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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**

**09.42 AM, THURSDAY, 01 JULY 2021**

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

**MS MEG O’SULLIVAN  
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**Counsel for Crown Resorts Limited**

**MR MICHAEL BORSKY QC  
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**Counsel for Victorian Commission for  
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**MR PETER ROZEN QC  
MR JUSTIN BRERETON  
MS SARALA FITZGERALD**

**Counsel for Consolidated Press Holdings**

**MR OREN BIGOS QC**

**Counsel for the State of Victoria**

**MR PETER GRAY QC  
MR GLYN AYRES  
MS GEORGIE COLEMAN  
MS HELEN TIPLADY**

**Minter Ellison (Richard Murphy)**

**MR PETER HANKS  
MR FRANCES GORDON**

09:42 1 COMMISSIONER: Good morning, everyone. Sit down, please.  
09:42 2  
09:42 3 MS O'SULLIVAN: Thank you, Commissioner. I understand that  
09:42 4 Dr Bigos has some administrative matters that we wishes to raise  
09:42 5 before we move to the next witness.  
09:42 6  
09:42 7 COMMISSIONER: We haven't heard from him in a long time.  
09:42 8  
09:42 9  
09:42 10 **HOUSEKEEPING**  
09:42 11  
09:42 12  
09:42 13 DR BIGOS: Thank you, Commissioner. I want to raise a couple  
09:42 14 of matters in relation to documents. We seek access to the  
09:42 15 materials reviewed. Ms Arzadon refers to a number of  
09:43 16 materials in her expert report and there are a number of  
09:43 17 documents we don't have, including statements of directors. We  
09:43 18 seek access to those as soon as possible. We've communicated  
09:43 19 with the solicitors ---  
09:43 20  
09:43 21 COMMISSIONER: The solicitors have written ---  
09:43 22  
09:43 23 DR BIGOS: Yes.  
09:43 24  
09:43 25 COMMISSIONER: Good. They will deal with it. Not me.  
09:43 26  
09:43 27 DR BIGOS: There should be no issue with us having the  
09:43 28 documents as soon as possible.  
09:43 29  
09:43 30 COMMISSIONER: No.  
09:43 31  
09:43 32 DR BIGOS: Thank you.  
09:43 33  
09:43 34 Secondly, we received a letter from Solicitors Assisting in  
09:43 35 relation to privileged documents. That may be relied on in the  
09:43 36 final report. We don't have copies of the privileged materials.  
09:43 37  
09:43 38 COMMISSIONER: I haven't decided what is going to be in the  
09:43 39 final report so that you might first read about it when you read the  
09:43 40 report.  
09:43 41  
09:43 42 DR BIGOS: Our concern is as a matter of procedural fairness we  
09:43 43 seek access to the privileged materials if they are to be relied on.  
09:43 44  
09:43 45 COMMISSIONER: Let's say the privileged material is referred  
09:43 46 to in the last couple of days of writing the report. When would  
09:43 47 you want access and what would you do with it? In other words,

09:43 1 are we talking about something which is workable or something  
09:44 2 which is theoretical?  
09:44 3  
09:44 4 DR BIGOS: We don't know what the privileged materials are.  
09:44 5  
09:44 6 COMMISSIONER: Neither do I. I can tell the topics, likely, but  
09:44 7 not in their final version because I haven't got up to that part of  
09:44 8 the report yet. But it will deal unambiguously with the tax issue,  
09:44 9 I have privileged documents from Crown, the regulator, and  
09:44 10 probably elsewhere, I don't know. They will be referred to. And  
09:44 11 MinterEllison provided them, so they are probably Crown  
09:44 12 documents, Crown privilege, but I got them from MinterEllison.  
09:44 13 So they will be referred to, necessarily. There will be documents  
09:44 14 about the credit card issue but they are probably waived in any  
09:44 15 event so they will be referred to, but it is privileged documents  
09:44 16 but privileged waived.  
09:44 17  
09:44 18 There will be the evidence that Mr Murphy gave the other day.  
09:45 19 His advices on the lawfulness of Crown's conduct interstate ---  
09:45 20 sorry, in overseas jurisdictions. They will be referred to on the  
09:45 21 basis that --- I haven't finally decided that yet. But most likely  
09:45 22 because if they show intentional misconduct, not illegal conduct,  
09:45 23 I'm not suggesting that, but intentional misconduct, i.e. knowing  
09:45 24 that you are acting illegally in some other jurisdiction, that will  
09:45 25 definitely be referred to. They are the kinds of privileged  
09:45 26 document to which reference will be made and necessarily made.  
09:45 27 I don't know what kind of natural justice you want about that.  
09:45 28 They are in evidence.  
09:45 29  
09:45 30 DR BIGOS: They are in evidence but we don't have copies. We  
09:45 31 would give confidentiality undertakings in order to obtain access.  
09:46 32  
09:46 33 COMMISSIONER: Get the documents from Crown and  
09:46 34 MinterEllison. They have the source of all the documents and  
09:46 35 one, I think, from the regulator. I'm not 100 per cent sure. There  
09:46 36 are so many documents. I don't know who provides them but I  
09:46 37 know that one at least has come from the regulator. There is  
09:46 38 a tax advice that I've got which will be referred to. I don't know  
09:46 39 how natural justice works. The documents are in evidence. And  
09:46 40 to the extent that you need privileged material you can --- I'm  
09:46 41 sure Crown will waive --- do you reckon you have common  
09:46 42 interest because of the inquiry?  
09:46 43  
09:46 44 MR BORSKY: I'm not so sure about that, Commissioner. No.  
09:46 45 As the Commission may recall, the landscape as between Crown  
09:46 46 on the one hand, Consolidated Press on the other and Mr Packer's  
09:46 47 company, has changed dramatically in recent times.

09:46 1  
09:47 2 COMMISSIONER: I understand ---  
09:47 3  
09:47 4 MR BORSKY: That is indeed one of the important planks of the  
09:47 5 substantial reform program that Crown has undertaken and is in  
09:47 6 the course of undertaking, so there are strict protocols in place  
09:47 7 now preventing the exchange of information and documents  
09:47 8 between us, and I certainly have no instructions to waive  
09:47 9 privilege of Crown vis-a-vis ---  
09:47 10  
09:47 11 COMMISSIONER: No, I'm just wondering whether it would be  
09:47 12 a waiver if a common interest arises just because of the  
09:47 13 Commission hearings.  
09:47 14  
09:47 15 MR BORSKY: I see.  
09:47 16  
09:47 17 COMMISSIONER: Generally you'd have no hope, but only  
09:47 18 because of the existence of the inquiry, I wonder of the possibility  
09:47 19 of that.  
09:47 20  
09:47 21 MR BORSKY: With great respect, that is an interesting question.  
09:47 22 I would need to take instructions but I doubt we would be  
09:47 23 prepared to take that risk. It would be another thing entirely if  
09:47 24 the Commission were by compulsion to require us to share  
09:47 25 certain documents.  
09:47 26  
09:47 27 COMMISSIONER: The problem is "certain" documents, which  
09:47 28 I don't know yet.  
09:47 29  
09:47 30 MR BORSKY: Nor do I.  
09:48 31  
09:48 32 COMMISSIONER: I don't know.  
09:48 33  
09:48 34 MR BORSKY: But the Commission should not proceed on the  
09:48 35 basis that Crown will voluntarily share documents with CPH  
09:48 36 because we won't, and we don't have that sort of relationship with  
09:48 37 CPH anymore.  
09:48 38  
09:48 39 COMMISSIONER: What would happen if I --- I don't know if  
09:48 40 the documents are electronically stored, they are stored  
09:48 41 somewhere. I have hard copies of everything so I don't care  
09:48 42 where they are stored. But what happens --- think about it, if I  
09:48 43 just allowed Dr Bigos or whoever wants to look at them at his  
09:48 44 end, access to however they are stored, it will be on computer and  
09:48 45 no doubt everybody can plug into it. I don't know how --- the  
09:48 46 answer is yes. I assume that. Do you want to think about  
09:48 47 whether if I made an order allowing Dr Bigos giving him access,

09:49 1 so you don't voluntarily give him anything, but I make an order  
09:49 2 saying Dr Bigos's team can access? Talk to Dr Bigos and see  
09:49 3 whether it might work and, secondly, on a restricted basis, ie ---  
09:49 4  
09:49 5 MR BORSKY: Yes.  
09:49 6  
09:49 7 COMMISSIONER: --- the documents don't go to his client.  
09:49 8 I can say with a degree of confidence that to the extent that I will  
09:49 9 make reference to some of the privileged materials, it won't make  
09:49 10 a lot of difference what --- instructions are not going to make any  
09:49 11 difference to Dr Bigos. So he might want to look at them for his  
09:49 12 purposes but I'm perfectly happy to, subject to thinking about it  
09:49 13 and you getting instructions about it, that Dr Bigos, the lawyers,  
09:49 14 can have a look at it and nobody else. Can't pass it on.  
09:49 15  
09:49 16 MR BORSKY: Yes, I understand.  
09:50 17  
09:50 18 COMMISSIONER: And I say that on the basis that I don't think  
09:50 19 there is anything his client can say which will aid or hinder  
09:50 20 Dr Bigos. In other words he will look at it and make up his own  
09:50 21 mind about what he wants to say about it, he is not going to be  
09:50 22 assisted by any officers of his client companies.  
09:50 23  
09:50 24 MR BORSKY: Yes. One of the things I heard Dr Bigos request  
09:50 25 of the Commission was access to the statements already made  
09:50 26 and filed or provided to the Commission by, for example, some  
09:50 27 of the Crown witnesses. If he doesn't have those, it is difficult to  
09:50 28 see why he ought not be given them by the Commission. But  
09:50 29 again, Crown has not and does not voluntarily provide such or  
09:50 30 other documents to CPH.  
09:50 31  
09:50 32 COMMISSIONER: But most of them are not privileged  
09:50 33 documents?  
09:50 34  
09:50 35 MR BORSKY: Quite. But nevertheless ---  
09:50 36  
09:50 37 COMMISSIONER: Do you care if we make access available?  
09:50 38  
09:50 39 MR BORSKY: Of those statements?  
09:50 40  
09:51 41 COMMISSIONER: Yes, the stuff that is stored away somewhere  
09:51 42 electronically.  
09:51 43  
09:51 44 MR BORSKY: No, and that's why I raise that as a practical,  
09:51 45 immediate suggestion.  
09:51 46  
09:51 47 COMMISSIONER: Okay, so your material falls into two

09:51 1 categories, just the statements which by and large ---  
09:51 2  
09:51 3 MR BORSKY: We don't claim privilege to statements save for  
09:51 4 some specific passages to be identified.  
09:51 5  
09:51 6 COMMISSIONER: Sure.  
09:51 7  
09:51 8 MR BORSKY: But the statement itself as a whole is not  
09:51 9 privileged, of course.  
09:51 10  
09:51 11 COMMISSIONER: Correct.  
09:51 12  
09:51 13 MR BORSKY: Nevertheless have we provided them out of  
09:51 14 respect for the Commission's processes.  
09:51 15  
09:51 16 COMMISSIONER: I hadn't understood that. I didn't know one  
09:51 17 way or the other.  
09:51 18  
09:51 19 MR BORSKY: That's why I raise it. As the Commission  
09:51 20 pleases.  
09:51 21  
09:51 22 COMMISSIONER: Chat to Dr Bigos during the course of the  
09:51 23 day and come back to me after the lunch break and we'll see how  
09:51 24 we progress. I still haven't finished with you, though. Just give  
09:51 25 me another minute.  
09:52 26  
09:52 27 The blank emails.  
09:52 28  
09:52 29 MR BORSKY: Yes.  
09:52 30  
09:52 31 COMMISSIONER: You will have to give them to me.  
09:52 32  
09:52 33 MR BORSKY: I'm sorry, I didn't hear.  
09:52 34  
09:52 35 COMMISSIONER: You will have to give them to me.  
09:52 36  
09:52 37 MR BORSKY: You are requiring that within the meaning of  
09:52 38 section 32(2)?  
09:52 39  
09:52 40 COMMISSIONER: I'm happy to proceed on the basis that I can  
09:52 41 get them under two limbs, one is the carveout from the exception  
09:52 42 and the other is the waiver. For the time being I'm quite happy  
09:52 43 for you to give it to me on a carveout of the exceptions to claim  
09:52 44 privilege over it. Because that doesn't fuss me --  
09:52 45  
09:52 46 MR BORSKY: Yes.  
09:52 47

09:52 1 COMMISSIONER: --- although you should appreciate that my  
09:52 2 personal view ---  
09:52 3

09:52 4 MR BORSKY: If I may, Commissioner, I respectfully ask you  
09:52 5 not to finish that sentence because it may have significance for  
09:52 6 argument in another place. I've made my submissions to you as  
09:52 7 to the basis upon which we claim privilege, I understand you  
09:52 8 don't accept those submissions --  
09:52 9

09:52 10 COMMISSIONER: I don't.  
09:52 11

09:52 12 MR BORSKY: --- or in any event you require us to provide them.  
09:53 13 We will of course provide them as compelled but maintain the  
09:53 14 claim for privilege as I sought to articulate the other day.  
09:53 15

09:53 16 COMMISSIONER: Okay. That's a nice, safe way of proceeding.  
09:53 17 All right.  
09:53 18

09:53 19 Mr Rozen?  
09:53 20

09:53 21 MR ROZEN: On the privilege question, I was going to raise this  
09:53 22 tomorrow because I thought that it what you wanted. We got  
09:53 23 a letter from your solicitors saying the matter ---  
09:53 24

09:53 25 COMMISSIONER: I thought we were going to deal with it but it  
09:53 26 just came up because of Mr Bigos.  
09:53 27

09:53 28 MR ROZEN: It is probably convenient to deal with it now. We  
09:53 29 would also seek access, Commissioner, and I thought perhaps one  
09:53 30 practical way through it, because you've identified now you don't  
09:53 31 know what documents will be referred to. But Counsel Assisting  
09:53 32 will know, when they make submissions, which of those  
09:53 33 documents they want to refer to and which parts of the transcript  
09:53 34 they want to refer to. It might be convenient at that point, at the  
09:53 35 very least, for us to have access on a confidential basis, as you  
09:53 36 have suggested, for the lawyers to have access to at least those  
09:54 37 documents and those parts of the transcript that Counsel Assisting  
09:54 38 say to you are relevant to findings that you might make. I raise  
09:54 39 that not just for the natural justice reason but also because we  
09:54 40 may well be in a position to assist the Commission ---  
09:54 41

09:54 42 COMMISSIONER: Sure.  
09:54 43

09:54 44 MR ROZEN: --- by making submissions about those matters,  
09:54 45 either that we endorse what Counsel assisting say, or we take  
09:54 46 a different position, or that there is other evidence which is  
09:54 47 relevant to those findings.

09:54 1  
09:54 2 COMMISSIONER: Yes, that makes perfect sense to me. There  
09:54 3 is one underlying assumption, which might not be 100 per cent  
09:54 4 correct, which is the assumption that Counsel Assisting will tell  
09:54 5 me all the documents, privileged or otherwise, to which I should  
09:54 6 make reference. I might have a different view, that's all.  
09:54 7  
09:54 8 MR ROZEN: OF course.  
09:54 9  
09:54 10 COMMISSIONER: I might have other additional documents, but  
09:54 11 by and large it should work out.  
09:54 12  
09:54 13 MR ROZEN: It should, and it may be, Commissioner, that in  
09:54 14 that event, which is possible, of course, you may be in a position  
09:54 15 if --- for example, there is a risk of some adverse finding against  
09:55 16 a party, you might be in a position to say "Well, there is another  
09:55 17 document that I'm considering making an adverse finding against  
09:55 18 VCGLR, I'm not sure how that might arise, but it could, and here  
09:55 19 it is; if you want to make submissions, let me know by tomorrow"  
09:55 20 or something along those lines.  
09:55 21  
09:55 22 COMMISSIONER: There is a category of documents which I'm  
09:55 23 almost certain Counsel Assisting hasn't seen at all. I don't know  
09:55 24 quite how I'm going to do this. I got three volumes of documents  
09:55 25 from your client, maybe counsel. I've been going through them  
09:55 26 myself and have not discussed them with counsel. There are  
09:56 27 a number of documents, not a lot, but a number of --- sorry, just  
09:56 28 to make it clear because you might not know, they are the  
09:56 29 documents collected which explain the circumstances in which  
09:56 30 various variations to the Casino Agreement, and maybe the  
09:56 31 management agreement, came about. So they are historical  
09:56 32 documents.  
09:56 33  
09:56 34 MR ROZEN: Yes.  
09:56 35  
09:56 36 COMMISSIONER: Some of them may have gone to Cabinet.  
09:56 37 Hard to say because on the face of the document I look at it and  
09:56 38 say, "Well, this is the kind of document that could have gone to  
09:56 39 Cabinet or maybe not"; so I don't know. Other documents are  
09:56 40 internal regulator documents, not just the current regulator but  
09:56 41 predecessors.  
09:56 42  
09:56 43 MR ROZEN: Yes.  
09:56 44  
09:56 45 COMMISSIONER: And so far my intention is to refer to  
09:56 46 a number of those documents and I can probably do it this way ---  
09:57 47 I will know within a relatively short period of time, at least most



09:57 1 of them, there is only a handful, I will get somebody to send your  
09:57 2 solicitors a note saying, "Is it okay to refer to document  
09:57 3 12345" ---  
09:57 4  
09:57 5 MR ROZEN: Yes.  
09:57 6  
09:57 7 COMMISSIONER: --- and I will try and keep out Cabinet  
09:57 8 documents as much as possible because I don't want  
09:57 9 an argument about that. Some of them might be public interest  
09:57 10 documents and we will have an argument about it. At the  
09:57 11 moment --- I don't have power to override public interest  
09:57 12 immunity and that and the High Court said you can't give it away  
09:57 13 either, even voluntarily. So there is an issue about that, but I  
09:57 14 want to go through those carefully, so it is a separate issue.  
09:57 15  
09:57 16 MR ROZEN: Yes, that is. We would be certainly grateful.  
09:57 17  
09:57 18 COMMISSIONER: That I will be able to do relatively quickly.  
09:57 19 So I'm working my way through those documents.  
09:58 20  
09:58 21 MR ROZEN: Thank you.  
09:58 22  
09:58 23 COMMISSIONER: All right.  
09:58 24  
09:58 25 MS TIPLADY: Commissioner, just very briefly on that issue, I'm  
09:58 26 not certain what those documents are yet ---  
09:58 27  
09:58 28 COMMISSIONER: No, I haven't told anybody, have I?  
09:58 29  
09:58 30 MS TIPLADY: But if they were documents where the privilege  
09:58 31 is held by the State, then we would wish to be given that same  
09:58 32 notice that the VCGLR has.  
09:58 33  
09:58 34 COMMISSIONER: Yes, that's fair enough. I will do that.  
09:58 35  
09:58 36 MS TIPLADY: Thank you, Commissioner.  
09:58 37  
09:58 38 COMMISSIONER: The way the documents come to me, the  
09:58 39 source isn't clear. The possession, I know. I know the regulator  
09:58 40 has possession of it because I got them from the regulator  
09:58 41 pursuant to a separate Notice to Produce, but I will --- they may  
09:58 42 well be State documents that went to the regulator or the other  
09:58 43 way around because some of them are communications between  
09:58 44 the relevant minister and the regulator. I'm trying not to refer to  
09:58 45 those. There are reports. Now, you will get to see them.  
09:59 46  
09:59 47 MS TIPLADY: Thank you, Commissioner.

09:59 1  
09:59 2 MR BORSKY: And if they bear on your inquiry into Crown's  
09:59 3 suitability, even indirectly, we will be given an opportunity to  
09:59 4 consider them too, subject to the PII issue ---  
09:59 5  
09:59 6 COMMISSIONER: Subject to privilege claims.  
09:59 7  
09:59 8 MR BORSKY: Yes, but we will be given notice of them?  
09:59 9  
09:59 10 COMMISSIONER: Yes, I don't mind doing that. Once I've  
09:59 11 sorted out with the State whether those documents are capable of  
09:59 12 being used, there is not a lot and they are historical, some of them  
09:59 13 go back to the 1990s, some of them pre-date Mr Packer's  
09:59 14 involvement, some of them explain changes --- you can work it  
09:59 15 out --- if you go through all the variations, you can guess reasons  
09:59 16 why they were made and why certain provisions. You can guess  
09:59 17 it. These documents just make it clear rather than leaving it for  
10:00 18 inference.  
10:00 19  
10:00 20 MR BORSKY: If they are relevant to your inquiries, we will  
10:00 21 have an interest in being notified of them and the opportunity to  
10:00 22 review them and make submissions about them.  
10:00 23  
10:00 24 COMMISSIONER: They will definitely relevant because they  
10:00 25 are on recommendations to be made.  
10:00 26  
10:00 27 MR BORSKY: I won't repeat myself, thank you.  
10:00 28  
10:00 29 COMMISSIONER: We won't argue about that.  
10:00 30  
10:00 31 Now, that's taken up half an hour of your time, Mr Blackburn,  
10:00 32 sorry about that; we could give up lunch if you like?  
10:00 33  
10:00 34 MS O'SULLIVAN: Yes, let's do that.  
10:00 35  
10:00 36 COMMISSIONER: Okay.  
10:00 37  
10:00 38 MS O'SULLIVAN: Just very briefly on administrative matters, I  
10:00 39 mention for the benefit of all the parties present how I propose to  
10:00 40 deal with documents today. Commissioner, we have received  
10:00 41 a very large number of applications for non-publication orders in  
10:00 42 respect of documents, both documents that are referred to in  
10:00 43 Mr Blackburn's witness statements but also other documents that  
10:00 44 we propose to take him to today. Broadly speaking, there are  
10:01 45 four categories of information in respect of which applications for  
10:01 46 non-publication orders have been made.  
10:01 47

10:01 1 Firstly, there is information that might give rise to a risk of  
10:01 2 exploitation by those seeking to launder money. Secondly, there  
10:01 3 is just commercially sensitive information about what people are  
10:01 4 paid and what people's pay rates, which are largely irrelevant.  
10:01 5 There is claims as to privilege and lastly there is claims as to  
10:01 6 personal identifying information.

10:01 7  
10:01 8 Now, Solicitors Assisting have been furiously working through  
10:01 9 the applications and a large number of them have already been  
10:01 10 assessed and determined, but we did get a large number of them  
10:01 11 late yesterday and we haven't been able to get through all of the  
10:01 12 applications in time. So, to avoid the risk that something will be  
10:01 13 published which ultimately is determined is appropriately the  
10:01 14 subject of a non-application order, what I propose to do today is  
10:01 15 insofar as documents are referred to, they are not going to be put  
10:02 16 up on the livestream, so documents will be called up to hearing  
10:02 17 room only. That's the kind of first line of defence, so to speak, in  
10:02 18 respect of some privileged documents. Obviously, again, there  
10:02 19 are two categories, there are privileged documents in respect of  
10:02 20 which privilege has been waived and then there are privileged  
10:02 21 documents in respect of which privilege has not been waived and  
10:02 22 where there are pending applications for non-application orders.

10:02 23  
10:02 24 Just so we can deal with all of this appropriately, what is  
10:02 25 proposed to do in respect of some of those documents is, for  
10:02 26 example, I have hard copies for the witness, obviously hard  
10:02 27 copies for you, Commissioner, I've got a hard copy, and what is  
10:02 28 proposed to do is to mention what the document ID number is, so  
10:02 29 therefore Crown will know --- I think it is only Crown's privilege  
10:02 30 that we are dealing with today --- Crown will know what the  
10:02 31 document is but they won't be coming up on the hearing room  
10:03 32 screen in the event that ultimately the claim for a non-application  
10:03 33 order in respect of that is granted.

10:03 34  
10:03 35 COMMISSIONER: We can deal with that later.

10:03 36  
10:03 37 MS O'SULLIVAN: So that's how we propose to deal with that  
10:03 38 today. There are different categories of documents. We think  
10:03 39 this is the safest way to navigate through the maze.

10:03 40  
10:03 41 Lastly, in respect of tendering, I will tender Mr Blackburn's  
10:03 42 statement this morning, but otherwise in respect of the many  
10:03 43 documents we will be taking Mr Blackburn to, I plan to proceed  
10:03 44 along the same lines as Ms Neskovicin did earlier this week.  
10:03 45 Parties can assume all documents that the witness is taken to will  
10:03 46 be tendered, but I don't propose to tender them individually  
10:03 47 throughout the day. The tender can be done administratively.

10:03 1  
10:03 2 COMMISSIONER: All right. Are we going to have a fight  
10:03 3 about this?  
10:03 4  
10:03 5 MS BUTTON: Not at all, Commissioner, just to say, in respect  
10:03 6 of the first category of NPO that my learned friend identified, we  
10:04 7 are grateful for indication that the documents won't be brought up  
10:04 8 outside the hearing room, but if I could invite Mr Blackburn to  
10:04 9 take note that if, in answering a question, he needs to reveal  
10:04 10 information which in his judgment could be misused by people  
10:04 11 who may wish to launder money, if he could give an indication of  
10:04 12 that and then the appropriate steps can be taken so that the  
10:04 13 livestream can be cut off.  
10:04 14  
10:04 15 COMMISSIONER: Yes.  
10:04 16  
10:04 17 WITNESS: (Nods head).  
10:04 18  
10:04 19 COMMISSIONER: That will be very disruptive. If it comes to  
10:04 20 that, we might have a whole bunch of questions at the end --  
10:04 21  
10:04 22 MS BUTTON: Indeed.  
10:04 23  
10:04 24 COMMISSIONER: --- that deal with that sensitive topic so we  
10:04 25 don't midway, through a sentence, break.  
10:04 26  
10:04 27 MS BUTTON: No, I think we will be seeking to avoid that, but  
10:04 28 so Mr Blackburn understands that ---  
10:04 29  
10:04 30 COMMISSIONER: He is duly warned.  
10:04 31  
10:04 32 MS BUTTON: He is duly warned.  
10:04 33  
10:04 34 COMMISSIONER: Good.  
10:04 35  
10:04 36 MS BUTTON: But there are ways to deal with it, and it may be  
10:04 37 that we come back to a range of questions as the Commissioner  
10:05 38 suggested.  
10:05 39  
10:05 40 COMMISSIONER: Now we can duly swear him in.  
10:05 41  
10:05 42 MS BUTTON: Thank you.  
10:05 43  
10:05 44  
10:05 45 **MR STEVEN JAMES BLACKBURN, AFFIRMED**  
10:05 46  
10:05 47

10:05 1 **EXAMINATION-IN-CHIEF BY MS O'SULLIVAN**

10:05 2

10:05 3

10:05 4 MS O'SULLIVAN: Can you state your name?

10:05 5

10:05 6 A. Steven James Blackburn.

10:05 7

10:05 8 Q. And your business address?

10:05 9

10:05 10 A. 8 Whiteman Street, Southbank.

10:05 11

10:05 12 Q. You appear today at the Commission pursuant to a Notice  
10:05 13 to Attend; is that right?

10:05 14

10:05 15 A. That's correct.

10:05 16

10:05 17 Q. You have prepared three written witness statements for the  
10:05 18 Commission; is that right?

10:05 19

10:05 20 A. I have.

10:05 21

10:05 22 Q. They are dated 24 April 2021, 28 April 2021 and 7 June  
10:05 23 2021; is that correct?

10:05 24

10:05 25 A. That's correct.

10:05 26

10:06 27 Q. Are each of those statements true and correct to the best of  
10:06 28 your knowledge?

10:06 29

10:06 30 A. They are indeed.

10:06 31

10:06 32 MS O'SULLIVAN: I tender those statements, Commissioner and  
10:06 33 the documents that are referred to in the statements.

10:06 34

10:06 35 COMMISSIONER: I will work out what number we are up to.

10:06 36

10:06 37 Statement of Steven Blackburn, 21 April 2021, Exhibit 209.

10:06 38 Mr Blackburn's statement of 28 April will be Exhibit 310.

10:06 39 Statement of 7 June will be Exhibit 311, together with

10:06 40 attachments to each statement.

10:06 41

42

43 **EXHIBIT #RC0209 - STATEMENT OF MR STEVEN**  
44 **JAMES BLACKBURN (WITH ATTACHMENTS) DATED**  
45 **21 APRIL 2021**

46

47

1 **EXHIBIT #RC0210 - STATEMENT OF MR STEVEN**  
2 **JAMES BLACKBURN (WITH ATTACHMENTS) DATED**  
3 **28 APRIL 2021**

4  
5  
6 **EXHIBIT #RC0211 - STATEMENT OF MR STEVEN**  
7 **JAMES BLACKBURN (WITH ATTACHMENTS) DATED 7**  
8 **JUNE 2021**

9  
10  
10:06 11 MS O'SULLIVAN: Thank you, Commissioner.

