  
15:45 12 A. Yeah, well, I can't separate them out. Apologies. I can't  
15:45 13 separate the further work required. They are mutually exclusive,  
15:45 14 as far as I'm concerned. The decision on "Let's move on from  
15:45 15 Recommendation 17 and meet the objective of ensuring Crown  
15:45 16 remained free from criminal influence" was something that we  
15:45 17 required to address ourselves to ensure the risk was mitigated. So  
15:45 18 I don't believe we can section them out that way.  
15:45 19  
15:45 20 Q. And I'm not seeking to curtail your answer, but just for the  
15:45 21 purposes of your transcript when you were nodding before, you  
15:45 22 do agree, don't you, that despite the difference of opinion between  
15:45 23 Crown and VCGLR as to the interpretation of Recommendation  
15:45 24 17, Crown did implement the recommendation to the satisfaction  
15:45 25 of the Commission, "yes" or "no"?  
15:45 26  
15:45 27 A. Correct, noting the further work required.  
15:45 28  
15:46 29 Q. Thank you.  
15:46 30  
15:46 31 COMMISSIONER: Can I just say something. Whilst  
15:46 32 Mr Cremona seems to accept there is a difference of opinion, just  
15:46 33 because you asked that in your questions doesn't mean that I  
15:46 34 accept there is a difference of opinion.  
15:46 35  
15:46 36 MR BORSKY: Thank you.  
15:46 37  
15:46 38 COMMISSIONER: Certainly there is a difference of approach,  
15:46 39 but I don't necessarily, having looked at the documents so far --  
15:46 40 and there might be more and more evidence --- don't assume at the  
15:46 41 moment that it looks like a difference of views on the  
15:46 42 construction of language in a document.  
15:46 43  
15:46 44 MR BORSKY: Thank you for the indication. And we are  
15:46 45 conscious this is cross-examination, not closing submissions. We  
15:46 46 understand we have more work to do.  
15:46 47

15:46 1 COMMISSIONER: Good.  
15:46 2  
15:46 3 MR BORSKY: But we are in the evidence phase now and, with  
15:46 4 respect, we would submit that it is important that the Commission  
15:46 5 appreciates the chronology and how things developed, and I am  
15:46 6 going to go a little bit further in the short time I have left this  
15:46 7 afternoon, if I may.  
15:46 8  
15:46 9 COMMISSIONER: Of course you can.  
15:47 10  
15:47 11 MR BORSKY: Thank you.  
15:47 12  
15:47 13 A. Can I just add, Commissioner, to the point you made,  
15:47 14 Crown did not present an opinion on the observation as to  
15:47 15 whether, if that observation was addressed it would go far as  
15:47 16 minimising the risk associated with junkets. So I come back to  
15:47 17 your point, I'm not sure there was an opinion that was put forward  
15:47 18 by Crown in relation to that observation.  
15:47 19  
15:47 20 COMMISSIONER: There might be one in the evidence later on.  
15:47 21  
15:47 22 MR BORSKY: Now, the Commission --- I will do it this way,  
15:47 23 I think. Can we have CRW.510.031.0224, please.  
15:47 24  
15:47 25 COMMISSIONER: Is this a new document or an old one?  
15:47 26  
15:47 27 MR BORSKY: I think it is a new one from your perspective.  
15:47 28  
15:47 29 COMMISSIONER: I can't look at it in my folder.  
15:47 30  
15:47 31 MR BORSKY: Sorry about that. I tender this.  
15:47 32  
15:47 33 COMMISSIONER: This is from, who is the author?  
15:48 34  
15:48 35 MR BORSKY: Mr Kennedy, the Chair of the VCGLR, to  
15:48 36 Mr Preston dated 29 October.  
15:48 37  
15:48 38 COMMISSIONER: Letter dated 29 October 2019 will be Exhibit  
15:48 39 19.  
15:48 40  
15:48 41  
15:48 42 **EXHIBIT #RC0019 - LETTER FROM ROSS KENNEDY TO**  
15:48 43 **JOSHUA PRESTON DATED 29 OCTOBER 2019**  
15:48 44  
15:48 45  
15:48 46 MR BORSKY: By this letter which doesn't appear to be included  
15:48 47 in your statement, Mr Cremona, the Commission informed