10:06 12  
10:06 13 Mr Blackburn, to help you navigate your way through, you will  
10:06 14 see on the table next to the witness box is a series of folders.  
10:07 15 I will be taking you to some of the documents in those folders.  
10:07 16 There will be times when the documents are brought up on the  
10:07 17 screen and you can read them from the screen. If at any point  
10:07 18 reading from the screen is starting to make you feel dizzy or  
10:07 19 anything, we will go to the hard copy, and there will be some  
10:07 20 documents where I will refer you to the hard copy in any event.

10:07 21  
10:07 22 Just so you can understand what is there, we have two folders  
10:07 23 which comprise your witness statements, the three of them, and  
10:07 24 the documents that are referred to in those witness statements,  
10:07 25 and then there is a further other two folders which are documents  
10:07 26 which are not referred to in your witness statement but which I  
10:07 27 might be asking you questions about today.

10:07 28  
10:07 29 A. Thank you.

10:07 30  
10:07 31 Q. I will help you pick out which relevant folder it is at the  
10:07 32 relevant time.

10:07 33  
10:07 34 I want to start by asking you some questions about your  
10:07 35 background, qualifications and experience. It is the case, is it  
10:07 36 not, that in terms of your career you started out as a lawyer; is  
10:07 37 that right?

10:07 38  
10:07 39 A. That's correct.

10:07 40  
10:07 41 Q. You practised corporate law in Toronto for a few years  
10:08 42 after obtaining your law degrees?

10:08 43  
10:08 44 A. Yes.

10:08 45  
10:08 46 Q. You worked for CIBC, which is the Canadian Imperial  
10:08 47 Bank of Commerce?

10:08 1  
10:08 2 A. Correct.  
10:08 3  
10:08 4 Q. You worked for them for many years?  
10:08 5  
10:08 6 A. I did indeed.  
10:08 7  
10:08 8 Q. At CIBC you started as a senior lawyer in approximately  
10:08 9 2004?  
10:08 10  
10:08 11 A. Correct.  
10:08 12  
10:08 13 Q. You were promoted to managing counsel in approximately  
10:08 14 2010?  
10:08 15  
10:08 16 A. Correct.  
10:08 17  
10:08 18 Q. In that time you worked on anti-money laundering and  
10:08 19 counterterrorism financing matters; is that right?  
10:08 20  
10:08 21 A. Correct.  
10:08 22  
10:08 23 Q. In 2011 you became CIBC's chief anti-money laundering  
10:08 24 officer; is that right?  
10:08 25  
10:08 26 A. Correct.  
10:08 27  
10:08 28 Q. You held that role for over seven years?  
10:08 29  
10:08 30 A. That is correct.  
10:08 31  
10:08 32 Q. I noticed in your witness statement, the first one, you said  
10:08 33 between 2011 and 2018, you built CIBC's financial crime  
10:08 34 program from a small reactive team, positioned poorly to manage  
10:09 35 financial crime, to one of the largest most respected teams and  
10:09 36 programs in Canada; is that right?  
10:09 37  
10:09 38 A. I believe that is the case.  
10:09 39  
10:09 40 Q. Just in respect of that, can I ask you, as at 2011 when you  
10:09 41 became CIBC's chief anti-money laundering officer, can I just  
10:09 42 ask, at that time was CIBC the subject of any AML scandals,  
10:09 43 allegations or regulatory enforcement investigations or the like?  
10:09 44  
10:09 45 A. There were no enforcement investigations, however, there  
10:09 46 were ongoing and continuous inquiries from the regulators, so  
10:09 47 there was a great deal of interaction with the regulators at the

10:09 1 time. And in 2010 the Office of the Superintendent of Financial  
10:09 2 Institutions of Canada, which is the equivalent of APRA in  
10:10 3 Australia, which had purview over AML and CTF, which is  
10:10 4 counter-terrorist financing, had conducted a review of CIBC's  
10:10 5 AML/CTF program.

10:10 6

10:10 7 Q. I see. Was the result of the review that CIBC's program  
10:10 8 was found wanting or that it was satisfactory?

10:10 9

10:10 10 A. It was found wanting.

10:10 11

10:10 12 Q. I see.

10:10 13

10:10 14 A. In many ways.

10:10 15

10:10 16 Q. I see. Thank you.

10:10 17

10:10 18 In June 2018 you moved to work for the National Australia Bank  
10:10 19 in Melbourne, Australia; is that right?

10:10 20

10:10 21 A. That's correct.

10:10 22

10:10 23 Q. I presume that's when you moved from Canada to  
10:10 24 Australia; is that right?

10:10 25

10:10 26 A. That's correct. I was recruited by National Australia Bank.

10:10 27

10:10 28 Q. Your role at the National Australia Bank was Chief  
10:10 29 Financial Crime Risk Officer and Group MLRO, Money  
10:10 30 Laundering Reporting Officer; is that right?

10:10 31

10:10 32 A. That's correct.

10:10 33

10:10 34 Q. That role required an intimate knowledge, I presume, of the  
10:11 35 Commonwealth AML/CTF Act and Rules; is that right?

10:11 36

10:11 37 A. It did, indeed.

10:11 38

10:11 39 Q. So in November 2020 you agreed to work for Crown with  
10:11 40 the prospective start date of 1 March 2021 or such earlier date as  
10:11 41 agreed; is that right?

10:11 42

10:11 43 A. That is correct.

10:11 44

10:11 45 Q. You finished up at NAB on 12 February 2021; is that right?

10:11 46

10:11 47 A. That is correct.



10:11 1  
10:11 2 Q. And you started working at Crown on 24 February 2021; is  
10:11 3 that right?  
10:11 4  
10:11 5 A. That's correct.  
10:11 6  
10:11 7 Q. I noticed the date and I note that it was two days after this  
10:11 8 Royal Commission was called. Can I ask, was the calling of this  
10:11 9 Royal Commission a reason for you starting work approximately  
10:11 10 a week earlier than had originally been anticipated?  
10:11 11  
10:11 12 A. Not to my knowledge.  
10:11 13  
10:11 14 Q. I see. You are employed by Crown Resorts, and your title  
10:11 15 is Group Chief Compliance and Financial Crime Officer; is that  
10:11 16 right?  
10:11 17  
10:11 18 A. That is correct. Crown Resorts Ltd, yes.  
10:11 19  
10:11 20 Q. Yes, thank you.  
10:11 21  
10:12 22 Your responsibilities are across all of Crown's Australian casinos,  
10:12 23 is that right?  
10:12 24  
10:12 25 A. All of Crown's operations, so in Australia and also in the  
10:12 26 UK.  
10:12 27  
10:12 28 Q. I see. So that covers obviously the Melbourne, the Perth  
10:12 29 and the Sydney casinos; is that right?  
10:12 30  
10:12 31 A. That is correct.  
10:12 32  
10:12 33 Q. Your role is broader than just financial crime; it is also  
10:12 34 compliance more generally; is that right?  
10:12 35  
10:12 36 A. It is compliance and it is Responsible Gaming in addition to  
10:12 37 financial crime.  
10:12 38  
10:12 39 Q. Yes, I see. One particular area of your compliance  
10:12 40 responsibilities concerns the casino's legislative obligation; is that  
10:12 41 right?  
10:12 42  
10:12 43 A. It is, correct.  
10:12 44  
10:12 45 Q. I just want to ask you a bit about some of the compliance  
10:12 46 aspects to your role.  
10:12 47

- 10:12 1 A. Of course.  
10:12 2  
10:12 3 Q. Can we have this document brought up to the screen,  
10:12 4 CRW.510.005.0518, page 0531.  
10:12 5  
10:12 6 Commissioner, this should be in your folder 1, it is the second  
10:13 7 statement of Mr Blackburn, tab 1, page 13.  
10:13 8  
10:13 9 A. Terribly fuzzy. Much clearer. Thank you.  
10:13 10  
10:13 11 Q. If we can just scroll down, thank you, operator, the  
10:13 12 section --- if we can see where it says "business outcomes", if we  
10:13 13 can bring that up to the top of the screen so we can see all of the  
10:13 14 business points that appear underneath "business outcomes".  
10:13 15 Mr Blackburn, count down to bullet point 7, it says:  
10:13 16  
10:13 17 *Developing and monitoring adherence to the Crown*  
10:13 18 *Resorts Group's compliance obligations and policies .....*  
10:13 19  
10:14 20 Sorry, this is a schedule to your employment contract; is that  
10:14 21 right?  
10:14 22  
10:14 23 A. Yes, indeed.  
10:14 24  
10:14 25 Q. So there you can see at the seventh bullet point, one of the  
10:14 26 business outcomes that is set out in your employment contract as  
10:14 27 being one of the duties that you have is:  
10:14 28  
10:14 29 *Developing and monitoring adherence to the Crown*  
10:14 30 *Resorts Group's compliance obligations and policies and*  
10:14 31 *addressing any potential breaches of the obligations and*  
10:14 32 *policies. This will include a particular focus on*  
10:14 33 *compliance with Crown's casino legislative, regulatory*  
10:14 34 *and contractual obligations.*  
10:14 35  
10:14 36 That would include Crown's obligations under the Casino  
10:14 37 *Control Act; is that right?*  
10:14 38  
10:14 39 A. That is correct.  
10:14 40  
10:14 41 Q. Yes. And I notice, if we go to the bullet point above, one  
10:14 42 of your duties includes enhancing culture; is that right?  
10:14 43  
10:14 44 A. Yes, in respect of financial crime and compliance and also  
10:15 45 Responsible Gaming.  
10:15 46  
10:15 47 Q. I see.

10:15 1  
10:15 2 So it says there:  
10:15 3  
10:15 4 *Enhance culture across the group of awareness of and*  
10:15 5 *compliance with protections against financial crimes*  
10:15 6 *vulnerabilities.*  
10:15 7  
10:15 8 A. Correct.  
10:15 9  
10:15 10 Q. Is your evidence that that has been expanded now to  
10:15 11 include Responsible Gaming?  
10:15 12  
10:15 13 A. It is.  
10:15 14  
10:15 15 Q. Now, in your first witness statement --- thank you, operator,  
10:15 16 that document can come down now.  
10:15 17  
10:15 18 In your first witness statement you set out a number of your key  
10:15 19 responsibilities. One of those key responsibilities involves  
10:15 20 incidents and allegations and the response thereto; is that right?  
10:15 21  
10:15 22 A. As I recall, correct, yes.  
10:15 23  
10:15 24 Q. Can we bring up CRW.998.001.0036. You can see that is  
10:16 25 a copy of the front page of your witness statement dated 21 April  
10:16 26 2021.  
10:16 27  
10:16 28 Operator, if we can go to paragraph 6.  
10:16 29  
10:16 30 Mr Blackburn, obviously this is your witness statement, these are  
10:16 31 your words, I just draw your attention to paragraph 6(d) where  
10:16 32 you've said that you are responsible for, amongst other things:  
10:16 33  
10:16 34 *leading teams in the analysis and interrogation of*  
10:16 35 *incidents and allegations to ensure appropriate and*  
10:16 36 *timely responses.*  
10:16 37  
10:16 38 Can I just ask you, for clarity, does that cover both financial  
10:16 39 crime and compliance generally?  
10:16 40  
10:16 41 A. It does.  
10:16 42  
10:16 43 Q. Thank you.  
10:16 44  
10:16 45 Operator, that document can come down now.  
10:16 46  
10:16 47 Mr Blackburn, I imagine that soon after starting work at Crown,

10:16 1 or perhaps even before you were briefed on the existence of this  
10:16 2 Royal Commission; is that right?  
10:16 3  
10:16 4 A. Sorry, what was the question?  
10:16 5  
10:16 6 Q. I imagine that soon after starting work at Crown, or perhaps  
10:17 7 even earlier, you were breached on the existence and Terms of  
10:17 8 Reference of this Royal Commission; is that right?  
10:17 9  
10:17 10 A. Soon after.  
10:17 11  
10:17 12 Q. Were you made aware that the Commission had asked  
10:17 13 Crown whether it had engaged in conduct that would or might  
10:17 14 breach any provision of relevant Acts of Parliament or Codes of  
10:17 15 Conduct and Agreements?  
10:17 16  
10:17 17 A. I was, yes.  
10:17 18  
10:17 19 Q. And were you aware that in response to that request, Crown  
10:17 20 prepared a schedule of breaches or possible breaches?  
10:17 21  
10:17 22 A. Yes, I was.  
10:17 23  
10:17 24 Q. Were you aware that Crown divided that up into schedule 1  
10:17 25 and schedule 2, in particular schedule 2 concerned anti-money  
10:17 26 laundering and counter-terrorism financing?  
10:17 27  
10:17 28 A. Yes.  
10:17 29  
10:17 30 Q. So, just in turn of --- I'm interested in schedule 2, and  
10:17 31 schedule 2 is obviously your area as well, can I ask, and if you  
10:18 32 need to have a look the document, I will have the document  
10:18 33 brought up, but did you have any involvement in preparing the  
10:18 34 schedule of breaches or possible breaches insofar as they touched  
10:18 35 on AML/CTF obligations?  
10:18 36  
10:18 37 A. Other than reviewing, no. I did review the document once  
10:18 38 prepared, but I was ill-equipped, based on the fact that I had just  
10:18 39 joined the organisation, to ascertain the validity of the content.  
10:18 40  
10:18 41 Q. So you didn't contribute to the content because you'd only  
10:18 42 just started --  
10:18 43  
10:18 44 A. Couldn't, yes.  
10:18 45  
10:18 46 Q. --- but you read the schedules once they were prepared; is  
10:18 47 that right?

10:18 1  
10:18 2 A. I did.  
10:18 3  
10:18 4 Q. Does that include both the schedule --- again I'm talking  
10:18 5 about schedule 2 which concerns AML/CTF ---  
10:18 6  
10:18 7 A. Yes.  
10:18 8  
10:18 9 Q. --- there are two of them, one is dated 24 March 2021 and  
10:18 10 there is another one dated 21 April 2021.  
10:18 11  
10:18 12 A. (Nods head).  
10:18 13  
10:18 14 Q. Is your evidence that in respect of both of those you didn't  
10:19 15 contribute to the contents but you reviewed them?  
10:19 16  
10:19 17 A. Correct.  
10:19 18  
10:19 19 Q. So would you say you are reasonably familiar with the  
10:19 20 contents of those schedules?  
10:19 21  
10:19 22 A. I feel I am.  
10:19 23  
10:19 24 Q. Thank you.  
10:19 25  
10:19 26 Now, you might recall, therefore, that certainly in respect of the  
10:19 27 first of the schedule 2s, which is the one dated 24 March 2021,  
10:19 28 that schedule had an annexure. If at any time you would like me  
10:19 29 to take you to the document, I will. It is not a memory test.  
10:19 30  
10:19 31 A. Yes, no problem.  
10:19 32  
10:19 33 Q. You will recall it included an annexure 1 and annexure 1  
10:19 34 set out, or certainly the annexure 1 was titled "Relevant aspects of  
10:19 35 AML/CTF change program".  
10:19 36  
10:19 37 A. If I could ask you to present the document just so that I can  
10:19 38 confirm? That seems accurate but I would like to confirm by  
10:19 39 seeing the document.  
10:19 40  
10:19 41 Q. Absolutely.  
10:19 42  
10:19 43 Operator, can we bring up CRW.0000.0003.0062.  
10:19 44  
10:20 45 Commissioner, tab 2 of your folder, page 24.  
10:20 46  
10:20 47 Can we go to page ending 0085. Can you see that,

10:20 1 Mr Blackburn?  
10:20 2  
10:20 3 A. I can, yes.  
10:20 4  
10:20 5 Q. And you can see you get top billing there?  
10:20 6  
10:20 7 A. Yes.  
10:20 8  
10:20 9 Q. This is different, really, tangibly different, to what is  
10:20 10 otherwise in schedule 2, which is a series of breaches or possible  
10:20 11 breaches of AML obligations. This, in a sense, is different; it is  
10:21 12 setting out what Crown's change program was. Can you tell me  
10:21 13 did you have any involvement in the preparation of this part of  
10:21 14 the document? Would you like to look at all of the pages perhaps  
10:21 15 you answer the question?  
10:21 16  
10:21 17 A. No, I'm happy to answer the question as I believe I did have  
10:21 18 .....  
10:21 19  
10:21 20 Q. Would you like the operator to scroll through?  
10:21 21  
10:21 22 A. Sure. Sure. That would be terrific. Thank you.  
10:21 23  
10:21 24 Q. Operator, if you could scroll through the remaining pages  
10:21 25 of this document so Mr Blackburn can familiarise himself with it.  
10:21 26  
10:21 27 A. I certainly reviewed this and I suspect I may have had  
10:21 28 comments through the review process. So my comments  
10:21 29 presumably would have been incorporated.  
10:21 30  
10:21 31 Q. I see. Can you recall specifically which parts?  
10:21 32  
10:22 33 A. No.  
10:22 34  
10:22 35 Q. You had general contribution to this part of the schedule; is  
10:22 36 that right?  
10:22 37  
10:22 38 A. As a final stage review, I would have reviewed it and I  
10:22 39 would have contributed commentary to the extent that I had  
10:22 40 commentary on it.  
10:22 41  
10:22 42 Q. That makes sense because what is set out here is what  
10:22 43 Crown's plans were, in terms of uplifting, you might say, or  
10:22 44 remediating its AML framework --  
10:22 45  
10:22 46 A. Yes.  
10:22 47

10:22 1 Q. --- and of course you are the person they've employed very  
10:22 2 much to do that so it makes sense that you had some involvement  
10:22 3 in it; is that right?

10:22 4  
10:22 5 A. Absolutely. It makes sense that I would have reviewed it  
10:22 6 and would have provided comments.

10:22 7  
10:22 8 Q. I see. Is it the case that one of the first things you did in  
10:22 9 your new role at Crown was to assess the AML landscape at  
10:22 10 Crown?

10:22 11  
10:22 12 A. Yes, though that took a considerable amount of time but  
10:22 13 that is what I started upon my arrival at Crown, was  
10:23 14 an assessment of the current maturity of the AML/CTF program.

10:23 15  
10:23 16 Q. Yes, and would you say, in a sense, that that work is  
10:23 17 ongoing, you are still in a sense assessing the landscape at  
10:23 18 Crown?

10:23 19  
10:23 20 A. Yes, I think in the financial crime environment, that is  
10:23 21 always the case. As a leader in financial crime you understand  
10:23 22 that the program will always evolve as legislation changes, as  
10:23 23 criminal activity changes. So it is an ongoing state.

10:23 24  
10:23 25 Q. I see. And in terms of assessing where Crown was up to in  
10:23 26 terms of its AML policies and procedures and so on, did you  
10:23 27 review the previous AUSTRAC compliance assessments?

10:23 28  
10:23 29 A. I did.

10:23 30  
10:23 31 Q. You probably had a lot of reading, but can I ask this: did  
10:23 32 you read the Bergin Report?

10:23 33  
10:23 34 A. I did.

10:23 35  
10:23 36 Q. Did you read that cover to cover or just selected parts?

10:23 37  
10:23 38 A. I read it cover to cover superficially and I read it in detail  
10:23 39 where it touched on AML/CTF issues.

10:23 40  
10:24 41 Q. Thank you, operator that document can be brought down  
10:24 42 now.

10:24 43  
10:24 44 I am going to start by asking you something about what is called  
10:24 45 CUP process --

10:24 46  
10:24 47 A. Sure.

10:24 1  
10:24 2 Q. --- you are obviously familiar with what that means.  
10:24 3  
10:24 4 Do you agree with me that insofar as it is called "CUP process", it  
10:24 5 is a little bit of a misnomer because it wasn't restricted to the  
10:24 6 CUP card? Do you agree with me?  
10:24 7  
10:24 8 A. I think I would call it the hotel card transactions.  
10:24 9  
10:24 10 Q. Yes, okay, thank you. That was going to be the next thing  
10:24 11 that I said.  
10:24 12  
10:24 13 A. Yes.  
10:24 14  
10:24 15 Q. I will ask you some questions and I might use those two  
10:24 16 terms interchangeably, "CUP practice" or "hotel card process".  
10:24 17  
10:24 18 A. Understood.  
10:24 19  
10:24 20 Q. You are aware, no doubt, that on 26 March 2021, a Crown  
10:24 21 employee, in a leadership and development training session, was  
10:24 22 reported to have raised issues of money laundering and  
10:24 23 circumventing government laws; that is something you are aware  
10:24 24 of?  
10:24 25  
10:24 26 A. Yes.  
10:24 27  
10:24 28 Q. Are you aware that the staff member was reported to have  
10:24 29 said that Crown's staff were aware and assisted in money  
10:25 30 laundering activities with patrons?  
10:25 31  
10:25 32 A. Yes, I'm aware of that.  
10:25 33  
10:25 34 Q. Are you aware that that staff member was reported to have  
10:25 35 said that hosting staff were given instructions from "higher ups"  
10:25 36 to identify, implement or create new methods of circumventing  
10:25 37 government laws?  
10:25 38  
10:25 39 A. I am aware of that.  
10:25 40  
10:25 41 Q. Thank you. Are you aware that the staff member was  
10:25 42 reported to have detailed two different methods?  
10:25 43  
10:25 44 A. I recall that, yes.  
10:25 45  
10:25 46 Q. Are you aware that the first method involved reciprocal  
10:25 47 transfers wherein an international patron of the casino would



10:25 1 transfer money into a second account in China belonging to  
10:25 2 a local patron based in Australia, who in turn transferred that  
10:25 3 amount of money into Crown's bank account for the benefit of the  
10:25 4 international patron?

10:25 5  
10:25 6 A. Yes.

10:25 7  
10:25 8 Q. Are you aware that the second method involved Crown  
10:25 9 employees assisting international patrons staying at a Crown  
10:26 10 hotel to make payments to the hotel, charged as an incidental  
10:26 11 charge to their room account, and then having that amount of  
10:26 12 money made available to them at the cage on the floor of the  
10:26 13 casino for the purpose of gaming?

10:26 14  
10:26 15 A. I don't recall that but I must have been aware of it.

10:26 16  
10:26 17 Q. Just going back to your role, being both financial crime and  
10:26 18 compliance. I did notice that it took --- sorry, your role also  
10:26 19 involves taking the lead on incidents and allegations. Am I right,  
10:26 20 therefore, to understand that the issue of what was revealed by the  
10:26 21 Crown employee at the training session in March falls pretty  
10:26 22 much squarely in your lap?

10:26 23  
10:26 24 A. It does, though in this instance the Board engaged external  
10:26 25 counsel to lead the initiative and to keep me informed.

10:26 26  
10:27 27 Q. I see.

10:27 28  
10:27 29 A. So it was outsourced, essentially.

10:27 30  
10:27 31 Q. Sorry?

10:27 32  
10:27 33 A. It was outsourced to external counsel to conduct the  
10:27 34 investigation into the alleged activity, and into the statements, so  
10:27 35 that it could be assessed, and to keep me informed as to progress  
10:27 36 on that matter.

10:27 37  
10:27 38 Q. All right. I understand the use of external counsel to  
10:27 39 investigate, but I am interested to know, internally at Crown, who  
10:27 40 took the lead. Because of course someone internally at Crown  
10:27 41 would need to take the lead, at least insofar as they needed to  
10:27 42 determine what it was that the external investigation would look  
10:27 43 at, how it would report and so on.

10:27 44  
10:27 45 A. So there were many people internally at Crown that  
10:27 46 participated in it, but I would not characterise any of them as  
10:27 47 taking the lead in it. I would characterise all of them as taking

10:28 1 information as it was provided through the investigation from the  
10:28 2 external counsel. So in this instance I was informed as the  
10:28 3 investigation progressed. Xavier Walsh was informed as the  
10:28 4 investigation progressed. Jan Williamson will would have been  
10:28 5 informed and Rob Meade, both members of our legal department.  
10:28 6 And Helen Coonan was informed.

10:28 7  
10:28 8 Q. I see. So the way I look at it, the report of what the  
10:28 9 employee said at the training session on 16 March squarely raised  
10:28 10 money laundering. And you've been employed by Crown  
10:28 11 precisely to deal with money laundering, but not only that, to take  
10:28 12 the lead on incidents and allegations. But am I right that the way  
10:28 13 it has panned out is you haven't been given the lead on incidents  
10:29 14 and allegations, and in particular this one, notwithstanding that it  
10:29 15 falls squarely within your remit of money laundering?

10:29 16  
10:29 17 A. No. I would disagree with that characterisation. I believe  
10:29 18 what has happened in this instance is that there was an item that  
10:29 19 was raised as a potential indicator of money laundering, not  
10:29 20 necessarily a clear indicator of money laundering, but a potential  
10:29 21 indicator of money laundering and non-compliance. External  
10:29 22 counsel was engaged to assist with that review, recognising that  
10:29 23 my priority at the time was to build out a program, a financial  
10:29 24 crime and compliance program, and assess those things, and so  
10:29 25 the lead was handed to external counsel, which is perfectly  
10:29 26 reasonable, I think, in the circumstance --- from my perspective  
10:29 27 at least it is perfectly reasonable in the circumstance, given the  
10:29 28 focus for me of building out a change program, assessing current  
10:30 29 state maturity and building out a change program, so long as  
10:30 30 I was kept aware of the progress of the matter, and I was kept  
10:30 31 aware of the progress of the matter.

10:30 32  
10:30 33 Q. So, in a sense, you've got a lot on and you've got competing  
10:30 34 priorities, was that part of the reason why it wasn't given just to  
10:30 35 you, notwithstanding that the report raised, or certainly the  
10:30 36 written report raises the question of money laundering and uses  
10:30 37 the term "money laundering" at least four times, it wasn't given  
10:30 38 solely to you because you had other priorities that you had to get  
10:30 39 on with at the time; is that right?

10:30 40  
10:30 41 A. Well, I think it was a shared exercise, frankly, and the focus  
10:30 42 at the time was to understand it as quickly as possible, to do  
10:30 43 a thorough and comprehensive investigation, to understand the  
10:30 44 activity and understand whether or not there was actual --- the  
10:30 45 veracity of the suggestions, and that is precisely what external  
10:31 46 counsel was able to do. I agree that --- with your assessment that  
10:31 47 I had to focus on many things, as you will appreciate coming into

10:31 1 the organisation. I had to focus on many things, but my primary  
10:31 2 focus at the time was assessing current state maturity and  
10:31 3 building out a program for the future to ensure that we were not  
10:31 4 simply meeting regulatory requirements but exceeding them in  
10:31 5 most circumstances.

10:31 6  
10:31 7 Q. Yes. And, of course, we know you made a very significant  
10:31 8 presentation to the Board, on the preparation of a financial crime  
10:31 9 and change program which was presented to the Board on 24  
10:31 10 May ---

10:31 11  
10:31 12 A. Correct.

10:31 13  
10:31 14 Q. In a sense, was the decision made that you had to give  
10:31 15 priority to that?

10:31 16  
10:31 17 A. Well, there was no decision made, it wasn't an affirmative  
10:32 18 action, to suggest that a decision was made. The decision was  
10:32 19 made by Helen Coonan, appropriately, I think, as Helen was  
10:32 20 acting in the capacity of CEO as well as Chairman of the Board,  
10:32 21 to engage external counsel to conduct that review, to provide  
10:32 22 some independence to the review as well so that we weren't  
10:32 23 necessarily engaging existing people initially through the  
10:32 24 assessment, and rather, applying that independence, challenging  
10:32 25 our people, interviewing our people --- and many interviews  
10:32 26 occurred --- including with respect to members of my team to  
10:32 27 understand the potential allegations and to get to the root of them.

10:32 28  
10:32 29 Q. Yes, I see. And you were kept up to date as things  
10:32 30 progressed; is that right?

10:32 31  
10:32 32 A. I was. Yes.

10:32 33  
10:32 34 Q. Do you feel you were kept sufficiently up to date?

10:32 35  
10:32 36 A. Not necessarily, no. But I think external counsel was  
10:32 37 running a process that they felt they needed full independence,  
10:32 38 and so I was kept up to date at important milestones. My  
10:32 39 preference in all of these circumstances, wherever an issue is  
10:32 40 identified --- and this was a singular incident, not necessarily  
10:33 41 indicative of broader issues but a singular incident --- in this case  
10:33 42 I would have preferred to have been engaged throughout the  
10:33 43 process; however, I do recognise my limitations on capacity.

10:33 44  
10:33 45 Q. You will be aware, and tell me if you are not, that there  
10:33 46 were 15 Crown employees at the at this Crown leadership and  
10:33 47 development training session which occurred on 16 March 2021;

10:33 1 you are aware of that?  
10:33 2  
10:33 3 A. I am. I have been told that, yes.  
10:33 4  
10:33 5 Q. I see. Other than the staff member who logged the formal  
10:33 6 surveillance report, which you are obviously familiar with, to  
10:33 7 your knowledge how many of the 14 other employees made  
10:33 8 a report about what was disclosed at that session?  
10:33 9  
10:33 10 A. I believe one.  
10:33 11  
10:33 12 Q. One other?  
10:33 13  
10:33 14 A. Yes.  
10:33 15  
10:33 16 Q. Is that right?  
10:33 17  
10:33 18 A. That's my understanding. However, I have not confirmed  
10:33 19 that information.  
10:33 20  
10:33 21 Q. I see. Do you think it is a fair characterisation to say that  
10:34 22 what was raised by the employee in respect of money laundering  
10:34 23 that they were bombshell allegations?  
10:34 24  
10:34 25 A. I don't know how to answer that in that I'm not sure about  
10:34 26 your definition of "bombshell allegations".  
10:34 27  
10:34 28 Q. I don't have a particular definition. I'm using the phrase in  
10:34 29 an everyday way. It's not a legal term of art. I'm asking you ---  
10:34 30  
10:34 31 A. Could you maybe just put it in clear language, just simple  
10:34 32 language, not sort of inflammatory language.  
10:34 33  
10:34 34 Q. Yes, so you obviously read the surveillance report that was  
10:34 35 logged which detailed of what the Crown employee had said  
10:34 36 about money laundering?  
10:34 37  
10:34 38 A. Yes.  
10:34 39  
10:34 40 Q. You read the surveillance report?  
10:34 41  
10:34 42 A. Yes.  
10:34 43  
10:34 44 Q. Do you agree that what that employee raised were  
10:34 45 bombshell allegations?  
10:34 46  
10:34 47 A. I'm sorry, I wouldn't use that casual language to describe

10:34 1 a very serious situation. Rather, I would suggest the employee  
10:34 2 raised some very serious issues that should be taken into account  
10:35 3 and were taken into account through the quick appointment of  
10:35 4 external counsel to assist. I think that language is inflammatory  
10:35 5 and unnecessarily so, so I would suggest, rather, it raised a very  
10:35 6 serious issue and it was addressed.

10:35 7

10:35 8 Q. Yes. You've called it allegations a couple of times, but it is  
10:35 9 the fact, is it not, that some of the allegations transpired to be  
10:35 10 revelations rather than allegations?

10:35 11

10:35 12 A. That is my understanding from the brief that was prepared  
10:35 13 by the external counsel, yes.

10:35 14

10:35 15 Q. I want to put to you a couple of conclusions which I submit  
10:35 16 are available by reason of the fact that the vast majority of  
10:35 17 people, Crown employees, who were present at the training  
10:35 18 session, present at the leadership and development training  
10:35 19 session, said nothing about what was raised by that employee.  
10:36 20 You can tell me whether you agree. The first conclusion which I  
10:36 21 think is available to be drawn is that Crown employees generally  
10:36 22 are too scared to report matters such as what was raised by this  
10:36 23 employee?

10:36 24

10:36 25 A. Are you speaking of my experience since I've joined  
10:36 26 Crown, or an experience that would have preceded my time at  
10:36 27 Crown?

10:36 28

10:36 29 Q. No, I'm really putting to you that I think there are a number  
10:36 30 of conclusions available from the fact that most of the people  
10:36 31 heard what was said and didn't report it.

10:36 32

10:36 33 MS BUTTON: Can I raise an objection at this point. A note of  
10:36 34 caution in the questioning. If Counsel Assisting wants to put this  
10:36 35 line of questioning on the basis that the surveillance report is  
10:36 36 accurate in every respect and the kind of language used in that  
10:36 37 report was used in the session, then that should be stated to the  
10:36 38 witness as an assumption. The Commissioner might recall the  
10:36 39 evidence given by the employee did not --- I won't say anything  
10:36 40 further.

10:36 41

10:36 42 COMMISSIONER: He walked away from it. I get that.

10:37 43

10:37 44 MS BUTTON: But if the question is ---

10:37 45

10:37 46 COMMISSIONER: The questions are about the statements that  
10:37 47 he made at the time, rather than the statements he made in the

10:37 1 witness box here --  
10:37 2  
10:37 3 MS BUTTON: I understand that ---  
10:37 4  
10:37 5 COMMISSIONER: --- and I understand they are different, but  
10:37 6 the record might --- the record of his statements might be much  
10:37 7 more accurate than his recollection, and he did walk away from  
10:37 8 it. That's what he did. So I think the questions are perfectly fair,  
10:37 9 provided it is clear that they are based on the record of what was  
10:37 10 said then.  
10:37 11  
10:37 12 MS BUTTON: Yes, and an assumption, as --- I think we  
10:37 13 understand one another, Commissioner, that --- the assumption  
10:37 14 that the record is accurate.  
10:37 15  
10:37 16 COMMISSIONER: Yes, on the assumption that the record is  
10:37 17 accurate.  
10:37 18  
10:37 19 MS O'SULLIVAN: Thank you, Commissioner. My questions  
10:37 20 aren't based on the assumption that the record is accurate. As it  
10:37 21 transpired, the witness did row backwards from what he is  
10:37 22 reported to have said, but we are in the extraordinary situation  
10:37 23 that whilst he rowed back from what he said, the subsequent  
10:38 24 investigation revealed that one of the major allegations that was  
10:38 25 made and reported transpired to be true.  
10:38 26  
10:38 27 COMMISSIONER: Yes.  
10:38 28  
10:38 29 MS O'SULLIVAN: But all of that doesn't matter for the purposes  
10:38 30 of my question, which is really --- I want you to focus just on the  
10:38 31 fact that most people at this leadership and training development  
10:38 32 session didn't report it up.  
10:38 33  
10:38 34 A. I think that is an accurate statement as I understand it --  
10:38 35  
10:38 36 Q. Yes.  
10:38 37  
10:38 38 A. --- that most people at this training session did not report it  
10:38 39 up.  
10:38 40  
10:38 41 Q. Yes. So we know one person did because they made  
10:38 42 a surveillance report.  
10:38 43  
10:38 44 A. Correct, and that person has been commended.  
10:38 45  
10:38 46 Q. And then you have told me that you think there might have  
10:38 47 been one other person who also reported it; is that right?

10:38 1  
10:38 2 A. No, it is the surveillance individual I was speaking of that  
10:38 3 reported. That's my understanding.  
10:38 4  
10:38 5 Q. All right. So we've got a group of about 16 Crown staff in  
10:38 6 a leadership and development training session.  
10:38 7  
10:39 8 A. Yes.  
10:39 9  
10:39 10 Q. One of them, so forget about what turns out to be true,  
10:39 11 right, one of them makes, I've called it some bombshell  
10:39 12 allegations and you have said "No, it is very serious allegations".  
10:39 13 Right? So 16 people at the leadership and training development  
10:39 14 session, one of them makes some very serious allegations about  
10:39 15 money laundering. One other person at that training session  
10:39 16 makes or logs a surveillance report about what was said and  
10:39 17 everybody else said nothing. Didn't report it up, didn't report to  
10:39 18 their manager, didn't report to anyone internally at Crown who  
10:39 19 does anything to do with money laundering. So everyone else  
10:39 20 stayed mum about it.  
10:39 21  
10:39 22 Now, there are, I submit, some conclusions which are available to  
10:39 23 be drawn by reason of the fact that everyone else said nothing,  
10:40 24 and I'm going to put those conclusions to you and say that I think  
10:40 25 these are conclusions which are available to be drawn from that  
10:40 26 fact scenario, and give you an opportunity to say whether or not  
10:40 27 you disagree with me, okay? Do you understand what we are  
10:40 28 going to do?  
10:40 29  
10:40 30 A. I do.  
10:40 31  
10:40 32 Q. Forget about whether it turned out to be true.  
10:40 33  
10:40 34 A. I did in the first instance as well, and am happy to take your  
10:40 35 question.  
10:40 36  
10:40 37 Q. So I submit that one available conclusion to be drawn from  
10:40 38 that fact scenario is that Crown employees are too scared to  
10:40 39 report such matters.  
10:40 40  
10:40 41 A. I would agree with your interpretation that one available  
10:40 42 conclusion to be drawn from that scenario is that individuals may  
10:40 43 have been scared. That is a possible interpretation. I cannot  
10:40 44 provide evidence one way or another that it is accurate or  
10:40 45 truthful. I think there are other alternative explanations, but I'm  
10:40 46 not committed to those either because I was not present. I could  
10:41 47 not possibly understand the context for the statements being

10:41 1 made. I could not possibly understand the reaction of other  
10:41 2 individuals at the time. But I think your point is a fair one, that  
10:41 3 that is one possible explanation.  
10:41 4  
10:41 5 Q. Okay. I've got a couple of other available conclusions that I  
10:41 6 am going to put to you, but I want you to understand, I'm not  
10:41 7 asking you to put yourself in the other people's shoes, I'm not  
10:41 8 asking you to tease out what might have motivated---  
10:41 9  
10:41 10 A. But you are. If you are asking me to conclude then you  
10:41 11 were asking me to put myself in other people's shoes.  
10:41 12  
10:41 13 Q. I am asking you whether you agree ---  
10:41 14  
10:41 15 COMMISSIONER: She's asking you, in your capacity that you  
10:41 16 currently hold in the organisation, what conclusions would you  
10:41 17 draw from that kind of conduct. You don't have to be there.  
10:41 18  
10:41 19 A. I'm happy to provide an answer to that, Commissioner.  
10:41 20  
10:41 21 COMMISSIONER: Approach it like that.  
10:41 22  
10:41 23 A. Okay, happy to.  
10:41 24  
10:41 25 MS O'SULLIVAN: I am not going to cut you off --- I think there  
10:41 26 are four available conclusions. I have put the first one to you and  
10:41 27 you've essentially agreed. I am going to put the next three, and at  
10:42 28 the end of that if you think there is a fifth or a sixth, I will give  
10:42 29 you the opportunity to give those as well.  
10:42 30  
10:42 31 The second conclusion, which I think is available to be drawn, by  
10:42 32 reason of the fact that all bar one stayed mum on this issue, is that  
10:42 33 this was a leadership and development training session, and  
10:42 34 therefore an available conclusion is that aspiring leaders at Crown  
10:42 35 fear for their future career progression if they report such matters.  
10:42 36 Do you agree that is a conclusion that is available to be drawn  
10:42 37 from this fact scenario?  
10:42 38  
10:42 39 A. I think that is a possible conclusion.  
10:42 40  
10:42 41 Q. Thank you.  
10:42 42  
10:42 43 Do you agree that another conclusion which is available to be  
10:42 44 drawn from this fact scenario is that everyone else who was at the  
10:42 45 training session didn't see anything wrong with what was being  
10:43 46 described such that it was worthy of a report?  
10:43 47



10:43 1 A. I have greater faith in people than that. So I'm not  
10:43 2 convinced that that is a fair conclusion, without further  
10:43 3 investigation.

10:43 4  
10:43 5 Q. I see. Thank you.

10:43 6  
10:43 7 The last available conclusion which I'm submitting is available to  
10:43 8 be drawn is that the other Crown staff didn't say anything about it  
10:43 9 because they considered that what was described to be such  
10:43 10 common knowledge within Crown that it wasn't worthy of  
10:43 11 a report.

10:43 12  
10:43 13 A. I can't reach that conclusion either, Ms O'Sullivan. I'm  
10:43 14 afraid I would need to further investigate to understand whether  
10:43 15 or not that was the case. I would suggest that there are other  
10:43 16 alternative conclusions that could be drawn, such as: the  
10:43 17 comments were made in a jocular and aggressive way and were  
10:43 18 disregarded by others as being fanciful or jocular, and a call for  
10:44 19 attention, frankly. I do ---

10:44 20  
10:44 21 Q. I will ask you to pause there. You can say the rest of it.  
10:44 22 Are you speculating or were you told that it was raised in  
10:44 23 a jocular and aggressive way?

10:44 24  
10:44 25 A. No, like you, I'm speculating on possible conclusions.

10:44 26  
10:44 27 Q. I see. Okay, you can keep going.

10:44 28  
10:44 29 A. I would suggest that in this circumstance, my perspective  
10:44 30 on it is that I was disappointed, I am disappointed that others did  
10:44 31 not raise the issue. It is possible that they did not consider the  
10:44 32 gravity of the comments and that, to me, is a problem from  
10:44 33 a cultural perspective at the time.

10:44 34  
10:44 35 I would suggest that some may have been because these were  
10:44 36 leadership candidates from across the organisation, many of  
10:44 37 whom who would have no concept of, necessarily other than their  
10:45 38 initial training, no concept of how money laundering works in the  
10:45 39 context of a designated service because they may have come from  
10:45 40 the hotel sector, they may have come from the food and beverage  
10:45 41 sector. So it wouldn't necessarily resonate with them in the way  
10:45 42 it might resonate with somebody that was in the gaming sector.  
10:45 43 That's my understanding, at least.

10:45 44  
10:45 45 Q. I certainly appreciate that not everyone who works for  
10:45 46 Crown knows the intricacies of money laundering, but surely  
10:45 47 when someone says that hosting staff were given instructions

- 10:45 1 from higher-ups to identify, implement or create new methods of  
10:45 2 circumventing government laws, that would raise some red flags  
10:45 3 from anyone with perhaps a proper moral conscience or  
10:45 4 a concern that ---  
10:45 5  
10:45 6 A. It should have.  
10:45 7  
10:45 8 Q. --- Crown was abiding by the laws of the land.  
10:45 9  
10:46 10 A. It should have. I'm disappointed it didn't. I certainly hope  
10:46 11 the culture of Crown has changed. At least my perspective is that  
10:46 12 it has changed, and that the concept of money laundering would  
10:46 13 be front of mind for Crown employees today whereas it may not  
10:46 14 have been at the time.  
10:46 15  
10:46 16 Q. You are aware that the training session that occurred, it was  
10:46 17 this year, it was on 16 March. So is your hope that between 16  
10:46 18 March and 1 July that there has been some radical change in the  
10:46 19 culture of Crown?  
10:46 20  
10:46 21 A. Absolutely.  
10:46 22  
10:46 23 Q. It transpired, did it not, that the second method that was  
10:46 24 reportedly described by the employee at the training session  
10:46 25 which involved the Crown Towers hotel being used for payment,  
10:46 26 it transpired that the second method described by the employee  
10:47 27 was a widespread practice engaged in by innumerable Crown  
10:47 28 employees across a four-year period to the tune of \$160 million  
10:47 29 in breach of section 68 of the Casino Control Act?  
10:47 30  
10:47 31 A. I understood the allegations, and I understood the  
10:47 32 subsequent investigation into the activity appear to be linked.  
10:47 33  
10:47 34 Q. Do you not agree that the subsequent investigation verified  
10:47 35 the allegation insofar as it concerned the hotel card Crown  
10:47 36 Towers practice?  
10:47 37  
10:47 38 A. I think it verified information in respect of that practice,  
10:47 39 which I understand was common at all casinos in Australia at the  
10:47 40 time and, frankly, around the world, it was very consistent with  
10:47 41 that practice around the world, but I understand it was raised  
10:47 42 and/or that it was identified as a problem ---  
10:47 43  
10:47 44 COMMISSIONER: Was it illegal in all the casinos around the  
10:47 45 world or just Victoria? Or you don't know?  
10:47 46  
10:47 47 A. Unfortunately, I don't know.

10:47 1  
10:48 2 COMMISSIONER: I know that. So what is the relevance of the  
10:48 3 practice in other countries in the world if it's legal? In Victoria it  
10:48 4 is illegal.  
10:48 5  
10:48 6 A. I also don't know that it is legal in other jurisdictions.  
10:48 7 I don't know.  
10:48 8  
10:48 9 COMMISSIONER: All right. Okay.  
10:48 10  
10:48 11 MS O'SULLIVAN: By referring to the practice in other  
10:48 12 jurisdictions, by referring to the practice being a practice, that is,  
10:48 13 that it occurs in other casinos in other jurisdictions, are you  
10:48 14 seeking to minimise ---  
10:48 15  
10:48 16 A. Not at all. Not for a moment. I think the activity is very  
10:48 17 problematic, from a Casino Control Act, it is very problematic.  
10:48 18  
10:48 19 COMMISSIONER: It is illegal.  
10:48 20  
10:48 21 A. Yes, precisely.  
10:48 22  
10:48 23 COMMISSIONER: If we are going to be precise and if you don't  
10:48 24 like the word "bombshell", why don't we call a spade a spade and  
10:48 25 call it illegal.  
10:48 26  
10:48 27 A. I will take your direction on that, Commissioner.  
10:48 28  
10:48 29 MS O'SULLIVAN: It was an illegal practice that was engaged in  
10:48 30 by innumerable Crown employees; do you agree?  
10:48 31  
10:48 32 A. I'm aware the results of the investigation which suggested  
10:49 33 that there were numerous employees involved, yes.  
10:49 34  
10:49 35 Q. And you agree that this was a practice that occurred across  
10:49 36 a four-year period; is that right?  
10:49 37  
10:49 38 A. That's my understanding from what I've been told, yes.  
10:49 39  
10:49 40 Q. And it was an illegal practice that was engaged in to the  
10:49 41 tune of \$160 million; do you agree with that?  
10:49 42  
10:49 43 A. That is the numbers that I have seen as well. Yes.  
10:49 44  
10:49 45 Q. The training session in question, the leadership and  
10:49 46 development training session in question, the one where these  
10:49 47 serious allegations were made, that occurred on 16 March 2021

10:49 1 and you will be aware that the surveillance report about what was  
10:49 2 said was logged the following day on 17 March 2021. Can I ask  
10:49 3 you this: when did you first become aware of the report of what  
10:49 4 that Crown staff member had said on 16 March?  
10:50 5  
10:50 6 A. I don't recall a specific date. It was after one of our internal  
10:50 7 legal counsel, a gentleman named Rob Meade, was investigating  
10:50 8 the matter internally, initially, and reached out to me ---  
10:50 9 unfortunately I don't recall the date, but I assume it would have  
10:50 10 been in March.  
10:50 11  
10:50 12 Q. I see. So you learnt about it directly from Rob Meade, is  
10:50 13 that right?  
10:50 14  
10:50 15 A. That's my --- the first instance that I heard of it was through  
10:50 16 Rob Meade.  
10:50 17  
10:50 18 Q. The surveillance report which was logged, that prompted  
10:50 19 the Crown Board to investigate and seek legal advice; is that  
10:50 20 right?  
10:50 21  
10:50 22 A. That's my understanding as well. Just for clarity, in case  
10:50 23 you weren't aware of it, I don't run surveillance. Surveillance is  
10:50 24 not part of my operation, nor is security. So these matters  
10:50 25 wouldn't necessarily have been escalated --- the escalation of  
10:51 26 surveillance matters, hopefully, would eventually find their way  
10:51 27 to me if they involve financial crime, but they wouldn't have been  
10:51 28 escalated to me as a normal course of escalation.  
10:51 29  
10:51 30 Q. Yes, thank you.  
10:51 31  
10:51 32 Operator, can we bring up this document, CRW.900.002.0001.  
10:51 33  
10:51 34 That's at tab 5 of your folder, Commissioner.  
10:51 35  
10:51 36 You will recognise that document; is that right, Mr Blackburn?  
10:51 37  
10:51 38 A. I do.  
10:51 39  
10:51 40 Q. That is the 90-page legal advice dated 1 June 2021 on the  
10:51 41 hotel card practice?  
10:51 42  
10:51 43 A. Yes.  
10:51 44  
10:51 45 Q. It is the case, is it not, that the legal team who prepared this  
10:51 46 advice investigated the allegations raised by the Crown employee  
10:51 47 on 16 March 2021 and provided an advice as to whether there

10:52 1 was evidence of the methods described by that employee; is that  
10:52 2 right?

10:52 3

10:52 4 A. Correct.

10:52 5

10:52 6 Q. And the legal advice refers to the term "CUP" process, you  
10:52 7 are familiar with that; is that right?

10:52 8

10:52 9 A. Yes.

10:52 10

10:52 11 Q. Can we turn to page 0002. In particular I draw your  
10:52 12 attention to paragraph 2. It is reason:

10:52 13

10:52 14 *..... one practice at Crown Melbourne involved Crown*  
10:52 15 *receiving payment at Crown Towers hotel from*  
10:52 16 *international VIP customers using a credit or debit card*  
10:52 17 *(ordinarily a China UnionPay (CUP) card), with the*  
10:52 18 *funds then made available to the patron for gaming at the*  
10:52 19 *casino .....*

10:52 20

10:52 21 The authors have described that process as "the CUP process"?

10:52 22

10:53 23 A. I can.

10:53 24

10:53 25 Q. Have you read this advice?

10:53 26

10:53 27 A. I have.

10:53 28

10:53 29 Q. Can you see that the authors conclude that it is entirely  
10:53 30 conceivable that the CUP process might have involved Crown in  
10:53 31 dealing with proceeds of crime?

10:53 32

10:53 33 A. It is possible, yes.

10:53 34

10:53 35 Q. That is what the authors conclude and you agree with that,  
10:53 36 is that right?

10:53 37

10:53 38 A. I agree with that interpretation, it is quite possible. Yes.

10:53 39

10:53 40 Q. The authors also conclude that it is not far-fetched to  
10:53 41 imagine that organised crime figures took advantage of the CUP  
10:53 42 process; that is something you also agree with?

10:53 43

10:53 44 A. Yes.

10:53 45

10:53 46 Q. The authors of this advice say that the material suggested  
10:53 47 a severe failure by Crown, during the period 2012 to 2016, in

10:53 1 particular, to take prudent and appropriate steps to prevent risks  
10:53 2 that the CUP process might facilitate illegal or unlawful conduct.  
10:54 3 So that's the conclusion they drew. Do you agree with that  
10:54 4 conclusion?  
10:54 5  
10:54 6 A. I wholly agree with that conclusion.  
10:54 7  
10:54 8 Q. You are aware, no doubt, that the authors of the advice  
10:54 9 could not realistically determine whether in fact the CUP process  
10:54 10 was used by organised crime?  
10:54 11  
10:54 12 A. That's correct.  
10:54 13  
10:54 14 Q. Yes. They've just said it is entirely conceivable and you  
10:54 15 agree ---  
10:54 16  
10:54 17 A. I agree it is conceivable, yes.  
10:54 18  
10:54 19 Q. Do you agree that the advice reveals that by this practice,  
10:54 20 Crown had its doors wide open to exploitation by organised  
10:54 21 crime?  
10:54 22  
10:54 23 A. Again that sounds, and I apologise, Commissioner, but that  
10:54 24 sounds like jingoistic language, I wouldn't ---  
10:54 25  
10:54 26 COMMISSIONER: --- (overspeaking) --- jingoism, the  
10:54 27 expression "wide open"?  
10:54 28  
10:54 29 A. Yes, the expression "wide open" --- I don't think that is  
10:55 30 a fair way of phrasing the question.  
10:55 31  
10:55 32 COMMISSIONER: Describe it in your terms.  
10:55 33  
10:55 34 A. I would say it is conceivable that Crown was exposed to  
10:55 35 organised crime for certain through this practice.  
10:55 36  
10:55 37 MS O'SULLIVAN: Yes, but everyone might be exposed to  
10:55 38 organised crime because organised crime is out there throughout the  
10:55 39 community creating havoc on a daily basis. There is a difference  
10:55 40 between being exposed to organised crime and doors wide open  
10:55 41 to it.  
10:55 42  
10:55 43 A. I'm afraid I can't agree with that characterisation. I'm not  
10:55 44 sure it is fair. "Wide open" sounds like a concept ---  
10:55 45  
10:55 46 COMMISSIONER: It would be --- it became much easier for  
10:55 47 people interested in money laundering to launder their money at

10:55 1 Crown than it would otherwise have been had this practice not  
10:55 2 been in existence.  
10:55 3  
10:55 4 A. I fully agree with how you have expressed that.  
10:55 5  
10:55 6 COMMISSIONER: If I add "very much easier", would you agree  
10:56 7 with that as well?  
10:56 8  
10:56 9 A. Yes.  
10:56 10  
10:56 11 COMMISSIONER: Would you accept that "wide open" means  
10:56 12 exactly the same thing in this context --  
10:56 13  
10:56 14 A. No.  
10:56 15  
10:56 16 COMMISSIONER: --- "very much easier"? You don't?  
10:56 17  
10:56 18 A. No, because "wide open" is in the context of the overall  
10:56 19 operations of the organisation, Commissioner, and I think in this  
10:56 20 instance we have an instance where Crown was certainly  
10:56 21 exposed, and foolishly so, to financial crime, and to potential  
10:56 22 organised crime, but I can't say in respect of the rest of the  
10:56 23 operations. Crown is, as you know, is a very large organisation  
10:56 24 doing many things.  
10:56 25  
10:56 26 COMMISSIONER: I don't think the question is related to the  
10:56 27 rest of the organisation. Anyhow, we will deal with it.  
10:56 28  
10:56 29 MS O'SULLIVAN: It was more than an instance, though, was it  
10:56 30 not?  
10:56 31  
10:56 32 A. Sorry?  
10:56 33  
10:56 34 Q. It was more than an instance?  
10:56 35  
10:56 36 A. Yes.  
10:56 37  
10:56 38 Q. You will be aware that one of the conclusions of the legal  
10:56 39 advice is that the transactions breached --- the transactions which  
10:57 40 occurred pursuant to the CUP process breached section 68 of the  
10:57 41 Casino Control Act?  
10:57 42  
10:57 43 A. Yes.  
10:57 44  
10:57 45 Q. And Crown doesn't dispute that; is that right?  
10:57 46  
10:57 47 A. I don't dispute that.

10:57 1  
10:57 2 Q. I know you don't dispute it, but it is the fact, is it not, that  
10:57 3 Crown doesn't dispute that these transactions which occurred  
10:57 4 were in breach of section 68 of the Casino Control Act?  
10:57 5  
10:57 6 A. I believe that our counsel has suggested it is a potential and  
10:57 7 likely breach.  
10:57 8  
10:57 9 Q. Crown issued a press release, did it not, essentially  
10:57 10 accepting that this practice was in breach of the Casino Control  
10:57 11 Act?  
10:57 12  
10:57 13 A. Yes.  
10:57 14  
10:57 15 Q. And you are aware of that?  
10:57 16  
10:57 17 A. I am, indeed.  
10:57 18  
10:57 19 Q. We've been told that approximately \$160 million was  
10:57 20 transacted via this illegal hotel transaction practice. How  
10:57 21 confident are you that it wasn't more than \$160 million?  
10:57 22  
10:57 23 A. I'm not confident. I haven't conducted the due diligence to  
10:57 24 actually ascertain the number.  
10:57 25  
10:58 26 Q. Why not?  
10:58 27  
10:58 28 A. At this stage, that was advice that was provided to --- we  
10:58 29 engaged external counsel for the purpose of conducting this  
10:58 30 review. My --- I'm not leading the initiative, as I mentioned  
10:58 31 earlier, so there are others leading this initiative, and we would  
10:58 32 continue to rely on external counsel for advice in that regard.  
10:58 33 I unfortunately simply can't be across everything though I am  
10:58 34 happy to be informed of progress.  
10:58 35  
10:58 36 Q. I see. Thank you.  
10:58 37  
10:58 38 Operator, CRW.900.001.0044.  
10:58 39  
10:58 40 That's tab 6 of your folder, Commissioner. This is an Excel  
10:58 41 spreadsheet.  
10:58 42  
10:58 43 Mr Blackburn, because there are so many pages in it, I will get  
10:59 44 you to have a look at the hard copy as well because it might be  
10:59 45 easier.  
10:59 46  
10:59 47 A. Which binder?