15:48 1 Crown, did it not, that at its 29 September meeting the  
15:48 2 Commission had noted in relation to implementation of  
15:48 3 Recommendation 17 that Crown had undertaken a review with  
15:48 4 external assistance of its relevant ICSs to ensure that anti-money  
15:48 5 laundering risks had been addressed; correct?

15:48 6

15:48 7 A. Correct.

15:48 8

15:48 9 Q. And then there was the additional, note which I do draw  
15:49 10 attention to under the separate bullet point, and this goes to some  
15:49 11 of your evidence today with respect that although the  
15:49 12 Commission had noticed that Crown had implemented  
15:49 13 Recommendation 17, the VCGLR would also be conducting  
15:49 14 an independent review of the role of relevant ICSs itself with  
15:49 15 external assistance to consider whether risks related to money  
15:49 16 laundering and junket operations had been adequately considered  
15:49 17 by Crown and if further controls might be required, et cetera.

15:49 18

15:49 19 Now this decision of the Commission to acknowledge that Crown  
15:49 20 had implemented Recommendation 17 was a carefully considered  
15:49 21 decision on the part of the Commission; correct?

15:49 22

15:49 23 A. Correct.

15:49 24

15:49 25 Q. It followed a deferral by the Commission of its final  
15:49 26 decision as to whether or not Crown had implemented  
15:49 27 Recommendation 17 until after the Commission had been  
15:49 28 provided with the Initialism report?

15:49 29

15:49 30 A. That's correct.

15:49 31

15:49 32 Q. The Commission requested a copy of the Initialism report  
15:49 33 for the very first time on 21 August 2019; correct?

15:50 34

15:50 35 A. That is my understanding. Correct.

15:50 36

15:50 37 Q. And on 21 August 2019, when for the very first time the  
15:50 38 Commission requested a copy of the Initialism report, the  
15:50 39 Commission requested that the report be provided within seven  
15:50 40 days; correct?

15:50 41

15:50 42 A. Yes.

15:50 43

15:50 44 Q. And the report was provided by Crown within seven days  
15:50 45 on 28 August; correct?

15:50 46

15:50 47 A. That's correct.

15:50 1  
15:50 2 Q. You make no complaint about the timeliness or otherwise  
15:50 3 of the provision by Crown of the Initialism report?  
15:50 4  
15:50 5 A. Not in relation to the Initialism report, no.  
15:50 6  
15:50 7 Q. Thank you.  
15:50 8  
15:50 9 And following its consideration, that is the VCGLR's  
15:50 10 consideration of the Initialism report, the Commission reached  
15:50 11 the conclusion recorded in this letter; correct?  
15:50 12  
15:50 13 A. Yes.  
15:50 14  
15:50 15 Q. And you personally agreed with that conclusion?  
15:50 16  
15:50 17 A. Correct.  
15:50 18  
15:50 19 Q. You agreed that Crown complied with or implemented  
15:50 20 Recommendation 17?  
15:50 21  
15:50 22 A. Subject to the provision of the further work required to  
15:50 23 address the observation and the risk.  
15:50 24  
15:51 25 Q. And that's because Crown had reviewed all of its relevant  
15:51 26 ICSs to assess which of those were potentially relevant to AML  
15:51 27 risks; correct?  
15:51 28  
15:51 29 A. Correct.  
15:51 30  
15:51 31 Q. And Crown had engaged external assistance for the  
15:51 32 purposes of that review?  
15:51 33  
15:51 34 A. Correct.  
15:51 35  
15:51 36 Q. Initialism?  
15:51 37  
15:51 38 A. Correct.  
15:51 39  
15:51 40 Q. Initialism is a consultant of repute and expertise in this  
15:51 41 area; you would agree?  
15:51 42  
15:51 43 A. I couldn't answer that.  
15:51 44  
15:51 45 Q. You don't have a view one way or the other?  
15:51 46  
15:51 47 A. No, I don't, no.