10:59 1  
10:59 2 Q. Yes, can you please go to --- we are looking --- forget about  
10:59 3 the two folders which are your witness statement and go to  
10:59 4 volume 1 of the two other folders.  
10:59 5  
10:59 6 A. This one.  
10:59 7  
10:59 8 Q. If you can turn to tab 6 in that folder and you can see the  
10:59 9 document there in hard copy.  
10:59 10  
10:59 11 A. Yes.  
10:59 12  
10:59 13 Q. So to the extent this assists, you can look both at the hard  
10:59 14 copy and the copy on your screen.  
10:59 15  
10:59 16 Are you familiar with this document?  
10:59 17  
10:59 18 A. Yes, I've seen this.  
10:59 19  
10:59 20 Q. Who prepared it?  
10:59 21  
10:59 22 A. I don't know.  
10:59 23  
11:00 24 Q. Do you know on what basis it was prepared?  
11:00 25  
11:00 26 A. I'm afraid not.  
11:00 27  
11:00 28 Q. Do you know what data was used in preparing this?  
11:00 29  
11:00 30 A. I'm afraid not.  
11:00 31  
11:00 32 Q. We understand that this spreadsheet underpins the  
11:00 33 statement that approximately \$160 million was transacted via the  
11:00 34 hotel card practice; do you disagree with that proposition?  
11:00 35  
11:00 36 A. I don't know, no.  
11:00 37  
11:00 38 Q. Operator, can we scroll down to the last page, please,  
11:00 39 operator, the last page of it.  
11:00 40  
11:00 41 Which is the page ending 0036, Commissioner.  
11:00 42  
11:00 43 Operator, I might just ask, do we have this in native format?  
11:00 44  
11:00 45 Commissioner, just pausing briefly because in native format this  
11:00 46 document has an extra column which shows the number of  
11:01 47 transactions, but I can see as it has been converted into probably

11:01 1 a PDF --- you don't have? All right.  
11:01 2  
11:01 3 I will move on with other questions to give the operator  
11:01 4 a moment to scramble and get the native format copy.  
11:01 5  
11:01 6 If I can draw your attention to the column on the left, which is  
11:01 7 titled "Resort", you see the initials there which is "CT"; am I right  
11:02 8 that is a reference to Crown Towers?  
11:02 9  
11:02 10 A. That is what I would conclude as well.  
11:02 11  
11:02 12 Q. I am not going to ask the operator to do this because the  
11:02 13 operator will be busy, but if you look through your hard copy,  
11:02 14 you can see on the left-hand side there is the occasion references,  
11:02 15 mostly the line items refer to "CT", but some of them refer to  
11:02 16 "CM"; can you see that?  
11:02 17  
11:02 18 A. Yes.  
11:02 19  
11:02 20 Q. Am I to understand that is a reference to Crown Metropol?  
11:02 21  
11:02 22 A. I would conclude that as well.  
11:02 23  
11:02 24 Q. You can see that there are a few references in the left-hand  
11:02 25 side to "CP", am I to understand that is a reference to Crown  
11:02 26 Promenade?  
11:02 27  
11:02 28 A. I would assume as much.  
11:02 29  
11:02 30 Q. Did the practice extend to those two hotels or was it the  
11:02 31 case that guests from those two hotels could take advantage of the  
11:02 32 practice, provided that they came to process the transaction at  
11:02 33 Crown Towers?  
11:02 34  
11:03 35 A. I'm afraid I don't know.  
11:03 36  
11:03 37 Q. I see. Thank you.  
11:03 38  
11:03 39 Thank you, operator.  
11:03 40  
11:03 41 Mr Blackburn, we have the native copy.  
11:03 42  
11:03 43 Operator, if you can scroll right down to the bottom, and can you  
11:03 44 do it so we can't see columns G and H?  
11:03 45  
11:03 46 COMMISSIONER: This isn't being broadcast?  
11:03 47

11:03 1 MS O'SULLIVAN: No, that's right.  
11:03 2  
11:03 3 COMMISSIONER: All right.  
11:03 4  
11:03 5 MS O'SULLIVAN: If we scroll right to the bottom of the  
11:03 6 spreadsheet.  
11:03 7  
11:03 8 Mr Blackburn, this spreadsheet shows, does it not, that there were  
11:04 9 approximately 1,680 transactions of this kind in breach of section  
11:04 10 68 of the Casino Control Act?  
11:04 11  
11:04 12 A. That's how I would read it as well.  
11:04 13  
11:04 14 Q. You don't know what data was used --- that's no criticism.  
11:04 15 You don't know what data was used to prepare the spreadsheet  
11:04 16 and you don't know on what basis it was prepared.  
11:04 17  
11:04 18 A. (Nods head).  
11:04 19  
11:04 20 Q. If this spreadsheet only captured payments made on CUP  
11:04 21 cards, do you agree that the spreadsheet might understate the  
11:04 22 amount that was transacted via this process?  
11:04 23  
11:04 24 A. Yes.  
11:04 25  
11:04 26 Q. The process wasn't limited to CUP cards; do you agree?  
11:04 27  
11:04 28 A. Yes. That is my understanding as well.  
11:04 29  
11:04 30 Q. Can we now bring up this document, thank you, operator,  
11:04 31 CRW.900.003.1925.  
11:04 32  
11:05 33 That's tab 9 of your folder, Commissioner.  
11:05 34  
11:05 35 A. Shall I put that away or is there more to it, keep it open?  
11:05 36  
11:05 37 Q. I've finished with the spreadsheet. It might be useful if you  
11:05 38 keep the folder open in front of you in any event in case you want  
11:05 39 to refer to the hard copy version.  
11:05 40  
11:05 41 A. Sure.  
11:05 42  
11:05 43 Q. I will always give the tab reference as well as the document  
11:05 44 ID so you can choose to whichever one you want to refer to.  
11:05 45  
11:05 46 You can see there --- operator, thank you, leave it there.  
11:05 47

11:05 1 Do you recognise this document, Mr Blackburn?  
11:05 2  
11:05 3 A. No.  
11:05 4  
11:05 5 Q. You can it is titled "How to process a main cage purchase  
11:05 6 for a gaming guest"; you can see that at the top?  
11:05 7  
11:06 8 A. Yes.  
11:06 9  
11:06 10 Q. You can take it from me that this is a policy, one of the  
11:06 11 Crown internal policies that described and regulated the CUP  
11:06 12 process.  
11:06 13  
11:06 14 You can see there at the top that it says in the box that says,  
11:06 15 "Scope":  
11:06 16  
11:06 17 *This document applies to types of credit/debit cards - not*  
11:06 18 *just UnionPay.*  
11:06 19  
11:06 20 A. Yes.  
11:06 21  
11:06 22 Q. That's your understanding about the process, is that right?  
11:06 23  
11:06 24 A. Correct.  
11:06 25  
11:06 26 Q. We can bring that document down from the screen, thank  
11:06 27 you, operator.  
11:06 28  
11:06 29 Just in respect of this process, Mr Blackburn, do you agree that  
11:06 30 money paid to Crown Towers pursuant to this hotel card practice  
11:06 31 would show up on the payer's statement as a payment to the hotel  
11:06 32 as opposed to a payment to the casino?  
11:06 33  
11:06 34 A. That's my understanding.  
11:06 35  
11:06 36 Q. Yes. Do you agree that there is a degree of dishonesty in  
11:06 37 describing gambling charges this way?  
11:06 38  
11:07 39 A. Yes.  
11:07 40  
11:07 41 Q. Do you agree that there is a degree of dishonesty in having  
11:07 42 gambling charges appear on a hotel bill?  
11:07 43  
11:07 44 A. Yes.  
11:07 45  
11:07 46 Q. One Crown employee who gave evidence and --- for my  
11:07 47 learned friends, this is from transcript reference P-2432 at lines

11:07 1 10 to 15 --- one of those employees agreed with the proposition  
11:07 2 that China UnionPay was being misled as to the nature of the  
11:07 3 charges; would you agree with that?  
11:07 4  
11:07 5 A. I can't say for certain. I certainly think it is a possibility.  
11:07 6  
11:07 7 Q. Yes. And it would be the case, would it not, that any other  
11:07 8 card provider whose card was used via this process was also  
11:07 9 being misled as to the nature of the charges?  
11:07 10  
11:07 11 A. I think that is a possibility.  
11:07 12  
11:07 13 Q. Yes, because they would have looked at it and thought  
11:08 14 these are charges for hotel services, not gaming services; you  
11:08 15 agree with that?  
11:08 16  
11:08 17 A. Yes.  
11:08 18  
11:08 19 Q. And the Crown employee who gave evidence --- again for  
11:08 20 my learned friends, this is transcript reference P-2432 at lines 17  
11:08 21 to 23, a Crown employee gave evidence that any law enforcement  
11:08 22 agencies who were looking at the transaction would also be  
11:08 23 misled as to the nature of the charges; do you agree with that  
11:08 24 proposition?  
11:08 25  
11:08 26 A. I think that is a fair proposition.  
11:08 27  
11:08 28 Q. You've spoken about the legal team who are tasked, the  
11:08 29 external legal team who were tasked with investigating and  
11:08 30 advising Crown about the issue. Are you aware that they  
11:08 31 interviewed approximately 13 Crown staff about the issue?  
11:08 32  
11:08 33 A. I am.  
11:08 34  
11:08 35 Q. Am I right that those people were chosen because they  
11:09 36 either had some or a lot of involvement with the hotel card  
11:09 37 practice?  
11:09 38  
11:09 39 A. I can't remember say for certain, but I believe that would be  
11:09 40 the case. That is the logical conclusion.  
11:09 41  
11:09 42 Q. It's safe assumption to make?  
11:09 43  
11:09 44 A. A very safe assumption to make, I would say.  
11:09 45  
11:09 46 Q. And there are notes made of the interviews with those  
11:09 47 people. Have you read the notes of the interviews with the

11:09 1 Crown staff?  
11:09 2  
11:09 3 A. I haven't.  
11:09 4  
11:09 5 Q. Perhaps you can take it from me that many of them were  
11:09 6 asked what they knew about currency restrictions in China ---  
11:09 7  
11:09 8 A. Yes.  
11:09 9  
11:09 10 Q. --- at the time that these card transactions were occurring,  
11:09 11 and in particular they were asked about the limitations on the  
11:09 12 amount of money that Chinese Nationals could take out of China.  
11:09 13  
11:09 14 A. Yes.  
11:09 15  
11:09 16 Q. I want you to take it from me that they were asked about  
11:09 17 that.  
11:09 18  
11:09 19 A. I would hope so. That is a fair question for them to be  
11:09 20 asked.  
11:09 21  
11:09 22 Q. Tell me why, why is that a fair question for them to be  
11:09 23 asked?  
11:09 24  
11:09 25 A. If they had knowledge of the fact that it was potentially  
11:09 26 an issue from a Chinese law perspective, then they should have  
11:10 27 taken that into account from a risk perspective. They should have  
11:10 28 applied, I would think, a risk analysis to it and, frankly, if it  
11:10 29 involved the breach of another jurisdiction's law I would have  
11:10 30 been surprised that they proceeded with it.  
11:10 31  
11:10 32 Q. I see. Is it enough just to think about it in terms of risk?  
11:10 33  
11:10 34 A. Well, not in this case because it goes further than risk, to  
11:10 35 my mind. This is binary. It is right or its wrong. And I would  
11:10 36 suggest breaching another jurisdiction's --- recognising that there  
11:10 37 is no extraterritorial application of their law, but are aware it was  
11:10 38 breaching the law of another jurisdiction, I think it should have  
11:10 39 been problematic, I think it should have been prohibited, frankly.  
11:10 40  
11:10 41 Q. So you put it in the "wrong" category?  
11:10 42  
11:10 43 A. I would put this in the "wrong" category.  
11:10 44  
11:10 45 Q. In terms of the Crown staff members who were interviewed  
11:11 46 by the external legal team, many of them expressed, when asked  
11:11 47 about the question of currency restrictions, many of them had this

11:11 1 rough idea that there was an annual limit of \$50,000, in other  
11:11 2 words, that a Chinese national could take no more than \$50,000  
11:11 3 a year out of China. Does that accord with your approximate  
11:11 4 understanding of the currency restrictions applicable in China at  
11:11 5 this time, and by this time I mean 2012 to 2016?

11:11 6  
11:11 7 A. Yes, it does.

11:11 8  
11:11 9 Q. So let's put to one side the potential for exploitation by  
11:11 10 serious and organised crime; is it your understanding that Chinese  
11:11 11 nationals could, via this process, come and stay at the Crown  
11:11 12 Towers hotel, make payments of the front desk of the hotel up to  
11:12 13 \$500,000, get a receipt for that, go to the cage on the casino floor  
11:12 14 and obtain \$500,000 worth of chips; they might potentially hang  
11:12 15 around for a while, go back to the cage, cash in the chips, get  
11:12 16 a cheque presumably for \$500,000, and then walk out of the  
11:12 17 casino and use that as they see fit? Is that your understanding of  
11:12 18 a realistic scenario what could have happened and the China  
11:12 19 UnionPay or hotel practice?

11:12 20  
11:12 21 A. Based on my review of the report I would say yes.

11:12 22  
11:12 23 Q. Is it your understanding that insofar as that might be  
11:12 24 an example of a transaction that realistically occurred pursuant to  
11:12 25 this practice, that that was done in breach of Chinese currency  
11:12 26 restrictions?

11:12 27  
11:12 28 A. That's my understanding.

11:12 29  
11:12 30 Q. Do you have any awareness of whether or not the  
11:13 31 availability of this service at Crown Towers was promoted by  
11:13 32 Crown staff overseas?

11:13 33  
11:13 34 A. I believe I've heard that it was. I haven't seen evidence of  
11:13 35 that. I recall a conversation where someone suggested it was.

11:13 36  
11:13 37 Q. So can just you tell me, insofar as you had that  
11:13 38 conversation, who did you have that conversation with?

11:13 39  
11:13 40 A. Michelle Fielding.

11:13 41  
11:13 42 Q. What is it that Michelle Fielding told you?

11:13 43  
11:13 44 A. It is my recollection that it was used by, I believe, the VIP  
11:13 45 group at Crown at the time as a sales tactic or an approach to  
11:13 46 sales.

11:13 47

11:13 1 Q. So a marketing tool, was it?  
11:13 2  
11:13 3 A. A marketing tool I think is fair.  
11:13 4  
11:13 5 Q. Did Michelle Fielding tell you whether or not it was being  
11:14 6 used as a sales tactic overseas?  
11:14 7  
11:14 8 A. I think she suggested that it may have been, yes.  
11:14 9  
11:14 10 Q. In particular did she use the term "overseas" or use the term  
11:14 11 "in China"?  
11:14 12  
11:14 13 A. I think she used "China".  
11:14 14  
11:14 15 Q. I see. So, looking at that scenario, is it your understanding  
11:14 16 that it is quite possible that Crown staff were, in China,  
11:14 17 promoting the availability of this facility at Crown Melbourne,  
11:14 18 which was both in breach of Victorian laws and also in breach of  
11:14 19 Chinese laws?  
11:14 20  
11:14 21 A. That is my understanding. I think they were operating,  
11:14 22 though, from the materials I've seen, including the advice from  
11:14 23 Debra Tegoni, who was a former CLO, I think, or Chief Legal  
11:15 24 Officer, or General Counsel for Crown, that they could avail  
11:15 25 themselves of an exemption or an exception and I think they were  
11:15 26 proceeding with the business on that basis. That is my  
11:15 27 understanding. Of course I wasn't privy to it, but that's my  
11:15 28 understanding.  
11:15 29  
11:15 30 Q. I see. So they were promoting this facility in China, and  
11:15 31 they weren't promoting it --- so they were promoting the  
11:15 32 understanding that there was an issue with the Victorian law but  
11:15 33 they might be able to avail themselves of an exemption?  
11:15 34  
11:15 35 A. Correct.  
11:15 36  
11:15 37 Q. Okay, and so really, they are promoting this facility in  
11:15 38 breach of Chinese laws, and in respect of Victorian law, on the  
11:15 39 basis that there might be an exemption which might mean that  
11:15 40 what they are doing is not illegal under Victorian law?  
11:15 41  
11:15 42 A. I think that is my understanding, yes.  
11:15 43  
11:16 44 Q. Commissioner, I'm going to move to document 11 in your  
11:16 45 folder. I'm checking, because it is marked privileged, but this is  
11:16 46 China UnionPay, so privilege has been waived in respect of this.  
11:16 47



- 11:16 1 Perhaps we might bring this document up, operator,  
11:16 2 CRW.512.137.0008.  
11:16 3  
11:16 4 Mr Blackburn, is this a document that you are familiar with?  
11:16 5  
11:16 6 A. Yes. I think this is Rob Meade's notes.  
11:16 7  
11:16 8 Q. Yes. Over the page, it certainly says "Regards, Rob".  
11:16 9  
11:16 10 A. Yes.  
11:16 11  
11:16 12 Q. So you might not recognise his handwriting ---  
11:16 13  
11:17 14 A. I recognise his handwriting. Sorry, I hadn't seen the "Rob",  
11:17 15 I recognised his handwriting. That is Rob's notes file, I think.  
11:17 16  
11:17 17 Q. You are familiar with this document?  
11:17 18  
11:17 19 A. Yes, it was shown to me at the time Rob raised the matter  
11:17 20 with me, it was shared with me.  
11:17 21  
11:17 22 Q. Okay. Here we have Mr Meade, do you agree with me  
11:17 23 what he's doing here --- the first part of the document, operator, if  
11:17 24 we can go back to the first page --- is describing the hotel card  
11:17 25 practice?  
11:17 26  
11:17 27 A. Yes.  
11:17 28  
11:17 29 Q. So he says here:  
11:17 30  
11:17 31 Essentially, this appears to have worked as follows:  
11:17 32  
11:17 33 *1. Patron has a bank card with access to funds [outside]*  
11:17 34 *Australia.*  
11:17 35  
11:17 36 *2. VIP international approve a patron for chip purchase.*  
11:17 37  
11:17 38 *3. Patron presents at the hotel desk and purchases*  
11:17 39 *through the EFT terminal. They are presented with*  
11:17 40 *a receipt stating the value of the purchase.*  
11:17 41  
11:17 42 *4. The receipt is taken to the cage and redeemed as chips,*  
11:17 43 *or an account deposit.*  
11:18 44  
11:18 45 A. Yes.  
11:18 46  
11:18 47 Q. Do you see that as a generally accurate description of the

11:18 1 hotel card practice?

11:18 2

11:18 3 A. As I understand it, yes.

11:18 4

11:18 5 Q. In the second half of that page you can see there

11:18 6 Mr Blackburn that Mr Meade has set out his concerns. The first

11:18 7 concern he articulates is at A, he says:

11:18 8

11:18 9 *This arrangement was clearly designed to circumvent*

11:18 10 *Chinese capital control laws. I do not know whether to*

11:18 11 *do this is legal, but even if so, it is ethically concerning.*

11:18 12

11:18 13 Do you agree with Mr Meade's concern in that respect?

11:18 14

11:18 15 A. I do.

11:18 16

11:18 17 Q. The second concern he said out at B is:

11:18 18

11:18 19 *No transaction reporting (TT or IFTI) by Crown would*

11:18 20 *have occurred in relation to the transactions. Had they*

11:18 21 *flowed through ordinary channels, reports would likely*

11:19 22 *have been lodged.*

11:19 23

11:19 24 Do you agree with that observation and concern?

11:19 25

11:19 26 A. Yes.

11:19 27

11:19 28 Q. Lastly he sets out his third concern at C and says:

11:19 29

11:19 30 *This appears to also compromise the bank's ability to*

11:19 31 *accurately report on transactions. Where a transaction*

11:19 32 *(ie a bank transfer) flows into a Crown account, the bank*

11:19 33 *can see that it is for gaming activity. This arrangement*

11:19 34 *obscures this, as a bank would construe this as being*

11:19 35 *a purchase from the hotel.*

11:19 36

11:19 37 Do you agree with that description and concern?

11:19 38

11:19 39 A. I do.

11:19 40

11:19 41 Q. Thank you, Mr Blackburn. Taking you back to the external

11:19 42 legal advice ---

11:19 43

11:19 44 A. Yes.

11:19 45

11:19 46 Q. --- which I understand you've read, I want to ask you some

11:19 47 questions about the AML consequences of this hotel card

11:20 1 transaction issue. If you need to refer to the legal advice we can  
11:20 2 bring that up on the screen or you can have a look in the hard  
11:20 3 copy documents. Do you agree that the specific AML  
11:20 4 consequences of the hotel card practice are largely unexplored by  
11:20 5 the 1 June 2021 legal advice?

11:20 6

11:20 7 A. Yes.

11:20 8

11:20 9 Q. For example, the legal investigation didn't, and in fact  
11:20 10 couldn't because it was a legal investigation, perform a forensic  
11:20 11 data analysis of the hotel card transactions to look for patterns or  
11:20 12 indications of money laundering?

11:20 13

11:20 14 A. Correct.

11:20 15

11:20 16 Q. Do you agree that the --- and if you don't have the basis to  
11:20 17 agree or disagree, let me know, but do you agree that the Crown  
11:20 18 staff who were interviewed as part of the legal investigation were  
11:20 19 not asked whether they had suspected that money transacted via  
11:20 20 this practice was proceeds of crime?

11:20 21

11:21 22 A. I don't know, but you can tell me.

11:21 23

11:21 24 Q. Yes, I see. Do you agree that the hotel staff who carried  
11:21 25 out these transactions were not interviewed as part of the legal  
11:21 26 investigation leading to the 1 June 2021 legal advice?

11:21 27

11:21 28 A. I do, yes.

11:21 29

11:21 30 Q. And it is the fact, is it not, that no hotel staff were  
11:21 31 interviewed at all?

11:21 32

11:21 33 A. I'm not certain of that, but I suspect that is the case.

11:21 34

11:21 35 Q. Is it right that the legal investigation ---

11:21 36

11:21 37 A. Actually, no, I don't think that is the case, because I  
11:21 38 understood, I thought perhaps Peter Crinis was interviewed, and  
11:21 39 Peter Crinis would be our CEO Sydney and also our head  
11:21 40 hotelier. Now, I could be wrong about that but my recollection is  
11:21 41 that Peter was engaged.

11:21 42

11:21 43 Q. I see. Peter was engaged or interviewed?

11:21 44

11:21 45 A. I thought interviewed.

11:21 46

11:21 47 Q. I see.

11:21 1  
11:21 2 A. But I could be wrong.  
11:21 3  
11:21 4 Q. Yes. And interviewed by the external legal team or  
11:22 5 interviewed by ---  
11:22 6  
11:22 7 A. Yes. By ABL, yes.  
11:22 8  
11:22 9 Q. I see. Do you understand that Mr Crinis had a role that  
11:22 10 covered Crown Towers hotel at the relevant time?  
11:22 11  
11:22 12 A. That I'm not certain of. I know he has had a role that  
11:22 13 covers hotel more broadly for at least a few years, but I'm not  
11:22 14 sure of at that time if he would have.  
11:22 15  
11:22 16 Q. Yes. So you understand that Mr Crinis was interviewed  
11:22 17 perhaps by ABL. Do you have any understanding as to what  
11:22 18 information or insight Mr Crinis was able to give in respect of the  
11:22 19 hotel card practice?  
11:22 20  
11:22 21 A. I don't, no, I can't remember. I'm not certain he was  
11:22 22 interviewed. I think he probably was but I wouldn't know what  
11:22 23 he said.  
11:22 24  
11:22 25 Q. Do you know as a result of those investigations --- I  
11:23 26 withdraw that. What do you understand to be Peter Crinis'  
11:23 27 involvement in the hotel card practice?  
11:23 28  
11:23 29 A. I'm not aware of any involvement, but I haven't made  
11:23 30 inquiries.  
11:23 31  
11:23 32 Q. Going back to the legal advice and this proposition that  
11:23 33 you've agreed with, that the AML consequences of the hotel card  
11:23 34 practices are largely unexplored by the 1 June legal advice, do  
11:23 35 you agree with me that the legal investigation didn't consider  
11:23 36 whether there were transactions which should have been but were  
11:23 37 not reported to AUSTRAC?  
11:23 38  
11:23 39 A. I think that is accurate.  
11:23 40  
11:23 41 Q. And the legal team were also not able to conclude whether  
11:23 42 or not the practice was used to obtain cash, is that your  
11:23 43 understanding?  
11:23 44  
11:23 45 A. That is my understanding.  
11:24 46  
11:24 47 Q. Would it be fair to say we don't yet know the full picture?

- 11:24 1
- 11:24 2 A. I think that's fair.
- 11:24 3
- 11:24 4 Q. Crown has engaged Deloitte, has it not, to look at some of
- 11:24 5 the AML consequences of the hotel card transaction issue?
- 11:24 6
- 11:24 7 A. Correct. They are doing it as part of their forensic review.
- 11:24 8
- 11:24 9 Q. I will go into the detail of Deloitte engagement in
- 11:24 10 a moment, but can I just ask you, in respect of Deloitte's
- 11:24 11 engagement on the hotel card transaction practice, can you tell
- 11:24 12 me, does Crown plan to provide a copy of Deloitte's report on the
- 11:24 13 hotel card transaction matter to this Commission when it is
- 11:24 14 received by Crown?
- 11:24 15
- 11:24 16 A. I plan to.
- 11:24 17
- 11:24 18 Q. You plan to. And do you plan to provide a copy to
- 11:24 19 AUSTRAC?
- 11:24 20
- 11:24 21 A. Yes, of course.
- 11:24 22
- 11:24 23 Q. Do you plan to provide a copy to the VCGLR?
- 11:24 24
- 11:24 25 A. Yes. As well as the GWC, the Gaming and Wagering
- 11:25 26 Commission in Perth and ILGA in Sydney.
- 11:25 27
- 11:25 28 Q. Looking at the AML consequences of the hotel card
- 11:25 29 practice, do you have any preliminary views, generally speaking,
- 11:25 30 about of the AML consequences of that practice that occurred
- 11:25 31 across four years at Crown Towers?
- 11:25 32
- 11:25 33 A. I think it could be very --- it could be problematic. The
- 11:25 34 reason I say that is unless there is certainty around the source of
- 11:25 35 funds or wealth, it is difficult to ascertain whether or not those
- 11:25 36 proceeds were in fact proceeds of crime. So I think there is
- 11:25 37 a potential issue there, and a potential reporting may be required.
- 11:25 38
- 11:25 39 Q. Yes, and if reporting was required, will it be the case that
- 11:25 40 Crown will report that but potentially be reporting things six or
- 11:26 41 seven years late?
- 11:26 42
- 11:26 43 A. Absolutely.
- 11:26 44
- 11:26 45 Q. Which significantly inhibits AUSTRAC from doing what
- 11:26 46 AUSTRAC is meant to do and also inhibits the law enforcement
- 11:26 47 agencies who use AUSTRAC data from doing what they need to

11:26 1 do; do you agree?

11:26 2

11:26 3 A. I agree. I think in many cases in the financial crimes space,  
11:26 4 in this instance I was thrilled that Rob Meade actually identified  
11:26 5 this issue. This is what you want, as a Chief Compliance Officer  
11:26 6 or a Chief Financial Crime Officer, you hope employees are  
11:26 7 identifying issues and escalating them as Rob did in this  
11:26 8 circumstance. Of course --- and then we need to very carefully  
11:26 9 assess whether or not there was any issues from an AML/CTF  
11:26 10 perspective. I suspect there will be issues from an AML/CTF  
11:26 11 perspective based on my experience with banks avoiding the  
11:26 12 application of the Chinese currency restrictions and other  
11:26 13 reporting entities doing so in the past, both in Australia and in  
11:27 14 Canada.

11:27 15

11:27 16 So my expectation is we will identify things and we will, as we  
11:27 17 identify them we will report them but reporting them seven years  
11:27 18 later, to your point, is not terribly helpful for the regime from the  
11:27 19 financial crime perspective.

11:27 20

11:27 21 Q. It is more than just not helpful; the lack of reporting, if  
11:27 22 reporting was due, inhibits AUSTRAC and inhibits law  
11:27 23 enforcement agencies from chasing money launderers and from  
11:27 24 chasing down organised crime, do you agree?

11:27 25

11:27 26 A. It doesn't provide them the information upon which to do so  
11:27 27 so, yes, I agree with your conclusion.

11:27 28

11:27 29 Q. To your knowledge, during the period that the hotel  
11:27 30 practice was operative, which is what we've been told, 2012 to  
11:27 31 2016, although we don't yet know the full picture, to your  
11:27 32 knowledge did Crown's anti-money laundering monitoring  
11:27 33 program extend to hotel transactions?

11:28 34

11:28 35 A. It wouldn't have.

11:28 36

11:28 37 Q. We heard recently evidence from some Crown employees  
11:28 38 who, for example, didn't know --- sorry, some Crown hotel staff  
11:28 39 employees that they didn't know what a TTR was, what an IFTI  
11:28 40 or SMR, was and they hadn't completed those reports or seen any  
11:28 41 other people provide those reports. I presume that evidence is not  
11:28 42 surprising to you because as your understanding is at the relevant  
11:28 43 time, things that were done at the hotel desk were outside of  
11:28 44 Crown's anti-money laundering transaction monitoring; is that  
11:28 45 right?

11:28 46

11:28 47 A. I feel that is a fair conclusion.