15:51 1  
15:51 2 Q. And Crown did consult with AUSTRAC, including by  
15:51 3 providing Crown's proposed amendments to the ICSs to  
15:51 4 AUSTRAC; correct?  
15:51 5  
15:51 6 A. That's correct. And that was --- I do bring to your attention  
15:51 7 that that was inconsistent with the expectation that we set of  
15:51 8 Crown, which was that they would provide the ICSs to  
15:52 9 AUSTRAC for them to conduct an independent review.  
15:52 10  
15:52 11 Q. Sorry, we might be at cross purposes. I'm suggesting to  
15:52 12 you that Crown did provide the proposed amendments to the ICSs  
15:52 13 to AUSTRAC; do you agree with me?  
15:52 14  
15:52 15 A. Yes, I do.  
15:52 16  
15:52 17 Q. And I accept that that was done a little later than you would  
15:52 18 have preferred but it was done prior to the due date of 1 July;  
15:52 19 correct?  
15:52 20  
15:52 21 A. Yes, several weeks prior, correct.  
15:52 22  
15:52 23 Q. So when Recommendation 17 called for Crown to  
15:52 24 undertake the review with external assistance, and including input  
15:52 25 from AUSTRAC, you accept that Crown did that?  
15:52 26  
15:52 27 A. Crown absolutely ticked the boxes.  
15:52 28  
15:52 29 Q. It's the case, isn't it, that AUSTRAC declined to have any  
15:52 30 input into or make a comment on the ICSs?  
15:52 31  
15:52 32 A. That was correct.  
15:52 33  
15:52 34 Q. So it wouldn't have actually mattered if Crown had asked  
15:53 35 AUSTRAC a couple of months earlier or even six months  
15:53 36 earlier ---  
15:53 37  
15:53 38 A. I couldn't speculate --- I couldn't speculate on that.  
15:53 39  
15:53 40 Q. You don't suggest, do you, that AUSTRAC declined to  
15:53 41 provide input because they didn't have enough time?  
15:53 42  
15:53 43 A. I can't comment on that.  
15:53 44  
15:53 45 Q. You know, don't you, that AUSTRAC declined to provide  
15:53 46 input because they didn't consider it was appropriate for them to  
15:53 47 make comment on a different regulatory regime, being the State

15:53 1 ICS.  
15:53 2  
15:53 3 A. Sorry, repeat your question?  
15:53 4  
15:53 5 Q. The reason given for AUSTRAC declining to have input  
15:53 6 into the ICS review was that AUSTRAC considered it  
15:53 7 inappropriate for them to comment on?  
15:53 8  
15:53 9 A. Yes, when they advised Crown of their decision, correct.  
15:53 10  
15:53 11 Q. It was nothing to do with the timeliness or otherwise of  
15:53 12 Crown's request of AUSTRAC; you would agree?  
15:53 13  
15:53 14 A. Yes. Well, yes.  
15:53 15  
15:53 16 Q. I suggest to you that having implemented Recommendation  
15:53 17 17 in accordance with the VCGLR's interpretation of the  
15:53 18 recommendation, Crown then subsequently went above and  
15:54 19 beyond, to use your language, what the VCGLR had  
15:54 20 recommended and even above and beyond what the VCGLR had  
15:54 21 observed on the top left corner of page 138 of the Sixth Review;  
15:54 22 do you agree with me?  
15:54 23  
15:54 24 A. In relation to Recommendation 17?  
15:54 25  
15:54 26 Q. Yes.  
15:54 27  
15:54 28 A. No.  
15:54 29  
15:54 30 Q. Well, I suggest to you that Crown went above and beyond  
15:54 31 what the VCGLR had observed and recommended in relation to  
15:54 32 junkets and the money laundering risks that junkets raise; do you  
15:54 33 agree?  
15:54 34  
15:54 35 A. No.  
15:54 36  
15:54 37 Q. Well, let's go to the Sixth Review, which is your exhibit  
15:55 38 COM.0005.0001.0776. I will go first to page 134 of the print,  
15:55 39 which is 0913. Now, in the short time remaining, I will take you  
15:55 40 to some of the relevant passages where VCGLR's relevant  
15:55 41 observations in relation to Recommendation 17 are recorded. Do  
15:55 42 you see under the heading "Junkets" at the bottom right of the  
15:55 43 page? Do you see it has recorded that:  
15:55 44  
15:55 45 *The VCGLR, other regulators ..... are aware of the*  
15:56 46 *significant potential risks of money laundering through*  
15:56 47 *casinos, particularly through junket operations".*

15:56 1  
15:56 2 A. Yes.  
15:56 3  
15:56 4 Q. And if we go over the page, please. I just want to draw  
15:56 5 your attention also to the VCGLR's awareness that --- it is bottom  
15:56 6 left corner of the page where on the left side, the third from the  
15:56 7 bottom paragraph, the final sentence:  
15:56 8  
15:56 9 *AUSTRAC has an ongoing dialogue with Crown*  
15:56 10 *Melbourne to ensure its compliance with AML/CTF*  
15:56 11 *obligations.*  
15:56 12  
15:56 13 A. Correct, yep, I can see that.  
15:56 14  
15:56 15 Q. And Crown had supplied the VCGLR with AUSTRAC  
15:57 16 correspondence which recorded that areas of concern and areas  
15:57 17 for improvement were being worked through?  
15:57 18  
15:57 19 A. Correct.  
15:57 20  
15:57 21 Q. So the VCGLR was aware of all of this by the conclusion  
15:57 22 of the Sixth Review; you would agree?  
15:57 23  
15:57 24 A. Yes, it appears that way.  
15:57 25  
15:57 26 Q. If we go to page 138 which you and others have referred,  
15:57 27 the VCGLR there made the observation that to assist in  
15:57 28 mitigating the risks associated with junkets, Crown's internal  
15:57 29 control statements for junkets could or perhaps should be  
15:57 30 strengthened. So that was the observation which you considered  
15:57 31 significant to Crown's implementation of Recommendation 17.  
15:57 32 Have I got that right?  
15:57 33  
15:57 34 A. Correct. Yes. And we engaged with members of the  
15:57 35 review team before they left the organisation just to clarify that  
15:58 36 position and all indications were that that recommendation was  
15:58 37 driven by that observation.  
15:58 38  
15:58 39 Q. Again I will suggest to you that having implemented  
15:58 40 Recommendation 17 to the satisfaction of the VCGLR, Crown  
15:58 41 then went above and beyond what the VCGLR had recommended  
15:58 42 and observed in relation to junkets and the money laundering  
15:58 43 risks they raised; do you agree with me?  
15:58 44  
15:58 45 A. I can't comment on that. My remit was to assess Crown's  
15:58 46 implementation of Recommendation 17 not to assess whether  
15:58 47 Crown went above and beyond in mitigating junket risks.