11:29 1  
11:29 2 COMMISSIONER: Time for a break, Ms O'Sullivan?  
11:29 3  
11:29 4 MS O'SULLIVAN: Yes, thank you, Commissioner.  
11:29 5  
11:29 6 COMMISSIONER: We'll take a 10-minute break. Thanks.  
11:29 7  
11:29 8  
11:29 9 **ADJOURNED** [11.29AM]  
11:48 10  
11:48 11  
11:48 12 **RESUMED** [11.48AM]  
11:48 13  
11:48 14  
11:48 15 COMMISSIONER: Yes, Ms O'Sullivan.  
11:48 16  
11:48 17 MS O'SULLIVAN: Thank you, Commissioner, thank you,  
11:48 18 Mr Blackburn.  
11:48 19  
11:48 20 Next up, I want to explore some parallels between the hotel card  
11:48 21 practice and the Southbank and Riverbank issue at Crown. Can I  
11:48 22 just check first, are you familiar with the Southbank and  
11:48 23 Riverbank money laundering problems at Crown?  
11:48 24  
11:48 25 A. Yes.  
11:48 26  
11:48 27 Q. So you are aware, are you not, that there were indications  
11:48 28 of money laundering on the Southbank and Riverbank accounts  
11:49 29 for many years?  
11:49 30  
11:49 31 A. Yes.  
11:49 32  
11:49 33 Q. Are you aware that that went undetected because of what  
11:49 34 has been called the Southbank and Riverbank aggregation  
11:49 35 problem?  
11:49 36  
11:49 37 A. Yes.  
11:49 38  
11:49 39 Q. Just to summarise the aggregation problem, and if I haven't  
11:49 40 got the summary correct, you can ---  
11:49 41  
11:49 42 A. It goes beyond the aggregation problem, there were  
11:49 43 a couple of problems.  
11:49 44  
11:49 45 Q. You are right, more than one problem, but just in respect of  
11:49 46 the aggregation problem, can you tell me if I have this: the  
11:49 47 aggregation problem was that deposits into Crown's Southbank

11:49 1 and Riverbank accounts were not monitored by Crown's AML  
11:49 2 team, only the transactions entered into the SYCO system were  
11:49 3 monitored by the AML transaction team, and because those  
11:49 4 inputting data into the SYCO system aggregated multiple  
11:49 5 deposits that were evident on the bank accounts, under \$10,000  
11:49 6 they aggregated that, rolled it up into a single amount, the  
11:50 7 indications of structuring were not detected by the AML  
11:50 8 monitoring team, is that ---

11:50 9

11:50 10 A. Correct.

11:50 11

11:50 12 Q. Obviously, insofar as I'm looking at a parallel between the  
11:50 13 Southbank and the Riverbank issues and the hotel card practice,  
11:50 14 there is obviously some differences because the hotel card  
11:50 15 transactions are not examples of structuring because they are in  
11:50 16 very large amounts, sometimes up to half a million dollars in  
11:50 17 a single transaction. But it is the case, is it not, that large  
11:50 18 transactions are equally and more deserving of AML scrutiny?  
11:50 19

11:50 20

11:50 21 A. Certainly equally.

11:50 22

11:50 23 Q. It is your understanding, is it not, I think you said  
11:50 24 something to this effect before the break, that Crown's AML  
11:50 25 transaction monitoring program didn't review the hotel  
11:50 26 transactions?

11:50 27

11:50 28 A. Correct.

11:50 29

11:50 30 Q. So just in terms of the parallel there with the Southbank  
11:50 31 and Riverbank problem, do you agree that the hotel card practice  
11:51 32 is another example whereby Crown staff developed, whether  
11:51 33 intentionally or unintentionally, practices which circumvent AML  
11:51 34 monitoring and scrutiny?

11:51 35

11:51 36 A. Correct.

11:51 37

11:51 38 Q. In fact, what we've got here is yet another example of  
11:51 39 Crown practices which bypass AML scrutiny?

11:51 40

11:51 41 A. Correct.

11:51 42

11:51 43 Q. And it's not only that in terms of the problems; it is the fact  
11:51 44 that there was no self-correcting mechanism whereby the fact that  
11:51 45 these transactions were circumventing AML scrutiny, that wasn't  
11:51 46 picked up by anybody; do you agree that is another parallel and  
11:51 47 another problem?

11:51 48



11:51 1 A. They were absolutely not monitoring the activity, and they  
11:51 2 should have been, from a risk framework perspective. You  
11:51 3 expect that you would be monitoring for that type of activity in  
11:51 4 the context of the designated service, which the designated  
11:52 5 service in this instance is gaming.  
11:52 6

11:52 7 Q. Yes. My question was slightly different.  
11:52 8

11:52 9 A. Sorry.  
11:52 10

11:52 11 Q. I'm looking at the parallels between Southbank and  
11:52 12 Riverbank ---  
11:52 13

11:52 14 A. Yes.  
11:52 15

11:52 16 Q. --- and the hotel card transaction issue. The parallels are  
11:52 17 not just that these are practices which were developed which  
11:52 18 circumvented AML scrutiny; there is another layer of problems in  
11:52 19 that no one recognised or detected, or there was no system or  
11:52 20 process which picked up the fact that these things were being  
11:52 21 done in circumvention of AML scrutiny and correct that.  
11:52 22

11:52 23 A. I completely agree.  
11:52 24

11:52 25 Q. Yes. And the only reason why the hotel card practice was  
11:52 26 stopped was because Crown --- some of Crown's employees in  
11:52 27 China were arrested; is that your understanding?  
11:53 28

11:53 29 A. I've been told that the practice was stopped because of  
11:53 30 issues related to China. That's the extent of what I've been told,  
11:53 31 so I think it is a fair conclusion that you've reached.  
11:53 32

11:53 33 Q. I see. So you have been told that issues to do with  
11:53 34 China ---  
11:53 35

11:53 36 A. Correct.  
11:53 37

11:53 38 Q. What issues were you told?  
11:53 39

11:53 40 A. Just that. That's what I was told, that it was issues related  
11:53 41 to China, I wasn't provided more specificity, but as I said, I think  
11:53 42 it is safe to conclude what you have concluded ---  
11:53 43

11:53 44 Q. Yes.  
11:53 45

11:53 46 A. --- that it likely related to --- from my seat looking back,  
11:53 47 not having been there, I would say that is the likely reason.

- 11:53 1  
11:53 2 Q. So, were it not for that, it is likely that this practice just  
11:53 3 would have continued, do you agree?  
11:53 4  
11:53 5 A. Quite possible.  
11:53 6  
11:53 7 Q. Do you agree that the hotel card practice wasn't just an ad  
11:53 8 hoc or occasional practice?  
11:53 9  
11:53 10 A. It certainly doesn't look ad hoc or occasional to me based  
11:54 11 on what I've seen in the report.  
11:54 12  
11:54 13 Q. Yes, it was formalised into written policies; do you agree?  
11:54 14  
11:54 15 A. I think it was formalised through legal opinions, as I recall.  
11:54 16 And actually, yes, you are right, I'm not sure if I'd call them  
11:54 17 policies, but guidelines. There were guidelines that you  
11:54 18 presented earlier as well, one that I had not seen, but that  
11:54 19 suggested to me there were guidelines that promoted that  
11:54 20 practice. Or addressed that practice.  
11:54 21  
11:54 22 Q. Yes, and it is the case, is it not, that staff were trained on  
11:54 23 how to process these illegal transactions?  
11:54 24  
11:54 25 A. Yes, that's my understanding as well.  
11:54 26  
11:54 27 Q. Individual staff members may not have understood that it  
11:54 28 was illegal under the Casino Control Act; is that your  
11:54 29 understanding?  
11:54 30  
11:54 31 A. That is my understanding as well.  
11:54 32  
11:54 33 Q. Would you say that they really should have understood,  
11:54 34 known, been aware that this was a process which was  
11:55 35 circumventing Crown's AML monitoring?  
11:55 36  
11:55 37 A. I think what they should have known, that it was a process  
11:55 38 that was circumventing Chinese law. I would not expect at that  
11:55 39 time, particularly, I would not expect employees to have  
11:55 40 understood the AML/CTF implications of it, I think they  
11:55 41 probably would have recognised --- well, they should have  
11:55 42 recognised the Casino Control Act and they should have  
11:55 43 recognised the breach of Chinese law. AML/CTF, at that time at  
11:55 44 Crown, I would be surprised if they understood it.  
11:55 45  
11:55 46 Q. Yes. What do you say to this proposition, that it should  
11:55 47 have been recognised just from the nature of the transactions that

11:55 1 something was wrong? These patrons were essentially buying  
11:55 2 chips --  
11:55 3  
11:55 4 A. Yes.  
11:55 5  
11:55 6 Q. --- and instead of going to the chip vendor, they were going  
11:55 7 a couple of --- 50 metres or 80 metres round the side and buying  
11:56 8 it from the hotel. Do you not say everybody should have  
11:56 9 recognised that the structure of these transactions was wrong?  
11:56 10  
11:56 11 A. Yes. Everybody that wasn't --- so I do --- at a certain level  
11:56 12 you expect that people will follow instructions and not  
11:56 13 necessarily understand. It depends on the nature of the employee  
11:56 14 and the level of the employee. I would expect that anyone in  
11:56 15 a senior role would have known that this was wrong.  
11:56 16  
11:56 17 Q. Yes, and there were, were there not, a couple of senior  
11:56 18 people who said it didn't pass the sniff test? Is that your  
11:56 19 understanding?  
11:56 20  
11:56 21 A. Yes, that's my understanding.  
11:56 22  
11:56 23 Q. And it continued nonetheless; is that your understanding?  
11:56 24  
11:56 25 A. Yes.  
11:56 26  
11:56 27 Q. Does this not reveal a culture whereby Crown is, in more  
11:57 28 than one occasion, looking to engage practices which circumvent  
11:57 29 anti-money laundering scrutiny?  
11:57 30  
11:57 31 A. So I think it certainly evidences a culture that was  
11:57 32 problematic and wasn't addressing issues that they were fully  
11:57 33 aware of. I'm not sure I would tie it all the way to the AML/CTF  
11:57 34 conclusion however --- because I'm not sure that they would have  
11:57 35 understood the AML/CTF issue at the time, I think they would  
11:57 36 have understood the Chinese currency control issue --- this is me  
11:57 37 looking back, of course I wasn't there --- but if I had to guess, I  
11:57 38 would say I think they were probably aware of the Chinese  
11:57 39 currency control issue, senior people were aware of the Casino  
11:57 40 *Control Act issue*.  
11:57 41  
11:57 42 The AML/CTF issue is more discrete in that, first of all, I'm not  
11:57 43 sure they had the understanding of AML/CTF, the gravity of  
11:57 44 AML/CTF issues at the time. I don't think their culture was  
11:57 45 aware or --- they should have been aware but I'm not sure they  
11:58 46 were aware. I think that was sort of unfortunately squarely on the  
11:58 47 individual that was responsible for financial crime at Crown at

11:58 1 the time. To my mind he was not doing his job of escalating  
11:58 2 issues that relate to AML/CTF and educating others on  
11:58 3 AML/CTF issues and, therefore, not getting the airtime. My  
11:58 4 mother would say, by hook or by crook, it was a problem.

11:58 5  
11:58 6 And ultimately, they should have been aware. The AML/CTF  
11:58 7 issue, if you think of it from an AML perspective, the issue  
11:58 8 relates to understanding the proceeds of crime, it's not the *Casino*  
11:58 9 *Control Act issue, it's not the Chinese currency control issue, it's*  
11:58 10 *the proceeds of crime issue.* So where is this money coming  
11:58 11 from, how do we know where this money is coming from, what  
11:59 12 have we done to verify where this money is coming from in order  
11:59 13 to determine that it is not proceeds of crime. They weren't  
11:59 14 applying that scrutiny, and they should have been applying that  
11:59 15 scrutiny to determine whether or not there was an underlying  
11:59 16 AML/CTF issue.

11:59 17  
11:59 18 In many cases, in my experience in banking, in many cases it is  
11:59 19 fairly common for wealthy people from China to attempt to  
11:59 20 breach Chinese currency control restrictions in many different  
11:59 21 ways, and this was clearly one of those ways. That should have  
11:59 22 triggered the subsequent review to understand whether or not  
11:59 23 there were AML/CTF implications and it didn't.

11:59 24  
11:59 25 COMMISSIONER: Mr Blackburn, can I tell you why I've got  
11:59 26 a problem with what you've just said?

11:59 27  
11:59 28 A. Sure.

11:59 29  
11:59 30 COMMISSIONER: You might be quite right when you are  
11:59 31 talking about, say, an institution like a bank, although they should  
11:59 32 be a bit more cautious, but a casino is a different species. When  
12:00 33 in Australia, or at least in Victoria we agreed to establish  
12:00 34 a casino, the thing that concerned the Government and the  
12:00 35 community was money laundering and infiltration of crime, that  
12:00 36 the debate from the 1980s, if not earlier, was, if we have a casino,  
12:00 37 people with illegal funds are going to take their cash there ---  
12:00 38 when we had a TAB, it killed money laundering at the racetrack.  
12:00 39 The substitute was a casino. It is a place where people do  
12:00 40 nothing --- they gamble, but in vast quantities, historically  
12:00 41 forever, probably until a week or two ago, they'd bring in large  
12:00 42 volumes of cash. I don't understand how people who are running  
12:00 43 a casino cannot be aware of the risk of money laundering or  
12:00 44 infiltration of crime. It is part and parcel of having a casino. I  
12:00 45 simply don't understand why you would think that people couldn't  
12:00 46 be aware of that. That is the risk that was pointed out historically  
12:01 47 around the world.

12:01 1  
12:01 2 A. Commissioner, I suggest everything you said is completely  
12:01 3 accurate, I agree with everything you've said. I think they should  
12:01 4 have been aware of it. It is a founding principle of the casino. It  
12:01 5 is in the Casino Control Act. They absolutely should have been  
12:01 6 aware of it. My only --- I'm only attempting to understand the  
12:01 7 motivation and I have struggled with that a bit as well. I don't  
12:01 8 understand the motivation. But the only thought I could have ---  
12:01 9  
12:01 10 COMMISSIONER: My suggestion is they simply didn't care.  
12:01 11  
12:01 12 A. Well ---  
12:01 13  
12:01 14 COMMISSIONER: In other words, we are not going to interrupt  
12:01 15 the flow of revenue, and to not interrupt the flow of revenue, if  
12:01 16 we break a few laws, bad luck.  
12:01 17  
12:01 18 A. Yeah, I --- I tell you what shocked me, Commissioner, was  
12:01 19 when I reviewed the materials, and when I reviewed the opinions,  
12:01 20 there was next to nothing about AML/CTF, and so my mind goes  
12:02 21 to immediately, well, why is the legal officer not opining on the  
12:02 22 AML/CTF risk? So why is it not front of mind? And the only  
12:02 23 conclusion I could draw ---  
12:02 24  
12:02 25 COMMISSIONER: Because what they were concentrating on  
12:02 26 was the risk that it was illegal, and if they were going to get  
12:02 27 caught breaching the Casino Act.  
12:02 28  
12:02 29 A. Yes, that is what I would conclude as well. I also wonder  
12:02 30 whether or not they weren't thinking of it because it didn't  
12:02 31 necessarily relate to the designated service fi they were thinking  
12:02 32 of it in the context of hotel ---  
12:02 33  
12:02 34 COMMISSIONER: No doubt they set it up so they wouldn't.  
12:02 35  
12:02 36 A. Quite possibly, yes.  
12:02 37  
12:02 38 COMMISSIONER: Presumably they set up Riverbank and  
12:02 39 Southbank because they wanted to avoid the operation of Casino  
12:02 40 *Control Act and the money laundering --- I suspect this was not*  
12:02 41 *by accident they did it via the hotel, otherwise why did they have*  
12:02 42 *fake documentation, they issue invoices having a room number*  
12:02 43 *when the room doesn't exist? The whole thing was a fraudulent*  
12:02 44 *scam from the outset and everybody involved would have known*  
12:03 45 *that.*  
12:03 46  
12:03 47 A. I struggle to reach an alternative conclusion.

12:03 1  
12:03 2 COMMISSIONER: Fair enough.  
12:03 3  
12:03 4 MS O'SULLIVAN: Is it indisputable that Crown made money,  
12:03 5 profited from this practice?  
12:03 6  
12:03 7 A. No, it's not indisputable, it is correct.  
12:03 8  
12:03 9 COMMISSIONER: Too many negatives.  
12:03 10  
12:03 11 A. Double negative.  
12:03 12  
12:03 13 MS O'SULLIVAN: I want to ask you about what this reveals  
12:03 14 about Crown's culture. Do you agree with me that insofar as  
12:03 15 a whole lot of people might have said "oh, I didn't realise, I didn't  
12:03 16 know", that pleading ignorance is not a defence in the context of  
12:03 17 a casino which is known --- in circumstances where casinos  
12:04 18 generally are known to attract money launderers?  
12:04 19  
12:04 20 A. Yes, I think your --- I think my answer is, yes, I agree with  
12:04 21 you.  
12:04 22  
12:04 23 Q. Yes, thank you.  
12:04 24  
12:04 25 Do you agree that it was staff at all levels of the casino that were  
12:04 26 involved in the hotel card practice?  
12:04 27  
12:04 28 A. I've seen evidence through the report that it was throughout,  
12:04 29 and also through the guidelines you showed me earlier today, that  
12:04 30 would suggest that it was across all levels, yes.  
12:04 31  
12:04 32 Q. So there were junior hotel employees processing the  
12:04 33 transactions?  
12:04 34  
12:04 35 A. Presumably there would be, yes.  
12:04 36  
12:04 37 Q. There were hosts, employees, participating in the  
12:04 38 transactions?  
12:04 39  
12:04 40 A. Yes.  
12:04 41  
12:04 42 Q. There were policy people writing the policies for the  
12:04 43 transactions?  
12:04 44  
12:04 45 A. Yes.  
12:04 46  
12:04 47 Q. There were the VIP business involved in dreaming up the

12:04 1 process in the first place?  
12:04 2  
12:05 3 A. It would seem to me that the answer is yes.  
12:05 4  
12:05 5 Q. There were senior managers at the hotel also involved in  
12:05 6 the practice?  
12:05 7  
12:05 8 A. Yes. I think in many of those instances, Ms O'Sullivan, in  
12:05 9 many instances it would have been on instruction. It would have  
12:05 10 been because they think they have to, they are told they have to.  
12:05 11 As a junior employee at the hotel, I don't know that they would  
12:05 12 have been in a position to assess it from a legal perspective or  
12:05 13 otherwise or even a risk perspective. They would have been  
12:05 14 doing their job.  
12:05 15  
12:05 16 COMMISSIONER: Except for this, if the desk clerk at a hotel  
12:05 17 issues a fake invoice, even the desk clerk will say "There is  
12:05 18 something going on. I may not know what's going on, but I do  
12:05 19 not issue false invoices" ---  
12:05 20  
12:05 21 A. Certainly possible.  
12:05 22  
12:05 23 COMMISSIONER: --- "and documents that assert a purchase of  
12:05 24 a service or a good and there is no purchase." You might not  
12:05 25 know this is money laundering, but if you are issuing fake  
12:05 26 documentation you know something crooked is going on.  
12:05 27  
12:06 28 A. I think that is quite possible, yes.  
12:06 29  
12:06 30 MS O'SULLIVAN: Mr Blackburn, you've got some pretty rosy  
12:06 31 aspirations as to how long it will take to remediate Crown's  
12:06 32 AML/CTF practices, but I'm not sure whether you've fully taken  
12:06 33 into account a culture quite like the one revealed by the hotel  
12:06 34 card practice to exist at Crown.  
12:06 35  
12:06 36 A. Well, I can only speak from my experience, Ms O'Sullivan,  
12:06 37 but I would say the culture I have come into is not reflected in the  
12:06 38 culture that I've seen evidenced through this past activity. The  
12:06 39 culture that I have joined is one where compliance and financial  
12:06 40 crime and risk management are prioritised. That is my  
12:06 41 experience since coming to Crown. Of course I would say past  
12:06 42 reflection on Crown based on the evidence I've seen and what I've  
12:06 43 read, it certainly looks like the culture was really problematic, but  
12:07 44 in this ---  
12:07 45  
12:07 46 COMMISSIONER: As bad as you've ever seen anywhere?  
12:07 47

12:07 1 A. In my professional experience, yes.  
12:07 2  
12:07 3 COMMISSIONER: I mean in your professional ---  
12:07 4  
12:07 5 A. Yes.  
12:07 6  
12:07 7 MS O'SULLIVAN: My proposition is, in terms of remediating  
12:07 8 Crown on the AML front, and in particular vis-a-vis culture ---  
12:07 9  
12:07 10 A. Yes.  
12:07 11  
12:07 12 Q. --- you are not coming into this organisation and trying to  
12:07 13 pivot it, you are coming into the organisation and almost having  
12:07 14 to do a full U-turn, do you agree with that proposition?  
12:07 15  
12:07 16 A. I don't and this is why: from my review of the work that has  
12:07 17 been done over the last 1.5 years, while Ken Barton was still the  
12:07 18 CEO, in the AML/CTF space is quite considerable. It differs  
12:07 19 from my experience when I joined CIBC or NAB in Australia, in  
12:08 20 that a lot of work had actually been done to put in place  
12:08 21 appropriate controls and measures and practices around the  
12:08 22 concept of financial crime and to address and manage the risk, so  
12:08 23 mitigate and manage the risk as required under regulations. So  
12:08 24 the culture that I've come into is one where I find it almost  
12:08 25 curious, in a way, in that I've spent my professional life since  
12:08 26 my --- since I stopped practicing law, my professional life in  
12:08 27 financial crime and compliance has been about fighting that fight  
12:08 28 at the board level, at the senior executive level where you are  
12:08 29 confronted with the risk/value proposition. I've confronted no  
12:08 30 resistance at Crown, which is quite an interesting place to be as  
12:08 31 a compliance officer and a financial crime officer, but to not only  
12:08 32 face no resistance but also to face many business partners who  
12:08 33 are actually coming to me with solutions.  
12:08 34  
12:08 35 COMMISSIONER: But if you look at the real world, which  
12:09 36 every now and again we are required to do, this is an organisation  
12:09 37 that has got three governments, probably half a dozen regulators,  
12:09 38 breathing down their neck ---  
12:09 39  
12:09 40 A. Yes.  
12:09 41  
12:09 42 COMMISSIONER: What do you expect them to do?  
12:09 43  
12:09 44 A. I don't agree with that either.  
12:09 45  
12:09 46 COMMISSIONER: This is not a bunch of voluntarily behaviour  
12:09 47 where a bunch of people have woken up in the morning and said,



12:09 1 "Oh, look, we're doing really bad stuff and we'll fix it"; they are  
12:09 2 being hounded by government and regulators and they are  
12:09 3 fighting for their lives. What choice do they have?

12:09 4

12:09 5 A. Commissioner, I completely agree with that, I think that  
12:09 6 critical to the culture that I've come into, but I would say I've  
12:09 7 been very pleased --- and perhaps I am naive in this, but I have  
12:09 8 been very pleased with the genuine efforts and the altruism I  
12:09 9 see ---

12:09 10

12:09 11 COMMISSIONER: The question is, are the people that we are  
12:09 12 dealing with going to go back to their old ways when everybody  
12:09 13 stops looking?

12:09 14

12:09 15 A. Not while I'm on watch.

12:09 16

12:09 17 COMMISSIONER: One person in an organisation of 15,000.

12:09 18

12:09 19 A. One person plus 110 that I'm bringing in.

12:10 20

12:10 21 COMMISSIONER: Yeah, okay.

12:10 22

12:10 23 MS O'SULLIVAN: Mr Blackburn, you just spoke now about  
12:10 24 some reforms that were implemented prior to you coming on  
12:10 25 board.

12:10 26

12:10 27 A. Yes.

12:10 28

12:10 29 Q. You will agree with me that the timing of those changes  
12:10 30 coincides with the duration of the Bergin Inquiry?

12:10 31

12:10 32 A. There were some that preceded but most coincide, yes.

12:10 33

12:10 34 Q. Yes, so isn't the point that the Commissioner is making ---

12:10 35

12:10 36 A. It is a fair point.

12:10 37

12:10 38 Q. Are we looking at an organisation that will only move on  
12:10 39 these fronts when it is facing the harsh scrutiny of Commissions  
12:10 40 of Inquiry and the like?

12:10 41

12:10 42 A. I don't think but again that is my perspective on the people  
12:10 43 that I'm working with. I believe that there is a genuine --- I'm  
12:10 44 very fond of some of these people that I've come to know fairly  
12:10 45 well in the last four months, and in that period I've come to see  
12:10 46 a real genuine desire to manage, mitigate, stop anything that has  
12:11 47 even the remote semblance to financial crime.

12:11 1  
12:11 2 Q. Has anyone expressed to you --- so these people that you  
12:11 3 are talking about ---  
12:11 4  
12:11 5 A. Yes.  
12:11 6  
12:11 7 Q. --- when they are expressing their commitment to AML and  
12:11 8 financial crime, are they expressing that to you in terms of being  
12:11 9 able to meet the regulator's expectations or being able to present  
12:11 10 better evidence to a Royal Commission or being able to get the  
12:11 11 doors of Barangaroo open ASAP, or has anyone actually  
12:11 12 expressed to you a concern about the end effects of organised  
12:11 13 crime and the end effects of serious crime, and have they  
12:12 14 expressed a commitment to try and improve the AML landscape  
12:12 15 at Crown because they are committed to something beyond  
12:12 16 ticking the box, getting Sydney open and getting the regulators  
12:12 17 off their back?  
12:12 18  
12:12 19 A. So, yes, they have expressed that. But all of the points that  
12:12 20 you raised at the beginning of your question are also  
12:12 21 considerations that I've heard. I've heard those considerations,  
12:12 22 and then in addition to that I've heard considerations about how  
12:12 23 do we stop financial crime, which is what you really want to hear  
12:12 24 as a financial crime officer. I have heard that as well.  
12:12 25  
12:12 26 Q. I want to ask you a little bit about the Deloitte  
12:12 27 investigation ---  
12:12 28  
12:12 29 A. Of course.  
12:12 30  
12:12 31 Q. --- on hotel cards. We know Deloitte is already performing  
12:12 32 a forensic review into patron accounts to look for transactions,  
12:12 33 patterns or behaviours indicative of money laundering. Isn't it the  
12:12 34 case that Crown recently expanded the scope of Deloitte's review  
12:12 35 to include matters to do with the hotel card transaction issue?  
12:13 36  
12:13 37 A. Correct.  
12:13 38  
12:13 39 Q. Were you involved in the expansion of the Deloitte scope?  
12:13 40  
12:13 41 A. I was.  
12:13 42  
12:13 43 Q. Operator, can we go to DTT.010.0006.0007, that's at tab 21  
12:13 44 of your folder of documents?  
12:13 45  
12:13 46 COMMISSIONER: Do we have a problem with the document?  
12:13 47 I think that might be a "Don't put it up on the screen" document.

12:14 1  
12:14 2 MS O'SULLIVAN: Thank you very much.  
12:14 3  
12:14 4 Mr Blackburn, can you go to volume 1, list of documents.  
12:14 5 DTT.010.0006.0007, letter dated 21 June 2021 to Deloitte.  
12:14 6  
12:14 7 COMMISSIONER: You don't have it?  
12:14 8  
12:14 9 MS BUTTON: Commissioner, if we could have a moment to try  
12:14 10 and locate it. I'm not sure why it can't come up on the screen.  
12:14 11  
12:14 12 COMMISSIONER: I think this is claimed privilege and there is  
12:15 13 other people in the room. As long as you don't mind everybody  
12:15 14 seeing it, fine.  
12:15 15  
12:15 16 MS BUTTON: I'm not going to say I don't mind, I am trying to  
12:15 17 find the document. I might be corrected but I don't think it was  
12:15 18 on the list of documents that might be required for the hearing  
12:15 19 today.  
12:15 20  
12:15 21 MS O'SULLIVAN: I'm happy for it to go up on the screen. I've  
12:15 22 been told there might be a non-publication order application in  
12:15 23 respect of this document. If it is, that's one of the ones that came  
12:15 24 in very late last night so we haven't had the opportunity to assess  
12:15 25 it.  
12:16 26  
12:16 27 This document is familiar to you, Mr Blackburn?  
12:16 28  
12:16 29 A. Tab 21?  
12:16 30  
12:16 31 Q. Yes. Can I get you to have a look at the section headed  
12:16 32 "Background". You can see that the hotel card transaction  
12:16 33 process is given a definition there as.  
12:16 34  
12:16 35  
12:16 36 ..... the practice which involved Crown receiving payment  
12:16 37 *at Crown Towers Hotel (Melbourne) from international*  
12:16 38 *VIP customers using a credit or debit card (ordinarily*  
12:16 39 *a China UnionPay card), with the funds made available*  
12:16 40 *to the patron for gaming at the Crown Melbourne casino*  
12:16 41 .....  
12:16 42  
12:16 43 From memory, I think it is almost identical given to the practice  
12:16 44 in the legal advice. You can see there that Deloitte says the hotel  
12:16 45 card is a typology behaviour that may be indicative of money  
12:16 46 laundering, and given your evidence earlier this morning I  
12:16 47 presume you agree with that proposition?