15:58 1  
15:58 2 Q. Maybe I misunderstood you but a few minutes ago I  
15:58 3 thought you were disagreeing with my proposition that following  
15:58 4 implementation of Recommendation 17, Crown then went above  
15:58 5 and beyond what the VCGLR recommended and observed in  
15:58 6 relation to junkets and money laundering risks.  
15:58 7  
15:58 8 COMMISSIONER: It might be easier if you identify what the  
15:59 9 going "above and beyond" constitutes?  
15:59 10  
15:59 11 MR BORSKY: I will, now. Thank you. Are you aware,  
15:59 12 Mr Cremona, that after its implementation of Recommendation  
15:59 13 17 to the satisfaction of the VCGLR, Crown permanently ceased  
15:59 14 its dealings with all junket operators?  
15:59 15  
15:59 16 A. I am aware of that.  
15:59 17  
15:59 18 Q. And it made that decision in November 2020 and  
15:59 19 announced it that month. You are aware of that?  
15:59 20  
15:59 21 A. Yes, I am.  
15:59 22  
15:59 23 MR ROZEN: It is in Mr Cremona's statement at 141.  
15:59 24  
15:59 25 MR BORSKY: And you are aware that that November 2020  
15:59 26 decision followed a decision in August 2020 to suspend all junket  
15:59 27 relationships pending a comprehensive review by Crown; you  
15:59 28 know that too?  
15:59 29  
15:59 30 A. Yes.  
15:59 31  
15:59 32 Q. So I suggest to you that that decision to permanently cease  
16:00 33 dealings with all junket operators was far more effective and went  
16:00 34 above and beyond what the VCGLR was recommending and  
16:00 35 observing. Rather just strengthening internal controls of  
16:00 36 junkets ---  
16:00 37  
16:00 38 COMMISSIONER: Are you asking that question on the  
16:00 39 assumption, or at least the implicit assumption that the conduct  
16:00 40 you are now talking about has some connection with  
16:00 41 Recommendation 17 or on the basis that the wholly disparate  
16:00 42 might satisfy what was recommended in 17 or what was behind  
16:00 43 the recommendation? In other words, are you trying to show  
16:00 44 a connection saying "not only did I technically comply with 17  
16:00 45 but I did better in complying with 17", or are you saying that  
16:00 46 history tells me, or tells everybody, I could do a hell of a lot better  
16:00 47 than what you even required in Recommendation 17 properly

16:01 1 construed?  
16:01 2  
16:01 3 MR BORSKY: Well ---  
16:01 4  
16:01 5 COMMISSIONER: You get my point.  
16:01 6  
16:01 7 MR BORSKY: I do. It is at least the latter, but from the  
16:01 8 perspective of the Victorian regulator, the former may or may not  
16:01 9 be considered relevant. In any event, do you agree ---  
16:01 10  
16:01 11 COMMISSIONER: It is pretty clear though. If they are worried  
16:01 12 about junkets and the danger that is associated with junket  
16:01 13 operators being the front man or front person for the junket  
16:01 14 players, if you abolish junkets it is better than regulating them.  
16:01 15 We'll all agree with that.  
16:01 16  
16:01 17 MR BORSKY: Thank you. I will move on from that. The point  
16:01 18 seems to be clear.  
16:01 19  
16:01 20 The final question then, Mr Cremona, are you aware that no other  
16:01 21 casino in Australia had taken that step that Crown took in  
16:01 22 November 2020, to cease all dealings with junket operators?  
16:01 23  
16:01 24 A. That is my understanding, correct.  
16:01 25  
16:01 26 Q. Crown was the first?  
16:02 27  
16:02 28 A. I believe so, yes.  
16:02 29  
16:02 30 Q. And since Crown made that market-leading decision,  
16:02 31 a couple of other casinos have followed Crown, haven't they?  
16:02 32  
16:02 33 A. I --- sorry, I couldn't comment with any level of certainty on  
16:02 34 that. Apologies, yeah.  
16:02 35  
16:02 36 Q. Do you know that Star in Sydney and SkyCity have also  
16:02 37 just recently followed Crown's lead in ceasing altogether dealings  
16:02 38 with junket operators?  
16:02 39  
16:02 40 A. I wasn't aware of that, no.  
16:02 41  
16:02 42 MR BORSKY: As the Commissioner pleases. We will provide  
16:02 43 the aide to our friends.  
16:02 44  
16:02 45 COMMISSIONER: And the extra documents?  
16:02 46  
16:02 47 MR BORSKY: Absolutely. We'll do it with or without tabs,