12:16 1  
12:16 2 A. Yes.  
12:16 3  
12:16 4 COMMISSIONER: Can I interrupt you. Until we work out what  
12:17 5 we are going to do with this document, reading it into transcript  
12:17 6 isn't going to be any good.  
12:17 7  
12:17 8 MS O'SULLIVAN: Yes perhaps I might come back to it.  
12:17 9  
12:17 10 COMMISSIONER: Perhaps Mr Blackburn can read it.  
12:17 11  
12:17 12 MS O'SULLIVAN: Yes.  
12:17 13  
12:17 14 COMMISSIONER: If you have some questions which don't  
12:17 15 relate the contents of it, and your answers are careful, we'll see  
12:17 16 how we go.  
12:17 17  
12:17 18 MS O'SULLIVAN: Perhaps I might seek a moment to find out  
12:17 19 what exactly is the nature of the claim. I say that because there is  
12:17 20 no privilege --- privilege has been waived in respect of the CUP  
12:17 21 advice --  
12:17 22  
12:17 23 COMMISSIONER: Correct.  
12:17 24  
12:17 25 MS O'SULLIVAN: --- and what I've read out is the same  
12:17 26 definition of the CUP advice so there are no errors there.  
12:17 27  
12:17 28 COMMISSIONER: That part is all right.  
12:17 29  
12:17 30 MS O'SULLIVAN: I understand the privilege was waived in  
12:17 31 respect of not just the advice being that particular  
12:17 32 communication, but the CUP issue generally. So I think  
12:17 33 Mr Borsky was asked to clarify if it includes documents referred  
12:17 34 to in the advice, and I think the answer was "yes". This  
12:17 35 document obviously wasn't referred to the advice, it post-dates it,  
12:17 36 but as I understand it, the waiver was in respect of the CUP issue  
12:18 37 generally. If that is the case, I'm not sure why there is a privilege  
12:18 38 claim in respect of this document, it might be that there is  
12:18 39 a different claim in respect of this document, and if you can give  
12:18 40 me a moment, Commissioner, I can find out what the nature of  
12:18 41 the claim is and I might speak with my learned friends to see  
12:18 42 whether it is pressed.  
12:18 43  
12:18 44 COMMISSIONER: I will also find out how complicated it is to  
12:18 45 take this off live streaming.  
12:18 46  
12:18 47 MS O'SULLIVAN: If we need to go off livestream, then rather

12:18 1 than coming in and out, we can do this at the end. If as a result of  
12:18 2 my inquiries it turns out we can't do this in open session, I will  
12:18 3 hold over and do it at the end. Are you happy if I take a moment,  
12:19 4 Commissioner?

12:19 5  
12:19 6 COMMISSIONER: Yes, yes.

12:19 7  
12:19 8 MS BUTTON: Commissioner, I'm not sure if this simplifies  
12:19 9 things or not, but I'm instructed that Crown doesn't make  
12:19 10 a privilege claim. This document has come from Deloitte. Any  
12:19 11 NPO request made comes from Deloitte, not Crown.

12:19 12  
12:19 13 COMMISSIONER: I don't think we have any claims from  
12:19 14 Deloitte.

12:19 15  
12:19 16 MS BUTTON: I'm instructed there is no privilege claim over this  
12:19 17 document.

12:19 18  
12:19 19 COMMISSIONER: You can put it back up on the screen and ask  
12:19 20 questions.

12:19 21  
12:19 22 MS O'SULLIVAN: Yes, I have clarified the application is just  
12:19 23 made in respect of personal identifying information such as  
12:20 24 telephone numbers and email addresses.

12:20 25  
12:20 26 COMMISSIONER: I see.

12:20 27  
12:20 28 MS O'SULLIVAN: They can be redacted in due course and it's  
12:20 29 not up on the live screen so we can keep going.

12:20 30  
12:20 31 COMMISSIONER: On the last page there is a block out so the  
12:20 32 personal information, if that is an address or a phone number, has  
12:20 33 been removed already.

12:20 34  
12:20 35 MS O'SULLIVAN: Thank you, Commissioner.

12:20 36  
12:20 37 Mr Blackburn, I was just asking you about the hotel card  
12:20 38 transaction process being considered to be a typology behaviour  
12:20 39 that may be indicative of money laundering risk. If you can just  
12:20 40 have a look there at the first bullet point at the bottom of the  
12:20 41 page.

12:20 42  
12:20 43 Operator, can we scroll up. Mr Blackburn, if you have hard copy,  
12:20 44 you can look at that.

12:20 45  
12:20 46 The first bullet point there, as I understand it these are the matters  
12:20 47 that Deloitte will be looking into; is that right?

- 12:20 1
- 12:20 2 A. Correct.
- 12:20 3
- 12:20 4 Q. Just for clarity, the first bullet point which says:
- 12:20 5
- 12:21 6 *The extent to which cash was provided pursuant to any of*
- 12:21 7 *the transactions conducted Australian dollar the HCT*
- 12:21 8 *process?*
- 12:21 9
- 12:21 10 Just to clarify, are Deloitte going to look at whether cash was
- 12:21 11 provided at the hotel desk or also whether it was provided at the
- 12:21 12 cage?
- 12:21 13
- 12:21 14 A. Both.
- 12:21 15
- 12:21 16 Q. The second pullet point which refers to threshold
- 12:21 17 transaction reporting obligations, I just wanted to clarify, is it
- 12:21 18 intended that Deloitte look only at threshold transaction reporting
- 12:21 19 obligations or will Deloitte also be looking at whether there arose
- 12:21 20 the occasion to make other reports such as suspicious matter
- 12:21 21 reports?
- 12:21 22
- 12:21 23 A. My expectation would be broader. So it would include
- 12:21 24 TTRs as well as SMRs.
- 12:21 25
- 12:21 26 Q. I see.
- 12:21 27
- 12:21 28 A. Sorry, suspicious matter reports and transaction threshold
- 12:22 29 reports, I realise I used the acronym.
- 12:22 30
- 12:22 31 Q. The last bullet point there, which is:
- 12:22 32
- 12:22 33 *The extent to which any transactions were conducted on*
- 12:22 34 *CBA merchant terminals, or were conducted on NAB*
- 12:22 35 *terminals and resulted in the direct provision of cash?*
- 12:22 36
- 12:22 37 Is it your understanding that CBA did not at this time permit its
- 12:22 38 cards to be used for gambling at this time? Is that what that
- 12:22 39 bullet point is directed with?
- 12:22 40
- 12:22 41 A. Very likely. I can't confirm it but that would be
- 12:22 42 an appropriate conclusion.
- 12:22 43
- 12:22 44 Q. If you go over the page, the last bullet point there, which is:
- 12:22 45
- 12:22 46 *The extent to which HCT transactions resulted in the*
- 12:22 47 *withdrawal of cash, but which were described as*

12:22 1           *"purchases"?*  
12:22 2  
12:22 3       Is that your understanding that that might be investigating  
12:22 4       whether or not there might be matters of false accounting  
12:22 5       involved in the hotel card practice?  
12:22 6  
12:22 7       A. Whilst I think that may be a benefit of the analysis, I'm not  
12:22 8       sure that was the goal of the analysis. I think the goal of the  
12:23 9       analysis was to understand how cash was used for the purpose of  
12:23 10       reporting.  
12:23 11  
12:23 12       Q. I see. If I draw your attention to the section which says,  
12:23 13       "Our Services". I will give you a chance to have a little read of  
12:23 14       that.  
12:23 15  
12:23 16       A. Yes.  
12:23 17  
12:23 18       Q. I'm going to summarise and I want you to tell me whether  
12:23 19       I have it right or not. If I haven't got it right, tell me where I've  
12:23 20       got it wrong. Broadly speaking would you agree that really  
12:23 21       Deloitte is tasked with looking at whether the problem is bigger  
12:23 22       than originally thought?  
12:23 23  
12:23 24       A. I would say that is correct.  
12:23 25  
12:23 26       Q. So they are going to have a look to whether the hotel card  
12:23 27       practice occurred in Perth as well as Melbourne; is that right?  
12:23 28  
12:24 29       A. That's correct.  
12:24 30  
12:24 31       Q. And they are going to have a look to see whether the  
12:24 32       160 million is an underestimate?  
12:24 33  
12:24 34       A. Correct.  
12:24 35  
12:24 36       Q. And they are going to have a look to see whether it started  
12:24 37       earlier or ended later than presently thought?  
12:24 38  
12:24 39       A. Correct.  
12:24 40  
12:24 41       Q. And they are going to have a look to see whether staff were  
12:24 42       doing things such as customer due diligence, extended customer  
12:24 43       due diligence and ongoing customer due diligence on its  
12:24 44       customers; is that right?  
12:24 45  
12:24 46       A. Correct.  
12:24 47

12:24 1 Q. They will identify the patrons involved where they can; is  
12:24 2 that right?

12:24 3

12:24 4 A. Yes.

12:24 5

12:24 6 Q. Okay. Now, just in respect of that last point, which is  
12:24 7 identifying patrons, insofar as Deloitte is able to identify the  
12:24 8 customers involved, will Crown consider whether to continue to  
12:24 9 deal with those customers straight away, or will it be a more  
12:24 10 formulaic, drawn-out process whereby Crown perform  
12:24 11 an assessment as to whether an SMR ought have been made and  
12:24 12 only then review whether or not to continue to deal with the  
12:24 13 customer?

12:25 14

12:25 15 A. I can't say. We haven't discussed it. My preference would  
12:25 16 be that we do a thorough investigation to understand whether or  
12:25 17 not we have a reporting obligation, and also understand what we  
12:25 18 were facilitating. Is that ---

12:25 19

12:25 20 Q. But do you not also have a concern that there may be  
12:25 21 customers still on Crown's books who engaged in this practice  
12:25 22 and that it might be worthwhile to have a look to see whether or  
12:25 23 not Crown is continuing to provide services to those customers?

12:25 24

12:25 25 A. I fully agree with that.

12:25 26

12:25 27 Q. Is anything being done by that at the moment? Or are you  
12:25 28 awaiting the Deloitte report?

12:25 29

12:25 30 A. I think we are awaiting the Deloitte report, though I have  
12:25 31 asked for a cross-reference on customers that have been  
12:25 32 identified, so patrons that have been identified --

12:25 33

12:25 34 Q. I see.

12:25 35

12:25 36 A. --- so that I can understand whether or not they may appear  
12:25 37 in other capacities.

12:25 38

12:25 39 Q. Yes, I see.

12:25 40

12:25 41 Can I ask you just to turn over the page to tab 22.

12:26 42

12:26 43 A. Yes.

12:26 44

12:26 45 Q. Is this a document that you are familiar with?

12:26 46

12:26 47 A. No.



12:26 1  
12:26 2 Q. I will give you an opportunity to have a quick read of that.  
12:26 3 DTT.010.0006.0003.  
12:26 4  
12:26 5 MS BUTTON: There is no privilege claim. Could we also have  
12:26 6 a document description?  
12:26 7  
12:26 8 MS O'SULLIVAN: Yes, it is titled "Scope Revision China  
12:26 9 UnionPay".  
12:26 10  
12:26 11 Do you agree this sets out in plain English what Deloitte  
12:26 12 have been asked to do in respect of the hotel card  
12:26 13 transaction issue?  
12:26 14  
12:26 15 A. I think so. It appears broader in the scope document, but,  
12:26 16 yes, that I think is a summary.  
12:26 17  
12:27 18 Q. Thank you. All right, going back to the surveillance report  
12:27 19 which recorded matters raised at the 16 March 2021 leadership  
12:27 20 and training session, you recall earlier today I asked you about  
12:27 21 two different methods ---  
12:27 22  
12:27 23 A. Yes.  
12:27 24  
12:27 25 Q. --- that were raised by that employee at that training  
12:27 26 session. One of them is the hotel card practice that we've just  
12:27 27 been discussing which has been investigated and Deloitte is going  
12:27 28 to investigate it further, but there was a second practice which  
12:27 29 I think has been roughly described as what has been called the  
12:27 30 reciprocal transfer issue. Are you on the same page as me if I use  
12:27 31 that terminology?  
12:27 32  
12:27 33 A. Yes.  
12:27 34  
12:27 35 Q. Great. Deloitte isn't tasked with looking into the reciprocal  
12:27 36 transfer process; do you agree?  
12:28 37  
12:28 38 A. They are through their other engagement. So through the  
12:28 39 broader engagement. It is captured by the other typologies that  
12:28 40 they are considering under phase 2 of their forensic review.  
12:28 41  
12:28 42 Q. Okay. All right. So what we know at the moment is  
12:28 43 insofar as at 16 March, an allegation was made, and it  
12:28 44 transpires that insofar as the allegation was made about the hotel  
12:28 45 card practice, it transpired that it was a revelation rather than  
12:28 46 an allegation; do you agree?  
12:28 47

- 12:28 1 A. Yes.
- 12:28 2
- 12:28 3 Q. It may transpire that the allegation made about the
- 12:28 4 reciprocal transfer process, it may transpire that that turns out to
- 12:28 5 be a revelation rather than allegation; do you agree?
- 12:28 6
- 12:28 7 A. I think so, yes.
- 12:28 8
- 12:28 9 Q. Yes, sorry, yes.
- 12:28 10
- 12:29 11 Q. In respect of the reciprocal transfer issue, the authors of the
- 12:29 12 1 June 2021 legal advice, they say that Crown should have been
- 12:29 13 aware of the risks attaching to the receipt of funds from third
- 12:29 14 parties. Now, you are nodding --
- 12:29 15
- 12:29 16 A. (Nods head).
- 12:29 17
- 12:29 18 Q. --- do I take from that you agree with the proposition?
- 12:29 19
- 12:29 20 A. I do.
- 12:29 21
- 12:29 22 Q. It is the case, is it not, that Crown prohibited third-party
- 12:29 23 transfers late last year or over the course of 2020?
- 12:29 24
- 12:29 25 A. Correct.
- 12:29 26
- 12:29 27 Q. Those changes were made in the context of the Bergin
- 12:29 28 Inquiry's investigation into money laundering on the Southbank
- 12:29 29 and Riverbank accounts?
- 12:29 30
- 12:29 31 A. That's my understanding.
- 12:29 32
- 12:29 33 Q. Yes. And the prohibition on third-party transfers occurred
- 12:29 34 in 2020 notwithstanding that Crown has been running the
- 12:29 35 Melbourne casino since the 1990s?
- 12:29 36
- 12:30 37 A. Correct.
- 12:30 38
- 12:30 39 Q. Doesn't that tell you Crown will only act to implement
- 12:30 40 barriers to money laundering when it is facing the blistering
- 12:30 41 scrutiny of Commissions of Inquiry and the like?
- 12:30 42
- 12:30 43 A. I think that is a possible conclusion.
- 12:30 44
- 12:30 45 Q. Okay. Just in respect of the hotel card transaction issue, do
- 12:30 46 you agree with me that it doesn't paint a very pretty picture about
- 12:30 47 Crown's AML culture?

12:30 1  
12:30 2 A. At the time, I absolutely agree with that.  
12:30 3  
12:30 4 Q. Culture, at least insofar it touches on financial crime, is  
12:30 5 now within your remit; is that right?  
12:30 6  
12:30 7 A. As it relates to financial crime and compliance and  
12:30 8 Responsible Gaming, yes.  
12:30 9  
12:30 10 Q. And am I right to understand that one of the things you are  
12:30 11 keen to do in your role is to move from what is called  
12:30 12 consequence-based training to benefit-based training?  
12:30 13  
12:30 14 A. Correct.  
12:30 15  
12:30 16 Q. I am going to summarise what I think consequence-based  
12:30 17 training is and you can tell me if I have it right or wrong.  
12:30 18  
12:30 19 Is consequence-based training where you train your staff about  
12:31 20 AML and you say these are all the rules and regulations and  
12:31 21 requirements about anti-money laundering, and we must obey  
12:31 22 these because if we don't, we will get pinged by the regulator or  
12:31 23 get fined and the fines are astronomical and we might suffer  
12:31 24 reputational damage?  
12:31 25  
12:31 26 A. I think that is accurate.  
12:31 27  
12:31 28 Q. Okay, and is benefit-based training where you emphasise  
12:31 29 the benefits to the entity, the employees and the broader  
12:31 30 community when you are engaged in fighting financial crime?  
12:31 31  
12:31 32 A. Ultimately protecting the vulnerable, yes, from crime.  
12:31 33  
12:31 34 Q. Can you tell me then, what do you see are the potential  
12:31 35 problems or limitations with only engaging in consequence-based  
12:31 36 training or having a consequence-based AML culture?  
12:31 37  
12:31 38 A. Well, in my experience that is very commonly the case in  
12:31 39 training at reporting entities, it is focused on consequence-based.  
12:31 40 So it goes back to that entity's commitment not to breach  
12:31 41 regulations. In my experience that is one way of training, but  
12:32 42 I think it is insufficient. I think that training should be focused on  
12:32 43 understanding how the proceeds of crime ultimately impact the  
12:32 44 vulnerable. So how people are victimised by criminals, and how  
12:32 45 those funds are subsequently used and laundered. I think that ---  
12:32 46 I mean that is why I do what I do, that's my primary focus, and  
12:32 47 frankly that needs to be the focus of everyone at every reporting

12:32 1 entity.  
12:32 2  
12:32 3 Q. I see. Turn to tab 24, this is CRW.510.095.0016.  
12:32 4  
12:32 5 You can see this is the Crown Resorts Ltd Code of Conduct?  
12:32 6  
12:32 7 A. Yes.  
12:32 8  
12:33 9 Q. There is a privilege claim about this document. I have no  
12:33 10 idea why it is the subject of a privilege claim because it doesn't  
12:33 11 appear to be privileged.  
12:33 12  
12:33 13 COMMISSIONER: Internal Code of Conduct? It is inherently  
12:33 14 unlikely to be privileged.  
12:33 15  
12:33 16 MS BUTTON: Yes, it seems to be an erroneous claim.  
12:33 17  
12:33 18 COMMISSIONER: Thanks.  
12:33 19  
12:33 20 MS O'SULLIVAN: Are you familiar with this Code of Conduct?  
12:33 21 Not a trick question because of course ---  
12:33 22  
12:33 23 A. No, I appreciate --- I'm not familiar with this other than  
12:33 24 superficially, I believe I saw this at a Board Risk Committee  
12:33 25 meeting in the first couple of weeks --- first month that I was at  
12:33 26 the organisation.  
12:33 27  
12:33 28 Q. Can we move to page 0020.  
12:33 29  
12:33 30 A. Yes.  
12:33 31  
12:33 32 Q. You can see section 2.1, that is titled "Anti-Money  
12:33 33 Laundering". I am going to give you an opportunity to have  
12:34 34 a read of that.  
12:34 35  
12:34 36 A. Yes.  
12:34 37  
12:34 38 Q. You've read it?  
12:34 39  
12:34 40 A. Yes, 2.1 I've read.  
12:34 41  
12:34 42 Q. You will agree with me that it is focused on sanctions for  
12:34 43 Crown and possible sanctions for individual employees?  
12:34 44  
12:34 45 A. It is.  
12:34 46  
12:34 47 Q. It speaks of the consequences for Crown? Yes, and it is

12:34 1 almost, you might even call it a veiled threat about the  
12:34 2 consequences for individual employees?  
12:34 3  
12:34 4 A. Yes.  
12:34 5  
12:34 6 Q. You would agree that this is not the right approach?  
12:34 7  
12:34 8 A. I think it is part of the right approach but I think it needs to  
12:34 9 be supplemented with an understanding of the victim.  
12:34 10  
12:34 11 Q. Yes. And you can see, can you not, that this is an employee  
12:34 12 Code of Conduct dated April 2021?  
12:34 13  
12:34 14 A. I can see that, yes. I saw that on the last page. Yes.  
12:34 15  
12:34 16 Q. So insofar as this is demonstrative of the AML culture,  
12:34 17 there is still a long way to go, do you agree?  
12:34 18  
12:34 19 A. Well, no. I think this is a document that was produced by  
12:35 20 my colleague in risk management, and it is one that I was not  
12:35 21 heavily involved in likely because of capacity issues.  
12:35 22  
12:35 23 COMMISSIONER: You say you weren't heavily involved?  
12:35 24  
12:35 25 A. No, I apologise. I shouldn't have said "heavily". I wasn't  
12:35 26 involved in the drafting of this document, not at all.  
12:35 27  
12:35 28 COMMISSIONER: Did you see it before you went out?  
12:35 29  
12:35 30 A. I think I've seen it.  
12:35 31  
12:35 32 COMMISSIONER: Before it went out?  
12:35 33  
12:35 34 A. No, I would have seen it when it was produced at the Risk  
12:35 35 Management Committee, which is when it is finalised and  
12:35 36 endorsed by the Board.  
12:35 37  
12:35 38 COMMISSIONER: I see.  
12:35 39  
12:35 40 A. Yes.  
12:35 41  
12:35 42 MS O'SULLIVAN: So you will agree with me that at least  
12:35 43 insofar as it concerns AML ---  
12:35 44  
12:35 45 A. I don't like it.  
12:35 46  
12:35 47 Q. You don't like it.

12:35 1  
12:35 2 A. Yep.  
12:35 3  
12:35 4 Q. It is very much indicative of an attitude or a culture which  
12:35 5 vis-a-vis AML says "Sigh, we have to comply with this"?  
12:35 6  
12:36 7 A. I suggest that is the problem with consequence-based  
12:36 8 training and that reflects that attitude. I don't think it is indicative  
12:36 9 of the culture I've encountered at Crown.  
12:36 10  
12:36 11 COMMISSIONER: It's the culture of the person who drafted the  
12:36 12 document, or the team that drafted the document?  
12:36 13  
12:36 14 A. I wonder whether or not in this context it was drafted by  
12:36 15 risk management and it was drafted assuming that those of us in  
12:36 16 AML/CTF, compliance and others would deliver other means and  
12:36 17 measures to address the issue.  
12:36 18  
12:36 19 COMMISSIONER: If I use the word "speculation" would that be  
12:36 20 a fair description?  
12:36 21  
12:36 22 A. Absolutely, it is, yes.  
12:36 23  
12:36 24 MS O'SULLIVAN: You will agree with me, won't you, that it is  
12:36 25 a very important document?  
12:36 26  
12:36 27 A. I do.  
12:36 28  
12:36 29 Q. Yes, and that it is no doubt the expectation of Crown that  
12:36 30 every single employee reads this Code of Conduct?  
12:36 31  
12:36 32 A. Yes.  
12:36 33  
12:36 34 Q. If it is dated April 2021, is it likely to be the case that this  
12:37 35 Employee Code of Conduct was disseminated amongst all Crown  
12:37 36 staff around about that time?  
12:37 37  
12:37 38 A. I think that is a safe conclusion. I don't recall.  
12:37 39  
12:37 40 Q. It is the case, is it not, your perception that you have to  
12:37 41 move the mindset, so to speak, from an AML compliance  
12:37 42 mindset to a "Here are the benefits of complying with AML"  
12:37 43 mindset; is that right?  
12:37 44  
12:37 45 A. Yes.  
12:37 46  
12:37 47 Q. What if the culture is not just AML as something we have

12:37 1 to comply with, what if the culture is AML is a threat to our  
12:37 2 business?

12:37 3

12:37 4 A. I smile only because in my experience as a financial crime  
12:37 5 officer over the many years, you always face that element. In  
12:38 6 every reporting entity, you go to it is that risk/value proposition  
12:38 7 that I spoke of. We are a cost centre. There is no doubt about it,  
12:38 8 we are a cost centre. I like to think of us as well as a revenue  
12:38 9 preservation centre, but we are a cost centre. So there is always  
12:38 10 that conflict between cost and profit. And so I've seen that at  
12:38 11 every organisation I've been at to date. I haven't seen that at  
12:38 12 Crown since I joined.

12:38 13

12:38 14 Q. Yes. So I understand that, but I guess what I'm talking  
12:38 15 about is not where AML is seen as a cost, and a cost that we'd  
12:38 16 prefer not to have to pay, but where AML is seen actively as  
12:38 17 a threat to us earning revenue.

12:38 18

12:38 19 A. Oh, I've definitely seen that in other institutions. I haven't  
12:38 20 experienced that at Crown but I certainly have seen that at other  
12:38 21 institutions.

12:38 22

12:38 23 COMMISSIONER: What other institution is so heavily  
12:39 24 dependent on business from money launderers? Just identify one.  
12:39 25 I don't know of any other than gambling places.

12:39 26

12:39 27 A. I'm not sure that is a fair conclusion, I think other ---

12:39 28

12:39 29 COMMISSIONER: It wasn't a conclusion, it was a question.

12:39 30

12:39 31 A. Yes, so in my experience, every organisation, every  
12:39 32 reporting entity, it is unfortunate the way our regime works is  
12:39 33 there will be financial crime at every organisation. Every  
12:39 34 reporting entity has financial crime and it is how you mitigate and  
12:39 35 manage that risk, and in banking, in particular, I've seen evidence  
12:39 36 where people will regard AML/CTF as an obstacle.

12:39 37

12:39 38 COMMISSIONER: This is slightly different, though. I get banks  
12:39 39 because it is a place where if you can transact and walk in with  
12:39 40 a suitcase of money and put it on the counter and put it into your  
12:39 41 account you could do that years ago. It is increasingly more  
12:39 42 difficult to do that. Maybe yeah, maybe no, the answer is no.  
12:39 43 We're not worrying about banks.

12:39 44

12:40 45 But here we are dealing with a business that, up until this  
12:40 46 moment, is a cash business, nothing else. People walk in there  
12:40 47 with suitcases of cash every day. So the business is financially

12:40 1 dependent on more and more people coming and bringing in  
12:40 2 bucket loads of cash. Doesn't it really threaten the profitability,  
12:40 3 the viability of the business?  
12:40 4  
12:40 5 A. Oh, it certainly would.  
12:40 6  
12:40 7 COMMISSIONER: That's what the question is ---  
12:40 8  
12:40 9 A. Yes, but I mean I would not have joined Crown if I  
12:40 10 thought --- when I was recruited to Crown I would not have  
12:40 11 joined Crown if I thought that was going to be an issue, and it  
12:40 12 hasn't been an issue for me yet.  
12:40 13  
12:40 14 COMMISSIONER: And you probably didn't know everything  
12:40 15 that had gone on in the past either.  
12:40 16  
12:40 17 A. You're absolutely correct, I didn't. But my good fortune,  
12:40 18 perhaps, I haven't experienced that at Crown.  
12:40 19  
12:41 20 COMMISSIONER: Fair enough.  
12:41 21  
12:41 22 MS O'SULLIVAN: Thank you. Can we bring up  
12:41 23 CRW.507.004.5747.  
12:41 24  
12:41 25 On the hard copy it is tab 23.  
12:41 26  
12:41 27 You can see this is Crown Resorts Ltd, a meeting of the Board of  
12:41 28 Directors from 12 December 2019. So you can take it from me  
12:41 29 that this is the Board pack for the purposes of that meeting.  
12:41 30  
12:41 31 If we can move to the page ending 5835.  
12:41 32  
12:41 33 COMMISSIONER: Just before you go, I think this is on the list  
12:41 34 of not to be shown documents. I'm not sure why it is, but that  
12:41 35 means better off not on the screen.  
12:41 36  
12:41 37 MS O'SULLIVAN: The screen is hearing room only.  
12:42 38  
12:42 39 COMMISSIONER: Okay. I don't know whether it matters for  
12:42 40 anybody else in the room? Ms Button? It's a legal privilege  
12:42 41 claim.  
12:42 42  
12:42 43 MS O'SULLIVAN: It might be. This is a document which is  
12:42 44 perhaps 200 pages long. It might be that there are claims in  
12:42 45 respect of certain parts of it. To be cautious I'm happy to have  
12:42 46 this not on the screen and we'll deal with it with the witness in  
12:42 47 hard copy. Mr Blackburn has a copy.