16:02 1 electronically, in whatever way will assist.  
16:02 2  
16:02 3 COMMISSIONER: I don't know what he wants ---  
16:02 4  
16:02 5 MR BORSKY: I know what you want.  
16:02 6  
16:02 7 COMMISSION: --- but tabs would be good.  
16:02 8  
16:02 9 MR ROZEN: I will be brief, if I may.  
10  
11 COMMISSIONER: Mr Rozen.  
12  
13  
14 **CROSS-EXAMINATION BY MR ROZEN.**  
15  
16  
16:03 17 MR ROZEN: Mr Cremona, I want to ask you a couple of  
16:03 18 questions about dealings with the VCGLR and AUSTRAC.  
16:03 19  
16:03 20 Presumably, I know you weren't involved in the crafting of the  
16:03 21 recommendations in the Sixth Review, but presumably those who  
16:03 22 did craft Recommendation 17 wanted AUSTRAC's involvement  
16:03 23 on the basis of their regulatory expertise with money laundering?  
16:03 24  
16:03 25 A. Absolutely. That's correct.  
16:03 26  
16:03 27 Q. I think you indicated earlier there had been no consultation  
16:03 28 with AUSTRAC from the VCGLR in advance of the  
16:03 29 Recommendation 17 being prepared? Did you say that earlier?  
16:03 30 Whether you did or not, that is the case, isn't it?  
16:03 31  
16:03 32 A. Correct.  
16:03 33  
16:03 34 Q. And I won't take you to the documents, but I suggest to you  
16:03 35 that the interrelationship between the VCGLR and representatives  
16:03 36 of AUSTRAC in the lead-up to 1 July 2019 about  
16:03 37 Recommendation 17 didn't suggest until you got their letter  
16:04 38 saying they weren't going to look at the ICSs, that dealings with  
16:04 39 them didn't suggest they had any problem with looking at the  
16:04 40 ICSs; do you remember that?  
16:04 41  
16:04 42 A. There was no indication.  
16:04 43  
16:04 44 Q. Did it come as a surprise to you when you received that  
16:04 45 letter very late in June 2019 that they weren't going to look at the  
16:04 46 ICSs?  
16:04 47

16:04 1 A. Absolutely.  
16:04 2  
16:04 3 Q. Do you know if there has been any discussion about that  
16:04 4 topic as between the VCGLR and AUSTRAC?  
16:04 5  
16:04 6 A. No, I'm not. Further to the receipt of that letter that Crown  
16:04 7 provided to --- sorry, that AUSTRAC provided to Crown, no.  
16:04 8  
16:04 9 Q. Do you know whether in relation to other matters, leaving  
16:04 10 Recommendation 17 to one side, but in relation to other matters  
16:04 11 to do with money laundering at the casino whether there has been  
16:04 12 ongoing dealings with AUSTRAC as between the two regulators  
16:04 13 without going into detail?  
16:04 14  
16:04 15 A. Yes, I know there is an MOU that exists between the two  
16:04 16 organisations in relation to the specifics of discussions, yeah,  
16:05 17 I can only speculate.  
16:05 18  
16:05 19 Q. I won't ask you to do that.  
16:05 20  
16:05 21 A. Yep.  
16:05 22  
16:05 23 Q. In answer to some questions from Mr Borsky, when it was  
16:05 24 put to you that putting Recommendation 17 to one side that there  
16:05 25 was a generally cooperative attitude by Crown towards  
16:05 26 implementation of the other 20 recommendations, you suggested  
16:05 27 that the position was a little more nuanced than that. There were  
16:05 28 some where there was a bit of pushback. I'm paraphrasing what  
16:05 29 you said.  
16:05 30  
16:05 31 A. Absolutely. Yes.  
16:05 32  
16:05 33 Q. Is recommendation 8 one of those that falls into that  
16:05 34 category?  
16:05 35  
16:05 36 A. One of several, yes.  
16:05 37  
16:05 38 Q. Sticking with recommendation 8 if we could, it is on  
16:05 39 page 105.  
16:06 40  
16:06 41 COMMISSIONER: We might need more help than that.  
16:06 42  
16:06 43 MR ROZEN: It is Exhibit 2. COM.0005.0001.0776. It is quite  
16:06 44 a lengthy recommendation. I won't go through the detail of it.  
16:06 45 But, in essence, Crown was recommended to develop and  
16:06 46 implement comprehensive data analysis tools with external  
16:06 47 assistance. What difficulties did the VCGLR face in Crown's

16:06 1 implementation of that recommendation?  
16:06 2  
16:06 3 A. So, as I recall, Professor Blazinsky was asked to assist with  
16:06 4 that external assistance in relation to recommendation 8.  
16:06 5  
16:06 6 Q. I will stop you there, asked by Crown to assist?  
16:06 7  
16:07 8 A. Correct. Correct. And consistent with some other  
16:07 9 recommendations where external assistance was required  
16:07 10 Crown's submission provided a high level extract of the external  
16:07 11 assistance provided by Professor Blazinsky. As a consequence  
16:07 12 we noted that the Commission should seek provision of that  
16:07 13 report. We did that. We sought provision of that report. We  
16:07 14 received a severely redacted report which provided no visibility,  
16:07 15 no context to the response from Professor Blazinsky in relation to  
16:07 16 the suitability of Crown's data analytics tools.  
16:07 17  
16:07 18 Q. Can I stop you there. Was any explanation provided for the  
16:07 19 redactions?  
16:07 20  
16:07 21 A. Not at that time, no.  
16:07 22  
16:07 23 Q. Please go on.  
16:07 24  
16:07 25 A. So we had an internal discussion about our suggested  
16:07 26 approach in that space. My recollection was that Alex Fitzpatrick  
16:08 27 sent a letter to Crown seeking firstly reasons for those redactions  
16:08 28 or alternatively if those reasons were not suffice that the VCGLR  
16:08 29 would issue a section 26 notice to request provision of that report.  
16:08 30 Subsequent to that Crown responded and waived the issue around  
16:08 31 the redactions and provided a full version of the report.  
16:08 32  
16:08 33 Q. Thank you. Those various steps are no doubt recorded in  
16:08 34 correspondence between the VCGLR and Crown?  
16:08 35  
16:08 36 A. Yes, they are.  
16:08 37  
16:08 38 Q. I don't think that material is before you, sir. I will make  
16:08 39 some inquiries about that and perhaps along the lines of  
16:08 40 Mr Borsky's approach we can put a note in front of you.  
16:08 41  
16:08 42 COMMISSIONER: Okay. Thank you, Mr Rozen.  
16:08 43  
16:08 44 MR ROZEN: The final matter is a very quick one, I probably  
16:08 45 don't even need to trouble you, Mr Cremona, with this but,  
16:09 46 Commissioner, just to complete the sequence of events in the  
16:09 47 lead-up to the publication of the Sixth Casino Review, you will

16:09 1 recall that tab 2 in the bundle of documents produced by  
16:09 2 Mr Cremona attached to his statement is the letter from Crown  
16:09 3 accepting the recommendations. Of course prior to that was  
16:09 4 a letter from the VCGLR to Crown with the draft report that  
16:09 5 included the recommendations. For completeness, it will be our  
16:09 6 submission that ought to be in front of you. I don't think there is  
16:09 7 any issue about that. I will tender it without taking the witness to  
16:09 8 it. VCG.0001.0001.1815.