12:42 1  
12:42 2 A. Yes.  
12:42 3  
12:42 4 MS O'SULLIVAN: Yes, and my learned friends have the  
12:42 5 document ID. So we'll take the cautious approach there.  
12:42 6  
12:42 7 COMMISSIONER: Okay.  
12:42 8  
12:42 9 Mr Blackburn, we are going to turn to page 5747.  
12:42 10  
12:43 11 A. 5747 is the cover page.  
12:43 12  
12:43 13 Q. 5835. I've turned you to this page so you can obviously ---  
12:43 14 these packs have a lot of different constituent parts and I'm  
12:43 15 getting you to turn to this page so you can see what part we are at.  
12:43 16 You can see this is section 5, "Review of Crown VIP Program  
12:43 17 Play business". Pausing there, way back, you are obviously  
12:43 18 aware that Crown has made a decision to cease dealing with  
12:43 19 junkets; that's right, is it not?  
12:43 20  
12:43 21 A. Yes.  
12:43 22  
12:43 23 Q. That doesn't mean the VIP program ceases; is that right?  
12:43 24  
12:43 25 A. Correct.  
12:43 26  
12:43 27 Q. Crown propose to continue with the VIP aspect business,  
12:43 28 just not using the intermediary of junkets, is that your  
12:43 29 understanding, broadly speaking?  
12:43 30  
12:43 31 A. Correct.  
12:44 32  
12:44 33 Q. All right, if we can move over to the following page ending  
12:44 34 5836. You can see that this is a SWOT analysis, and no doubt  
12:44 35 you are more familiar with SWOT analysis than I am, but I  
12:44 36 understand that SWOT is an acronym standing for "strengths,  
12:44 37 weaknesses, opportunities and threats". I want to draw your  
12:44 38 attention to the section which is headed "threats". You can see  
12:44 39 there that what the VIP program play business has identified is  
12:44 40 bullet point three, that it is a threat to the VIP program play  
12:44 41 business, that there might be tightening AML regulations and  
12:44 42 closure of bank accounts. This is what I was putting to you  
12:44 43 earlier: your task is not just pivot a culture which looks at AML  
12:44 44 as a cost base or something that it reluctantly has to comply with,  
12:44 45 you are dealing with an organisation which, as demonstrated by  
12:44 46 this document, sees AML and tightening AML regulations as  
12:45 47 a threat to the business.

12:45 1  
12:45 2 My proposition to you is, you have some pretty rosy aspirations  
12:45 3 about how long it is going to take you to remediate the AML  
12:45 4 aspects of this entity, but I'm not sure whether you've really taken  
12:45 5 into account the real prospect that there is a culture within Crown  
12:45 6 that not only doesn't want to comply with anti-money laundering  
12:45 7 processes because it sees it as a real threat to the business.  
12:45 8  
12:45 9 A. This is a problem. I don't like seeing this sort of thing in  
12:45 10 a document. I haven't seen anything since I've been at Crown that  
12:45 11 includes that sort of language.  
12:45 12  
12:45 13 Q. This is 2019, admittedly, I concede that.  
12:45 14  
12:45 15 A. It is a problem, though, and it is suggestive of culture that  
12:45 16 was in place at that time. But as I said, I have seen no evidence  
12:46 17 of that culture since arriving at Crown four months ago.  
12:46 18  
12:46 19 Q. Yes. Thank you. I will move now to a different topic,  
12:46 20 about AML reporting --  
12:46 21  
12:46 22 A. Sure.  
12:46 23  
12:46 24 Q. --- I am going to ask you about some of Crown's reporting  
12:46 25 obligations to AUSTRAC. We are going to start with IFTIs and  
12:46 26 then move briefly to TTRs and SMRs.  
12:46 27  
12:46 28 A. Terrific.  
12:46 29  
12:46 30 Q. It is the case, is it not, that recent draft reports from  
12:46 31 Initialism from earlier this year show or demonstrate problems at  
12:46 32 Crown with the completeness of Crown's IFTI reporting?  
12:46 33  
12:46 34 A. Correct.  
12:46 35  
12:46 36 Q. It is the case, is it not, that Initialism was instructed to look  
12:46 37 at the completeness of a sample of Crown's IFTI reports for  
12:46 38 Melbourne and Perth?  
12:46 39  
12:47 40 A. That's correct.  
12:47 41  
12:47 42 Q. It took a sample set from March 2020, is that right?  
12:47 43  
12:47 44 A. Correct.  
12:47 45  
12:47 46 Q. Late last year and earlier this year Initialism assessed the  
12:47 47 samples against the IFTI requirements in the AML rules. That is

12:47 1 your understanding?  
12:47 2  
12:47 3 A. Yes.  
12:47 4  
12:47 5 Q. Initialism's draft reports, although they ultimately weren't  
12:47 6 finalised, they showed a number of instances of failure to report  
12:47 7 mandatory information; is that your understanding?  
12:47 8  
12:47 9 A. Correct.  
12:47 10  
12:47 11 Q. You will have seen those reports. In fact, they are in your  
12:47 12 witness statement. They are helpfully colour-coded --  
12:47 13  
12:47 14 A. Yes.  
12:47 15  
12:47 16 Q. --- you will recall that, and in fact Initialism used fire engine  
12:47 17 red to indicate those mandatory fields of information where the  
12:47 18 IFTI did not include that information; you recall that?  
12:47 19  
12:47 20 A. I do.  
12:47 21  
12:47 22 Q. You might not know the answer to this, but you have  
12:47 23 obviously tried to educate yourself about the compliance  
12:48 24 reporting at Crown. Would you agree that compliant IFTI  
12:48 25 reporting is a long-standing problem at Crown?  
12:48 26  
12:48 27 A. I'm afraid I can't draw that conclusion. I don't know.  
12:48 28  
12:48 29 Q. You don't know. Similarly, if I put to you that IFTI  
12:48 30 reporting is not only a long-standing problem at Crown but is also  
12:48 31 a chronic problem at Crown, is your answer the same, that you  
12:48 32 simply couldn't agree or disagree because you don't have the basis  
12:48 33 to say either way?  
12:48 34  
12:48 35 A. I can't confirm, no.  
12:48 36  
12:48 37 Q. Can we go to tab 3 of the folder, which is document  
12:48 38 CRW.0000.0002.0151. You will recognise this, Mr Blackburn,  
12:49 39 as the second of schedule 2s prepared by Crown. I think your  
12:49 40 evidence earlier this morning was that you didn't have any input  
12:49 41 into the schedule but you certainly made yourself familiar with it,  
12:49 42 you reviewed it.  
12:49 43  
12:49 44 A. I reviewed it, yes.  
12:49 45  
12:49 46 Q. For your awareness, this is the second one, so this is the one  
12:49 47 dated 21 April 2021.

12:49 1  
12:49 2 If we can look at line item 12 in this table, please, operator,  
12:49 3 which is ending page 158.  
12:49 4  
12:49 5 Have you got that, Mr Blackburn?  
12:49 6  
12:49 7 A. I have.  
12:49 8  
12:49 9 Q. You can see there at item 12 there is a summary of matters  
12:49 10 raised by AUSTRAC in their compliance assessment in around  
12:49 11 August 2011 and May 2012?  
12:49 12  
12:49 13 A. Yes.  
12:49 14  
12:49 15 Q. Then if we can turn over to the next page, please, operator,  
12:49 16 you can see there at the bottom dot point that:  
12:49 17  
12:50 18 *AUSTRAC identified a number of deficiencies in IFTI*  
12:50 19 *reporting, including (a) the name on an IFTI did not*  
12:50 20 *match the name on identification documentation; (b)*  
12:50 21 *some IFTIs failed to include [relevant information]; and*  
12:50 22 *(c) some reports contained customer identification*  
12:50 23 *documents which did not meet the criteria of being*  
12:50 24 *'reliable and independent'.*  
12:50 25  
12:50 26 Obviously this goes back to 2011/2012. Perhaps I might ask you  
12:50 27 this: this shows, does it not, that back in 2011/2012 Crown was  
12:50 28 having similar problems to those identified by the Initialism draft  
12:50 29 reports on IFTIs earlier this year?  
12:50 30  
12:50 31 A. It does.  
12:50 32  
12:50 33 Q. If we can go back to the previous page, the one ending  
12:50 34 0158, if you look at the last column, you can see the heading in  
12:50 35 the last column is:  
12:50 36  
12:51 37 *Steps taken to ensure that the breach or potential breach*  
12:51 38 *will not be repeated*  
12:51 39  
12:51 40 There is some text there says:  
12:51 41  
12:51 42 *Crown made a range of improvements to its AML/CTF*  
12:51 43 *Program on 11 October 2012 following the receipt of the*  
12:51 44 *compliance assessment, updated its online training,*  
12:51 45 *refresher IFTI training, and communicated this update to*  
12:51 46 *AUSTRAC .....*  
12:51 47

12:51 1 *It essentially sets out that there are two steps there, some updated*  
12:51 2 *online training and some refresher IFTI training.*  
12:51 3  
12:51 4 Given that we know from Initialism's draft IFTI report earlier this  
12:51 5 year that there are still similar problems, do you agree with me  
12:51 6 perhaps that that suggests this remediation which Crown  
12:51 7 undertook didn't work?  
12:51 8  
12:51 9 A. I don't know, because I don't know what transpired in the  
12:51 10 interim period but I mean from this, I would assume that they  
12:51 11 took steps to address the issue in 2012. It appears that they  
12:52 12 believe that those steps were effective, I would say, and I haven't  
12:52 13 heard of anything in the intervening period.  
12:52 14  
12:52 15 Q. We'll move to the intervening period.  
12:52 16  
12:52 17 A. Sure.  
12:52 18  
12:52 19 Q. Can we go to the page ending 0162. That is not the  
12:52 20 intervening period but starting off with an earlier period, looking  
12:52 21 at line item 15, December 2009 to February 2010. You can see  
12:52 22 there that what has been revealed by this Crown schedule is again  
12:52 23 some deficiencies with IFTIs that were sampled wherein they  
12:52 24 were not sent to AUSTRAC within the required time frame.  
12:52 25  
12:52 26 A. Yes.  
12:52 27  
12:53 28 Q. It appears they audited it.  
12:53 29  
12:53 30 A. There were no further issues.  
12:53 31  
12:53 32 Q. Yes, I can see that. If we move to item 16, you can see  
12:53 33 there --- so this is 2014, so this is the intervening period, you can  
12:53 34 see there that it says that:  
12:53 35  
12:53 36 *Crown identified the following issues in relation to IFTIs.*  
12:53 37  
12:53 38 *- six instances (out of 48 transactions sampled) where*  
12:53 39 *IFTIs were not reported within 10 business days*  
12:53 40  
12:53 41 *- One instance where the beneficiary date of birth in*  
12:53 42 *an IFTI was reported incorrectly to AUSTRAC.*  
12:53 43  
12:53 44 So that is in 2014.  
12:53 45  
12:53 46 Now if we can go to tab 2 of your folder, CRW.0000.0003.0062.  
12:54 47 This is the earlier version of schedule 2 dated 24 March 2021.

12:54 1 Go to internal page 6, please, operator.  
12:54 2  
12:54 3 There you can see line item 11, reporting problems with IFTIs  
12:54 4 and the relevant date frame is April 2018 to August 2019. You  
12:54 5 see that?  
12:54 6  
12:54 7 A. Yes.  
12:54 8  
12:54 9 Q. If we go over the page and look at item 12, again you see  
12:54 10 reporting errors in IFTIs and the relevant time frame is June and  
12:54 11 July 2018?  
12:54 12  
12:54 13 A. Yes.  
12:54 14  
12:54 15 Q. If we can move over to line item 17, please, operator.  
12:54 16  
12:54 17 You can again see the relevant time period here is March 2018 to  
12:55 18 April 2018?  
12:55 19  
12:55 20 A. Sorry, which line are we at, 18?  
12:55 21  
12:55 22 Q. Line item 17, I beg your pardon.  
12:55 23  
12:55 24 A. Got it.  
12:55 25  
12:55 26 Q. You can see there again Crown have again identified 55  
12:55 27 IFTIs lodged during the relevant period contained errors in  
12:55 28 relation to customer names and it was an IT error?  
12:55 29  
12:55 30 A. Yes.  
12:55 31  
12:55 32 Q. If we go to line 21, please, operator, we have further  
12:55 33 problems with IFTIs --- sorry, I will wait until you can see it --  
12:55 34  
12:55 35 A. Got it.  
12:55 36  
12:55 37 Q. --- in June 2016 to August 2017? So we've seen that Crown  
12:55 38 have had problems with IFTI reporting that have been identified  
12:55 39 in 2011, 2012 ---  
12:55 40  
12:55 41 A. Yes.  
12:55 42  
12:55 43 Q. --- 2014, 2016, 2018, 2019, and 2020. So I'm putting to  
12:56 44 you that IFTI reporting is an example of a long-standing and  
12:56 45 chronic problem at Crown.  
12:56 46  
12:56 47 A. I would say it is absolutely long-standing, I'm not sure I

12:56 1 would call it chronic. It depends on the volume of transactions  
12:56 2 that were actually reported. So I would want to see an numerator  
12:56 3 and denominator, that would be my expectation, on how many  
12:56 4 we failed and how many we were successful on. Because every  
12:56 5 reporting entity has challenges with IFTI reporting, particularly  
12:56 6 where there are manual interventions, and at Crown it has been  
12:56 7 heavily manual over many years. So IFTI reporting is  
12:56 8 challenging. I agree, though, with your assessment that it is  
12:56 9 clearly an ongoing issue. I don't know if there were breaks in  
12:56 10 between where they attempted to correct, but it would seem that  
12:56 11 if they have put in place measures to attempt to correct, they  
12:56 12 haven't taken.

12:56 13

12:57 14 Q. But it is the case, is it not, there have been a number of  
12:57 15 instances; what's been disclosed in this schedule are samples.  
12:57 16 Therefore, you can assume that is representative of the larger  
12:57 17 volume; do you agree?

12:57 18

12:57 19 A. I agree with that, yes.

12:57 20

12:57 21 Q. I've called it long-standing and chronic, and you've agreed  
12:57 22 with long-standing and not chronic ---

12:57 23

12:57 24 A. Yeah, the only reason I don't understand with chronic is  
12:57 25 because I need to understand the denominator, so I need to  
12:57 26 understand the volume of transactions that happened in the first  
12:57 27 place. So for example, every reporting entity I've ever worked at  
12:57 28 has had problems with IFTIs, particularly where there's manual  
12:57 29 interventions, and where you have ongoing corrections to IFTIs.  
12:57 30 In fact --- well, I don't want to compromise any other reporting  
12:57 31 entities, but I will say IFTIs, if they are manually managed, create  
12:57 32 challenges.

12:57 33

12:57 34 Q. They don't have to be manually managed, is that right?

12:58 35

12:58 36 A. Ideally, in a future --- and this is one of the things I'm  
12:58 37 working towards, we have PwC coming in to do the IFTI review,  
12:58 38 and my plan would be to automate and we are already under steps  
12:58 39 to automate the IFTI reporting for Sydney, as well as the TTR  
12:58 40 reporting, we are taking bulk reporting, which will be automated  
12:58 41 and happily remove some of the manual activity to reduce the  
12:58 42 risk of incorrect entries.

12:58 43

12:58 44 Q. Yes, I see. It is the case, you would agree with me, would  
12:58 45 you not, that Crown has been reporting IFTIs ever since the IFTI  
12:58 46 reporting requirement came into place?

12:58 47

- 12:58 1 A. Sure hope so.  
12:58 2
- 12:58 3 Q. I appreciate that you say lots of entities have had difficulty  
12:58 4 with IFTI reporting, but it is the case, is it not, that Crown has  
12:58 5 had a very significant part of its business involving international  
12:58 6 patrons?  
12:58 7
- 12:58 8 A. Yes, I agree to that. To my knowledge, yes.  
12:58 9
- 12:58 10 Q. It really should have the reporting right by now; do you  
12:58 11 disagree?  
12:58 12
- 12:58 13 A. I disagree simply because in my experience these issues are  
12:59 14 not necessarily quick fixes, and even when you fix them, there  
12:59 15 are subsequent instances where you will have process failure, and  
12:59 16 again it goes to the whole concept of manual versus automated.  
12:59 17 Where you have manual intervention, you invariably --- I think  
12:59 18 you saw in the notes that you just took me through, there were  
12:59 19 sample sizes, and it was a portion of that sample size that  
12:59 20 represented an issue. The remainder of the sample appears to be  
12:59 21 okay, so none of this surprises me.  
12:59 22
- 12:59 23 Q. Yeah, but is it unfair to say --- Crown has been doing this  
12:59 24 for over a decade and perhaps longer, and it has always had  
12:59 25 international patrons as a significant part of its business. So to  
12:59 26 say that it, in a sense, should be excused from non-compliances  
12:59 27 because it has a manual process ---  
12:59 28
- 12:59 29 A. Oh, no, I would never say that they should be excused from  
12:59 30 non-compliance. I definitely wouldn't say that. Non-compliance  
12:59 31 is non-compliance.  
12:59 32
- 12:59 33 Q. Yes, I said "excuse" because you are saying, are you not,  
13:00 34 that, look, everybody gets IFTI reporting ---  
13:00 35
- 13:00 36 A. No, please don't take what I said to represent that. I'm only  
13:00 37 trying to give you context for why there may be ongoing issues in  
13:00 38 the context of IFTIs.  
13:00 39
- 13:00 40 In my experience, and having worked at other institutions that  
13:00 41 have immense challenges with IFTIs, or have had in the past, they  
13:00 42 recur. And they recur wherever you have manual intervention.  
13:00 43
- 13:00 44 Q. Yes, but I guess I'm trying to perhaps draw an a distinction  
13:00 45 between an entity that is having trouble with IFTIs, because they  
13:00 46 only get a few --- the odd one, a couple a month, because  
13:00 47 predominantly they are domestic-based entities and I'm



13:00 1 contrasting that with Crown which has always had, as  
13:00 2 a significant part of its revenue model, international trade and,  
13:00 3 therefore, it reflects poorly on Crown that it hasn't fixed this  
13:01 4 long-standing problem ---  
13:01 5  
13:01 6 A. I don't know that it hasn't fixed it. I think in many instances  
13:01 7 they may have fixed it and then it failed again because they were  
13:01 8 reliant on manual processes. So I can't reach that conclusion.  
13:01 9 What I can reach is that non-compliance is non-compliance and it  
13:01 10 shouldn't happen and we shouldn't be happy with  
13:01 11 non-compliance. If we identify instances of non-compliance they  
13:01 12 need to be addressed and rectified. And, particularly for the  
13:01 13 benefit of AUSTRAC, they need this information to help build  
13:01 14 a profile. So it is very important to me that we address the issues  
13:01 15 and that is a big part of the reason that I will be focused on IFTIs  
13:01 16 through my change program.  
13:01 17  
13:01 18 Q. You just said you didn't know that it hasn't been fixed. But  
13:01 19 I think you do know that it hasn't been fixed, don't you?  
13:01 20  
13:01 21 A. What I do know is that I have a current issue. I don't know  
13:01 22 over the period of time whether or not they fixed it and then it fell  
13:01 23 apart again or they fixed it. That's what I don't know. I do know  
13:02 24 I have a current issue with IFTIs.  
13:02 25  
13:02 26 Q. So you are speculating, insofar as I've called it a long and  
13:02 27 chronic problem, you've said, well, their performance may have  
13:02 28 fluctuated?  
13:02 29  
13:02 30 A. Again, in my experience, when you identify an issue then  
13:02 31 you attempt to address that issue by putting appropriate controls  
13:02 32 or training in place. The materials that you've shown to me  
13:02 33 suggest that was the case, that they had thought they addressed  
13:02 34 them and then they recurred for one reason or another. I suspect  
13:02 35 the recurrence, again this is my suspicion, I don't know, but I  
13:02 36 suspect the recurrence relates to human intervention.  
13:02 37  
13:02 38 Q. Yes. I guess my point is, even if I were to assume you are  
13:02 39 right and say that every time there was a problem it fixed it, the  
13:02 40 mere fact that there was a problem again within a year or two,  
13:02 41 say, indicates that the fix wasn't a good enough fix.  
13:02 42  
13:03 43 A. I agree.  
13:03 44  
13:03 45 Q. Crown has engaged, has it not, PwC to do a significant  
13:03 46 piece of work that's involved in IFTI uplift assistance; is that  
13:03 47 right?

13:03 1  
13:03 2 A. Correct.  
13:03 3  
13:03 4 Q. PwC was engaged on that in approximately mid-June 2021;  
13:03 5 is that right?  
13:03 6  
13:03 7 A. Well, we've been talking about it since March but we are  
13:03 8 finally getting to the stage of putting in the statement of work.  
13:03 9 We are finalising that work. PwC did similar work for me at  
13:03 10 NAB.  
13:03 11  
13:03 12 Q. I see. You wouldn't be engaging PwC to assist with IFTI  
13:03 13 uplift if there wasn't a present issue?  
13:03 14  
13:03 15 A. Absolutely.  
13:03 16  
13:03 17 COMMISSIONER: Good time to break?  
13:03 18  
13:03 19 MS O'SULLIVAN: Yes, thank you, Commissioner.  
13:03 20  
13:03 21 COMMISSIONER: It looks like the normal close time of four is  
13:03 22 unlikely to be met. Unless I receive a wild rejection of the idea,  
13:04 23 and it depends as much on you, Mr Blackburn, as anybody else,  
13:04 24 more on you and less on them, I propose to sit through until  
13:04 25 Mr Blackburn's evidence is finished. Now, people might have to  
13:04 26 make late afternoon arrangements or something like that. Are  
13:04 27 you okay if we keep sitting?  
13:04 28  
13:04 29 A. Apologies to the rest of you, but absolutely, I would love to  
13:04 30 keep sitting.  
13:04 31  
13:04 32 COMMISSIONER: They can all go home as long as you stay.  
13:04 33 All right. We'll adjourn for 45 minutes.  
13:04 34  
13:04 35  
13:04 36 **ADJOURNED** **[1.04PM]**  
13:51 37  
13:51 38  
13:51 39 **RESUMED** **[1.51PM]**  
13:51 40  
13:51 41  
13:51 42 MS O'SULLIVAN: Thank you, Commissioner.  
13:51 43  
13:51 44 Mr Blackburn, I want to ask you a few questions about the Grant  
13:51 45 Thornton and Initialism reports into the Southbank and  
13:51 46 Riverbank transactions. Now, I appreciate that a lot of that or all  
13:51 47 of that really is before your time, but there remain issues coming

13:51 1 out of the Southbank and Riverbank transactions which still need  
13:51 2 to be addressed. Can I start by asking have you read the Grant  
13:51 3 Thornton and the Initialism reports into the Southbank and  
13:52 4 Riverbank transactions?  
13:52 5  
13:52 6 A. I have.  
13:52 7  
13:52 8 Q. Those reports identify indications of structuring, smurfing  
13:52 9 and cuckoo smurfing on Crown's Riverbank and Southbank  
13:52 10 accounts.  
13:52 11  
13:52 12 A. Correct.  
13:52 13  
13:52 14 Q. And it is the case, is it not, that the Grant Thornton reports,  
13:52 15 and in particular the appendices thereto are helpfully arranged by  
13:52 16 patron ID?  
13:52 17  
13:52 18 A. Yes.  
13:52 19  
13:52 20 Q. The Initialism analysis proceeded patron by patron,  
13:52 21 identifying the relevant patron IDs?  
13:52 22  
13:52 23 A. Yes.  
13:52 24  
13:52 25 Q. As at November 2020, Crown had, really, a useful list of  
13:52 26 patrons whose patterns of transactions with Crown were  
13:52 27 indicative of money laundering?  
13:52 28  
13:52 29 A. Yes.  
13:52 30  
13:52 31 Q. And it is the case, is it not, that Crown did not move  
13:52 32 immediately to review whether or not to continue to allow those  
13:52 33 patrons to gamble at the casino?  
13:52 34  
13:52 35 A. I'm not certain of the amount of time it took to address  
13:53 36 those.  
13:53 37  
13:53 38 Q. I see. Did you have the chance to look at any of the  
13:53 39 evidence which Katherine Shamaï from Grant Thornton gave to  
13:53 40 this Commission?  
13:53 41  
13:53 42 A. I didn't, no.  
13:53 43  
13:53 44 Q. For the benefit of others, this is from transcript page P-659,  
13:53 45 that Ms Shamaï gave evidence to the effect that she would expect  
13:53 46 --- immediately after evidence of structuring came to light, she  
13:53 47 would expect that an investigation would commence to determine

13:53 1 the root cause of the structuring and whether the patrons were  
13:53 2 an appropriate person that the casino should be dealing with. Do  
13:53 3 you agree with those views?  
13:53 4  
13:53 5 A. I do.  
13:53 6  
13:53 7 Q. Your answer to the earlier question suggested to me you  
13:53 8 weren't aware that didn't happen, but I will take you to documents  
13:54 9 in a moment, because instead Crown decided it would undertake  
13:54 10 a look back to determine whether or not it needed to submit  
13:54 11 a suspicious matter report to AUSTRAC in respect of any  
13:54 12 particular transactions, and only if it so decided to submit  
13:54 13 a suspicious matter report would it consider whether or not to  
13:54 14 cease dealing with the patron.  
13:54 15  
13:54 16 A. That I'm aware of.  
13:54 17  
13:54 18 Q. You are aware of that?  
13:54 19  
13:54 20 A. Yes, I'm aware of that, yes. Of the lookback.  
13:54 21  
13:54 22 Q. You were aware of the lookback?  
13:54 23  
13:54 24 A. Yes, I am.  
13:54 25  
13:54 26 Q. You were not aware of that it was the ---  
13:54 27  
13:54 28 A. What other activity --- (overspeaking) ---  
13:54 29  
13:54 30 Q. --- await the lookback before determining whether or not to  
13:54 31 look at whether or not Crown should still be dealing with these  
13:54 32 patrons?  
13:54 33  
13:54 34 A. Correct.  
13:54 35  
13:54 36 Q. We are going to go to VCG.0001.0002.2001, please,  
13:54 37 operator.  
13:54 38  
13:55 39 Tab 37 of your folder, Commissioner, the second folder.  
13:55 40  
13:55 41 Mr Blackburn, I don't expect you're familiar with this letter but  
13:55 42 this is a letter from Xavier Walsh, the CEO of Crown Melbourne,  
13:55 43 to the VCGLR dated 12 ---  
13:55 44  
13:55 45 A. 24 March 2021?  
13:55 46  
13:55 47 Q. You can see there the context is that the VCGLR wanted to

13:55 1 know whether Crown was looking at suitability of continuing to  
 13:55 2 deal with the patrons who were identified by the Grant Thornton  
 13:55 3 and Initialism reports, and if you need to --- can we bring up the  
 13:55 4 bottom of the letter, operator, because those are the reports  
 13:56 5 referred to in the footnote at 1. Sorry, on the first page.

13:56 6  
 13:56 7 You can see if we can scroll down to the bottom of the page so  
 13:56 8 Mr Blackburn can see footnote number 1.

13:56 9  
 13:56 10 A. Yes.

13:56 11  
 13:56 12 Q. You can see they are the reports being referred to.

13:56 13  
 13:56 14 A. Yes.

13:56 15  
 13:56 16 Q. The question being posed by the VCGLR is, have you  
 13:56 17 considered whether it is suitable, for the patrons identified in the  
 13:56 18 Grant Thornton and Initialism reports, whether they are suitable  
 13:56 19 to be considered customers of the casino. You can see the answer  
 13:56 20 is provided by Crown. If we go over to the next page, please,  
 13:56 21 operator, that answer is essentially, I'll read it for you:

13:56 22  
 13:56 23 *The process that Crown is undertaking to address the*  
 13:56 24 *observations in the Reports is a historical look (of*  
 13:56 25 *transactions in the Southbank and Riverbank bank*  
 13:57 26 *accounts between July 2013 and December 2019 (the*  
 13:57 27 *Lookback). The lookback is ongoing and involves*  
 13:57 28 *a historical transaction analysis to determine whether any*  
 13:57 29 *retroactive reporting to AUSTRAC is required and any*  
 13:57 30 *other necessary steps are to be taken in accordance with*  
 13:57 31 *the AML/CTF Act, AML/CTF rules, and Crown's*  
 13:57 32 *AML/CTF program. To the extent that suspicious matters*  
 13:57 33 *are identified in the course of the Lookback, enhanced*  
 13:57 34 *customer due diligence will be undertaken (which*  
 13:57 35 *includes a requirement to consider whether to continue to*  
 13:57 36 *have a business relationship with the patron).*

13:57 37  
 13:57 38 Now, I might characterise that is we'll get to it after this long,  
 13:57 39 potentially bureaucratic process and we might look at whether or  
 13:57 40 not these customers, whether we should continue to be doing  
 13:57 41 business with them but only in respect of a subset?