16:09 9  
16:09 10 COMMISSIONER: Is that the draft report or the letter?  
16:09 11

16:09 12 MR ROZEN: It is just a letter attaching the draft report. We can  
16:09 13 put the draft report in as well, but I don't know if you need it.  
16:10 14 The recommendations are identical form to those that appear in  
16:10 15 the final document.

16:10 16  
16:10 17 COMMISSIONER: Okay.  
16:10 18

16:10 19 MR ROZEN: The letter, for completeness, from Ms Catherine  
16:10 20 Myers, the CEO of the VCGLR to John Alexander, the Chairman  
16:10 21 of Crown Melbourne Ltd.

16:10 22  
16:10 23 COMMISSIONER: Exhibit 20.  
16:10 24

16:10 25  
16:10 26 **EXHIBIT #RC0020 - LETTER FROM CATHERINE MYERS TO**  
16:10 27 **JOHN ALEXANDER**  
16:10 28

16:10 29  
16:10 30 MR ROZEN: As the Commission pleases. That's all I have.  
16:10 31

16:10 32  
16:10 33 **RE-EXAMINATION BY MR FINANZIO**  
16:10 34

16:10 35  
16:10 36 MR FINANZIO: Just a couple of quick matters. You were asked  
16:10 37 some questions by Mr Borsky about the general nature of the  
16:10 38 cooperation that you experienced with Crown. I want to leave  
16:10 39 Recommendation 17 to one side for the minute. I want to think  
16:10 40 about all the other recommendations. In all other respects, I think  
16:10 41 you said, that Crown behaved as you would expect a regulated  
16:10 42 entity to behave.

16:10 43  
16:10 44 A. Absolutely.  
16:10 45

16:10 46 Q. So that means that in the cut and thrust of dealing with all  
16:10 47 of these recommendations and their implementation, there were

16:10 1 exchanges between you, they were polite?  
16:10 2  
16:10 3 A. Yes.  
16:10 4  
16:11 5 Q. They were sometimes niggly ---  
16:11 6  
16:11 7 A. Yes.  
16:11 8  
16:11 9 Q. --- in the sense that you were asking for stuff, and they  
16:11 10 didn't want to give it to you, but it would resolve.  
16:11 11  
16:11 12 A. Correct.  
16:11 13  
16:11 14 Q. But the worst example, or the example where Crown was  
16:11 15 the least cooperative was Recommendation 17?  
16:11 16  
16:11 17 A. Absolutely correct.  
16:11 18  
16:11 19 Q. That was the recommendation in relation to money  
16:11 20 laundering?  
16:11 21  
16:11 22 A. Correct.  
16:11 23  
16:11 24 Q. And that is where to do what you wanted them to do may  
16:11 25 have discouraged junket the players from coming?  
16:11 26  
16:11 27 A. Yes.  
16:11 28  
16:11 29 Q. Thank you.  
16:11 30  
16:11 31 COMMISSIONER: No reason for Mr Cremona not to be  
16:11 32 excused? In other words, the documents you are going to  
16:11 33 produce doesn't require any further questions to be asked of  
16:11 34 Mr Cremona?  
16:11 35  
16:11 36 MR BORSKY: Not from our part.  
16:11 37  
16:11 38  
16:11 39 **THE WITNESS WITHDREW**  
16:11 40  
16:11 41  
16:11 42 COMMISSIONER: Thank you. Mr Cremona's statement, which  
16:12 43 will be the exhibit, is the one that he made his administrative  
16:12 44 changes on has just been taken from him.  
16:12 45  
16:12 46 MR FINANZIO: As the Commission pleases.  
16:12 47

16:12 1 COMMISSIONER: Thank you. We will adjourn further public  
16:12 2 hearings until Thursday?

16:12 3

16:12 4 MR FINANZIO: Until Thursday.

16:12 5

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**HEARING ADJOURNED AT 4.12 PM UNTIL THURSDAY,  
19 MAY 2021 AT 10.00 AM**

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