13:57 42  
 13:57 43 A. How I would read it, and based on the lookback that we are  
 13:58 44 conducting, it is to adequately assess whether or not the  
 13:58 45 customers in particular were the problem. As you will recall,  
 13:58 46 Ms O'Sullivan, many of the transactions identified through Grant  
 13:58 47 Thornton and through Initialism were third-party transactions. It

13:58 1 may be that the customers behind those transactions were  
13:58 2 unaware.

13:58 3

13:58 4 Q. Yes.

13:58 5

13:58 6 A. The concept of structuring is a very common thing for  
13:58 7 remitters, and in many of these cases it was remitters that were  
13:58 8 structuring the transactions.

13:58 9

13:58 10 Q. Yes, and that is precisely the point a number of witnesses,  
13:58 11 I don't know whether it was --- at least one witness has made.  
13:58 12 Ms Shamai was --- her evidence was that you needed to have a  
13:58 13 look at all of them to figure out whether they were --- if there  
13:58 14 was --- sorry, this might have been Mr Jeans' evidence, if there  
13:58 15 was some question about whether or not they were involved or  
13:58 16 whether their account was used by others you needed to have a  
13:58 17 look ---

13:58 18

13:58 19 A. Absolutely. That's the lookback.

13:58 20

13:58 21 Q. So this process that is described here, this letter was sent  
13:59 22 after you started at Crown --

13:59 23

13:59 24 A. Yes.

13:59 25

13:59 26 Q. --- but can I ask, were you consulted by Mr Walsh before  
13:59 27 he sent this letter?

13:59 28

13:59 29 A. I was.

13:59 30

13:59 31 Q. Were you happy with the process described here?

13:59 32

13:59 33 A. I was, yes. I am, rather.

13:59 34

13:59 35 Q. Is it not the case that there has been a change of heart into  
13:59 36 how this would be dealt with?

13:59 37

13:59 38 A. Mr Xavier had a change of heart ---

13:59 39

13:59 40 Q. Yes.

13:59 41

13:59 42 A. --- in that he suggested, upon pressure from the VCGLR,  
13:59 43 that the review be conducted under the Significant Player Review  
13:59 44 Policy.

13:59 45

13:59 46 Q. Yes.

13:59 47

13:59 1 A. I would not have suggested that. I have no concerns with it  
13:59 2 being put through the Significant Player Policy, but as you are  
13:59 3 probably aware, the Significant Player Review Policy is aimed at  
13:59 4 customers that have had significant material transactions over  
13:59 5 certain threshold amounts over a period of time. In order to  
13:59 6 further scrutinise those customers, it is not a process related to  
13:59 7 structuring or smurfing or an investigative activity that would  
13:59 8 otherwise occur in the AML/CTF concept.

14:00 9

14:00 10 Q. Yes.

14:00 11

14:00 12 A. Unfortunately, I think it is a misplaced effort because  
14:00 13 I think what we should be doing is continuing with the effective  
14:00 14 lookback to understand the nature of the transactions and in  
14:00 15 particular understand whether or not our customers, the ultimate  
14:00 16 patrons, were even aware of these transactions.

14:00 17

14:00 18 Q. Yes, whether or not they were involved ---

14:00 19

14:00 20 A. Correct.

14:00 21

14:00 22 Q. --- or whether or not their accounts were used by others.

14:00 23

14:00 24 A. On their behalf, used by others on their behalf. So in that  
14:00 25 context it is more often than not that these individuals are  
14:00 26 overseas and they will employ a foreign currency exchanger or  
14:00 27 remitter to conduct the transaction on their behalf.

14:00 28

14:00 29 Q. What I'm interested in knowing is this, when I read the  
14:00 30 letter, the 24 March 2021 letter from Xavier Walsh to VCGLR ---

14:00 31

14:00 32 A. Yes.

14:00 33

14:00 34 Q. --- I get this impression that not all the customers identified  
14:00 35 by Grant Thornton and Initialism will be reviewed. Instead, what  
14:01 36 will happen is Crown will undergo a lookback, after it has done  
14:01 37 the lookback, it will determine whether or not any SMRs need to  
14:01 38 be reported, and if they are reported, only that subset of patrons  
14:01 39 will be the subject of enhanced customer due diligence and,  
14:01 40 therefore, a review as to whether or not they should continue to  
14:01 41 be patrons of the casino. I'm concerned that it should be the case  
14:01 42 that every one of the patrons on whose accounts Grant Thornton  
14:01 43 and Initialism identified indications of money laundering ---

14:01 44

14:01 45 A. Yes.

14:01 46

14:01 47 Q. --- concerned to know whether or not every single one of

14:01 1 those patrons will be the subject of enhanced customer due  
14:01 2 diligence and reviewed as to whether or not Crown should be  
14:01 3 providing services to them.

14:01 4  
14:01 5 A. Yes, that is accurate and that is what is happening. All  
14:02 6 customers that were subject to the Grant Thornton and  
14:02 7 Initialism --- that were identified through the Grant Thornton and  
14:02 8 Initialism review, their risk rating has been increased so that they  
14:02 9 are subject to additional scrutiny. In many cases that additional  
14:02 10 scrutiny involves an enhanced due diligence process that requires  
14:02 11 a source of funds or source of wealth, depending on the nature of  
14:02 12 the transaction.

14:02 13  
14:02 14 Q. I see. So in respect of everyone patron identified in the  
14:02 15 Grant Thornton and Initialism reports they've now been given  
14:02 16 a higher risk rating?

14:02 17  
14:02 18 A. Correct.

14:02 19  
14:02 20 Q. Some of them might be the subject of enhanced customer  
14:02 21 due diligence ---

14:02 22  
14:02 23 A. They are all ---

14:02 24  
14:02 25 Q. I want to know whether Crown has or is proposing to  
14:02 26 review whether or not to continue to provide services to those  
14:02 27 patrons.

14:02 28  
14:02 29 A. Absolutely. That's the whole point of the lookback.

14:02 30  
14:02 31 Q. Right.

14:02 32  
14:02 33 A. The point of the lookback is to identify transactions  
14:02 34 necessarily linked to those patrons, to understand what the  
14:02 35 patrons knew about the transactions or do our best to find out  
14:02 36 what they knew about those patrons, and then to act on that. As  
14:03 37 you will appreciate, in the AML/CTF Rules and --- the Act and  
14:03 38 the Rules, you are required to report what constitutes suspicious  
14:03 39 transactions, not what constitutes unusual transactions. So the  
14:03 40 initial investigation needs to consider whether or not it is unusual  
14:03 41 based on what we know about that customer, based on what we  
14:03 42 know about the practice. Structuring in and of itself is not  
14:03 43 necessarily unusual, it depends on the nature of the transaction,  
14:03 44 the consistency of the transaction, the recurrence of the  
14:03 45 transaction, et cetera.

14:03 46  
14:03 47 Q. So, insofar as the lookback is going to involve a review as



14:03 1 to whether or not the casino should continue to deal with these  
14:03 2 customers, where is that process up to? Is it just started, is it  
14:03 3 halfway through, is it almost well complete?

14:03 4  
14:03 5 A. It is well-progressed. As I recall, I don't have the exact  
14:03 6 number, I would have to come back to you on that, but I recall  
14:04 7 there have been a significant number, well in excess of 100, that  
14:04 8 have been reviewed to date, and the review process continues.  
14:04 9 However, we have submitted SMRs in respect of some of those  
14:04 10 customers, and then proceeded to WOL, which is withdrawal of  
14:04 11 licence, in respect of those customers.

14:04 12  
14:04 13 Q. Of the 100 that have been reviewed to date ---

14:04 14  
14:04 15 A. In excess of 100, I just don't know the number off the top of  
14:04 16 my head. Apologies.

14:04 17  
14:04 18 Q. Do you know how many WOLs have been issued?

14:04 19  
14:04 20 A. Not off the top of my head.

14:04 21  
14:04 22 Q. Do you have an idea whether it is a small, mid or large  
14:04 23 number?

14:04 24  
14:04 25 A. I believe it is probably a small number in that most of the  
14:04 26 transactions we've scrutinised appear to have been conducted by  
14:04 27 third parties, by remitters, unbeknownst to the customers behind  
14:04 28 those transactions.

14:04 29  
14:04 30 Q. I see. And insofar as it is a small number, is it between one  
14:04 31 and ten?

14:04 32  
14:04 33 A. I honestly could not tell you.

14:04 34  
14:05 35 Q. I want to ask you some questions in respect of the Deloitte  
14:05 36 phase 2 work.

14:05 37  
14:05 38 A. Yes.

14:05 39  
14:05 40 Q. Obviously Deloitte phase 2 work has now been augmented  
14:05 41 to include the hotel card transactions. But I want to forget about  
14:05 42 that augmentation for now and look at the original scope of the  
14:05 43 Deloitte phase 2 work, which I understand is ongoing. It is right,  
14:05 44 is it not, that in a nutshell the Deloitte phase 2 work involves  
14:05 45 looking for indications of money laundering on Crown's patron  
14:05 46 bank accounts?

14:05 47

14:05 1 A. Correct.  
14:05 2  
14:05 3 Q. That includes a combination of patron accounts closed but  
14:05 4 also current patron accounts; is that right?  
14:05 5  
14:05 6 A. That's correct.  
14:05 7  
14:05 8 Q. Deloitte are crunching seven years' worth of data; is that  
14:05 9 right?  
14:05 10  
14:05 11 A. Correct.  
14:05 12  
14:05 13 Q. The end date for the data input was February 2022. Is that  
14:06 14 right?  
14:06 15  
14:06 16 A. That's right, we've extended it to April.  
14:06 17  
14:06 18 Q. Yes, and as a part of the augmentation of Deloitte phase 2  
14:06 19 by way of the hotel card transaction practice, that has now been  
14:06 20 extended to April, is that right?  
14:06 21  
14:06 22 A. No, it was always the intent to extend it to April prior to the  
14:06 23 China UnionPay, or the hotel card transactions based on the  
14:06 24 availability of data, and based on the amount of time it is actually  
14:06 25 taking Deloitte to actually conduct the review, we felt that we  
14:06 26 could add additional time for them to review.  
14:06 27  
14:06 28 Q. I see. All right. So when Deloitte report, they will have, as  
14:06 29 best as they can, the most --- they will have used the most  
14:06 30 up-to-date bank transaction data available to them?  
14:06 31  
14:06 32 A. Yes.  
14:06 33  
14:06 34 Q. And so knowing that, do you think it is accurate to describe  
14:07 35 that work as focused on identifying historical instances of  
14:07 36 potential money laundering?  
14:07 37  
14:07 38 A. Yes.  
14:07 39  
14:07 40 Q. Would you say, though, historical and current?  
14:07 41  
14:07 42 A. Yes, yes, well, up until April. So, yes.  
14:07 43  
14:07 44 Q. In terms of Deloitte looking at the patron accounts, a term  
14:07 45 of art?  
14:07 46  
14:07 47 A. No. Deloitte did a review of all accounts to determine

14:07 1 which ones constituted patron accounts. Patron accounts are ones  
14:07 2 where customers can deposit or withdraw from. They are the  
14:07 3 bank accounts.

14:07 4

14:07 5 Q. Yes.

14:07 6

14:07 7 A. Crown-owned bank accounts.

14:07 8

14:07 9 Q. We will come to that. Deloitte essentially tried to find out  
14:07 10 the entire universe of Crown bank accounts; is that right?

14:07 11

14:07 12 A. Correct.

14:07 13

14:07 14 Q. Once it had a handle on the entire universe of Crown bank  
14:08 15 accounts, it roughly divided them into two groups: one is a group  
14:08 16 of accounts on which patrons can transact by depositing money in  
14:08 17 advance of them coming to play ---

14:08 18

14:08 19 A. (Nods head).

14:08 20

14:08 21 Q. --- and a second group is what Deloitte call corporate  
14:08 22 accounts, accounts that ---

14:08 23

14:08 24 A. Yes, payroll, operations ---

14:08 25

14:08 26 Q. --- which Crown use to go about their business and that  
14:08 27 patrons can't transact on.

14:08 28

14:08 29 A. Correct.

14:08 30

14:08 31 Q. It is the case, is it not, that in respect of the first grouping of  
14:08 32 patron accounts, so Crown bank accounts on which patrons can  
14:08 33 deposit money, there were quite a lot of them?

14:08 34

14:08 35 A. Yes, there are a number, 23 I believe it is. It may be 28. I  
14:08 36 don't believe the exact number.

14:08 37

14:08 38 Q. Within that, there were accounts in both Australian dollars  
14:08 39 and foreign currencies?

14:08 40

14:08 41 A. Correct.

14:08 42

14:08 43 Q. Can you tell me, why does Crown need patron accounts in  
14:08 44 other currencies if patrons can only gamble in Australian dollars?

14:08 45

14:09 46 A. I don't know. I haven't asked the question.

14:09 47

- 14:09 1 Q. I asked some of these questions to Ms Dobbin of Deloitte.  
14:09 2  
14:09 3 A. Yes.  
14:09 4  
14:09 5 Q. In particular, I asked about the sheer number of patron  
14:09 6 accounts and she agreed, and this is transcript P-919, she agreed  
14:09 7 that the ease of monitoring for money laundering is greatly  
14:09 8 enhanced by having a single account. Do you agree with that?  
14:09 9  
14:09 10 A. Yes.  
14:09 11  
14:09 12 Q. She also agreed that there is a greater risk of failure for  
14:09 13 money laundering if there are multiple accounts?  
14:09 14  
14:09 15 A. Precisely why we are rationalising our accounts.  
14:09 16  
14:09 17 Q. That was going to be my next question.  
14:09 18  
14:09 19 A. Yes.  
14:09 20  
14:09 21 Q. The next question was going to be why shouldn't the  
14:09 22 Commission recommend that Crown be limited to a single patron  
14:10 23 account for each of its Melbourne, Sydney and Perth Casinos?  
14:10 24  
14:10 25 A. I wouldn't oppose that recommendation.  
14:10 26  
14:10 27 Q. Insofar as Deloitte looked at the entire universe of bank  
14:10 28 accounts and divided them into two groups, it is doing --- it is  
14:10 29 looking for indications of money laundering on the patron  
14:10 30 accounts.  
14:10 31  
14:10 32 A. Correct.  
14:10 33  
14:10 34 Q. Would you agree?  
14:10 35  
14:10 36 A. Correct.  
14:10 37  
14:10 38 Q. I think it is occasionally delving into the corporate accounts  
14:10 39 but the searching for patterns of transactions which indicate  
14:10 40 money laundering, that search is being done across the patron  
14:10 41 accounts and not the corporate accounts; you agree?  
14:10 42  
14:10 43 A. That is correct, though there is a reference to the corporate  
14:10 44 accounts to the extent there are transactional activities between  
14:10 45 the patron account and corporate accounts.  
14:10 46  
14:10 47 Q. I see. In respect of the hotel card practice, and you might

14:10 1 not know the answer to this, but is it the case that the money that  
14:10 2 was transacted by the hotel card practice, so that \$160 million,  
14:11 3 that money was deposited into a corporate account, not into  
14:11 4 a patron account?

14:11 5  
14:11 6 A. I don't know the answer to that.

14:11 7  
14:11 8 Q. Okay. Can we bring up this document,  
14:11 9 CRW.998.001.0497. You can see there that is a statement of ---

14:11 10  
14:11 11 A. I should clarify, Ms O'Sullivan, and apologies, the Deloitte  
14:11 12 review of the hotel card transactions is looking at hotel accounts.  
14:11 13 So it is not looking at patron accounts.

14:11 14

14:11 15 Q. Yes.

14:11 16

14:11 17 A. Correct.

14:11 18

14:11 19 Q. I would expect that.

14:11 20

14:11 21 A. I just wanted to clarify because I wasn't clear from your  
14:11 22 question.

14:11 23

14:11 24 Q. There are three buckets of accounts ---

14:11 25

14:11 26 A. Yes.

14:11 27

14:11 28 Q. --- there's the patron accounts, which they are looking at,  
14:12 29 there is the Crown Towers hotel accounts that they are looking  
14:12 30 at ---

14:12 31

14:12 32 A. Correct.

14:12 33

14:12 34 Q. --- and the remaining corporate accounts which aren't being  
14:12 35 looked except insofar as Deloitte might seek to trace through  
14:12 36 a transaction ---

14:12 37

14:12 38 A. Precisely.

14:12 39

14:12 40 Q. --- which might, somehow the tracking process involved a  
14:12 41 transaction with a corporate account?

14:12 42

14:12 43 A. Correct.

14:12 44

14:12 45 Q. What you are looking at, Mr Blackburn, is a witness  
14:12 46 statement by Katrina Murray who is the finance manager at  
14:12 47 hotels, and that is a statement dated 25 June 2021. It was

14:12 1 a statement provided in response to the Commission making  
14:12 2 a request for a statement, and in broad terms the Commission  
14:12 3 asked about the hotel card practice and how it was addressed  
14:12 4 from an accounting perspective and how the transactions were  
14:12 5 recorded. So this statement, it is a short statement but it basically  
14:12 6 addresses that question. Operator, can we turn to paragraph 18.  
14:13 7 There you can see, Mr Blackburn, is there Ms Murray is saying:

14:13 8

14:13 9 *The end result was that the physical funds from the hotel*  
14:13 10 *card transaction resided in the Crown MLB [which I*  
14:13 11 *presume is Melbourne] Towers Bank account and*  
14:13 12 *balance sheet .....*

14:13 13

14:13 14 So, I am assuming from that that the physical money that was  
14:13 15 received by Crown, pursuant to the hotel card practice, was  
14:13 16 received into the Crown Towers bank account; is that also your  
14:13 17 understanding?

14:13 18

14:13 19 A. From reading this, it is, but I have not made inquiries.

20

21 Q. You can't independently verify it.

22

23 A. No, I can't, no.

24

14:13 25 Q. But let's assume it is right, that all the money that was  
14:13 26 conducted on the CUP cards and the other types of cards that  
14:13 27 were transacted by that hotel card practice, let's assume it to be  
14:14 28 the case that all of that money went into the Crown Towers bank  
14:14 29 account.

14:14 30

14:14 31 Then if we can return to paragraph 21, please, operator, you can  
14:14 32 see there Ms Murray is saying:

14:14 33

14:14 34 *Periodically Corporate Finance sweep funds from the*  
14:14 35 *Crown MLB Towers bank account into the corporate*  
14:14 36 *head office bank account.*

14:14 37

14:14 38 A. Yes.

14:14 39

14:14 40 Q. My question is this: doesn't the whole CUP hotel card  
14:14 41 episode suggest that Crown's corporate accounts, all of them, that  
14:14 42 is, not just the Crown Towers one, but the Crown's corporate  
14:14 43 accounts, need the same scrutiny as the patron accounts?

14:14 44

14:14 45 A. I wouldn't reach that conclusion. I think so long as the  
14:14 46 analysis includes transactional activity between and amongst the  
14:14 47 accounts, then I think we should be okay. At least from a money

14:14 1 laundering and terrorist financing perspective, and frankly  
14:14 2 a compliance perspective, I would expect that you would need to  
14:15 3 have evidence of customers transacting in the accounts or  
14:15 4 somehow their transactions finding their way into the corporate  
14:15 5 accounts for it to be scrutinised in that manner.

14:15 6  
14:15 7 Q. I guess my question is, how do you know that's not  
14:15 8 happening?

14:15 9  
14:15 10 A. I think that will be part of the investigation. I a --- well, I  
14:15 11 don't assume, I expect that Deloitte, when delivering their advice  
14:15 12 in respect of the China UnionPay or hotel card transactions  
14:15 13 account review, will identify potentially instances of that nature,  
14:15 14 at which point I think it would behove us to consider further.

14:15 15  
14:15 16 Q. I see. I might have misunderstood what it was that Deloitte  
14:15 17 was doing in regards to the hotel card practice. My  
14:15 18 understanding is they were only looking at the transactions on the  
14:15 19 Hotel Towers bank account.

14:15 20  
14:15 21 A. Yes, but to your earlier point, if there is a reference of  
14:16 22 a transaction involving the hotel bank account and some sort of  
14:16 23 operational account, then they would review that --- as part of  
14:16 24 their review they would identify those transactions, just as they  
14:16 25 would with the AML/CTF review for the other patron accounts.

14:16 26  
14:16 27 Q. Yes, I don't doubt there will be tracing through of  
14:16 28 transactions that might involve going through different accounts,  
14:16 29 I guess my question is this: we know there are indications of  
14:16 30 money laundering on the patron accounts, and Crown engaged  
14:16 31 Deloitte as a condition, really, of trying to get their Sydney  
14:16 32 licence to have a look at the patron accounts. The corporate  
14:16 33 accounts are not being subject to the same scrutiny,  
14:16 34 notwithstanding that they will occasionally be looked at because  
14:16 35 transactions will be traced into or out or through them. My  
14:17 36 question is, doesn't the existence of this CUP practice, which was  
14:17 37 transacted on a corporate account mean that you need to have  
14:17 38 a look, not just at individual transactions on corporate accounts  
14:17 39 which are traced through, but have a look at the corporate  
14:17 40 accounts generally to see whether there is something else that we  
14:17 41 don't know about? Are there indications of money laundering on  
14:17 42 the corporate accounts?

14:17 43  
14:17 44 A. That wouldn't be something I would prioritise from a risk  
14:17 45 perspective. It doesn't mean we won't do it, but I wouldn't  
14:17 46 prioritise it based on the risk and the assessment of the risk, and  
14:17 47 where the risk resides. I wouldn't prioritise that.

14:17 1

14:17 2 Q. So in terms of priority, we know that the DAB accounts are  
14:17 3 not being looked at by Deloitte?

14:17 4

14:17 5 A. Yes, and I wouldn't characterise DAB accounts as  
14:17 6 something requiring that level of scrutiny. The ability to money  
14:17 7 launder through DAB accounts is extremely minimal. Also, if  
14:17 8 you consider DAB accounts, there are controls at the entry, the  
14:17 9 exit and the currency. So there are many controls around DAB  
14:18 10 accounts that would necessarily identify improper behaviour.  
14:18 11 That, in addition to that, we are implementing new transactional  
14:18 12 monitoring rules on the DAB accounts that will potentially  
14:18 13 identify instances of what we call parking.

14:18 14

14:18 15 Q. I was about to ask that ---

14:18 16

14:18 17 A. Yes.

14:18 18

14:18 19 Q. --- because I was going to put to you that it's not the case  
14:18 20 the DAB accounts are somehow more immune to money  
14:18 21 laundering because the DAB accounts are ---

14:18 22

14:18 23 A. Oh, I think they are.

14:18 24

14:18 25 Q. --- very much in view or very much able to be used to park  
14:18 26 money and put distance between ---

14:18 27

14:18 28 A. Yeah, parking money is one typology. So I would say that  
14:18 29 is very different --- so first of all, parking money in some  
14:18 30 instances may represent unusual activity, potentially amounting  
14:18 31 to suspicious activity, but it is certainly not definitive. Parking  
14:18 32 money is fairly common for customers who live overseas or  
14:18 33 customers that visit Melbourne on occasion, they want to park  
14:18 34 their money so that when they come back they can use that  
14:19 35 money. It is not necessarily indicative of money laundering. It  
14:19 36 could be in the context of a safe place to park your funds, and so  
14:19 37 that's why we are imposing rules on parking in the DAB  
14:19 38 accounts.

14:19 39

14:19 40 But otherwise, if you think about it this way, DAB accounts are  
14:19 41 unlike bank accounts. DAB accounts are really a general ledger.  
14:19 42 Bank accounts, of course, you can access through multiple means  
14:19 43 and measures, the money goes into the multiple bank accounts,  
14:19 44 and in most cases, the money in the DAB accounts has in many  
14:19 45 cases come through the bank accounts with the requisite controls  
14:19 46 on those bank accounts and the requisite ID requirements on  
14:19 47 those bank accounts. The other way to get money into the DAB



14:19 1 accounts is through the cage, and of course we've applied  
14:19 2 a number of controls around cash deposits at the cage, withdrawal  
14:19 3 amounts and also require KYC in respect of the customer that is  
14:19 4 using the DAB account.  
14:19 5  
14:19 6 Q. Yes. And it is the case, is it not, that you have moved quite  
14:19 7 recently to try and address the issue of parked money in the DAB  
14:20 8 accounts?  
14:20 9  
14:20 10 A. I don't know of recently, but it is something I would have  
14:20 11 considered, and I would consider as a suite of controls that we are  
14:20 12 putting in place across our money laundering program.  
14:20 13  
14:20 14 Q. Is it not the case --- I might have misread it, but is it not the  
14:20 15 case in your current program that you are going to put some  
14:20 16 limits on how long monies can remain in the DAB account?  
14:20 17  
14:20 18 A. We are, indeed. As part of our transactional rollout. So  
14:20 19 you will appreciate we started our --- automated transaction  
14:20 20 monitoring rollout in early April, we've moved fairly quickly  
14:20 21 actually to implement new rules, a number of new rules. We  
14:20 22 have a suite of rules that are yet to come online. That suite of  
14:20 23 rules also included parking as a component of that, as a potential  
14:20 24 typology of money laundering that we would like to address.  
14:20 25  
14:20 26 Q. Yes. My question is, why is it that Crown is only moving  
14:20 27 to do this now, given that parking is a typology, as you've said,  
14:21 28 and that typology has been available to patrons since the very first  
14:21 29 moment that Crown opened DAB accounts for patrons? Why is  
14:21 30 Crown only moving to do that now?  
14:21 31  
14:21 32 A. Because I'm here.  
14:21 33  
14:21 34 Q. To your knowledge, is it the case that Crown patrons can  
14:21 35 have multiple DAB accounts in different names?  
14:21 36  
14:21 37 A. Yes, I think that is possible.  
14:21 38  
14:21 39 Q. Thank you. Just a couple of questions you --- about some  
14:21 40 of the matters you've raised in your witness statement. I note that  
14:21 41 in your third witness statement you make a point about speaking  
14:21 42 about transparency and collaboration.  
14:21 43  
14:21 44 A. Yes.  
14:21 45  
14:21 46 Q. I note that you have said that you are essentially --- in the  
14:21 47 interests of transparency, you have shared copies of a number of

14:21 1 reports to relevant entities, and that includes AUSTRAC, and  
14:21 2 different state gaming regulators.  
14:21 3  
14:21 4 A. Correct.  
14:21 5  
14:22 6 Q. The Commission asked for copies of what had been shared.  
14:22 7  
14:22 8 A. Shared, yes.  
14:22 9  
14:22 10 Q. And we did notice that the Promontory's first report, the  
14:22 11 Promontory phase 1 report hadn't been sent to AUSTRAC. We  
14:22 12 wanted to ask you whether that was intentionally not sent to  
14:22 13 AUSTRAC, whether it was an oversight, or whether in fact we  
14:22 14 might have the wrong information and that in fact you did send  
14:22 15 the Promontory first report to AUSTRAC.  
14:22 16  
14:22 17 A. I believe I sent it. I will have to come back to you on that,  
14:22 18 but I believe I sent it. If I didn't, then it wouldn't have been  
14:22 19 an oversight, but I very much believe I sent it. I am very  
14:22 20 proactive about providing AUSTRAC with virtually everything.  
14:22 21 It is important they know.  
14:22 22  
14:22 23 Q. If you could check up on that and let us know.  
14:22 24  
14:22 25 A. Happy to.  
14:22 26  
14:22 27 Q. Thank you. All right.  
14:22 28  
14:22 29 You have been quite candid in your assessment as to Crown's  
14:23 30 state of maturity in managing financial crime and in your first ---  
14:23 31 sorry, in your second witness statement you have said that you've  
14:23 32 assessed Crown's state of maturity as being at an early state of  
14:23 33 maturity.  
14:23 34  
14:23 35 A. Yes.  
14:23 36  
14:23 37 Q. I wanted to ask you about that. You would hope, would  
14:23 38 you not, that a company that has been running multiple casinos  
14:23 39 for the number of years that Crown has would be at a more  
14:23 40 advanced state than being at an early state of maturity?  
14:23 41  
14:23 42 A. Yes, I agree.  
14:23 43  
14:23 44 Q. I just want to put to you that the phrase "early state of  
14:23 45 maturity" doesn't accurately describe Crown because Crown is  
14:23 46 not just immature but delinquent when it comes to anti-money  
14:23 47 laundering; do you agree?

14:23 1

14:23 2 A. No.

14:23 3

14:23 4 Q. I just want to put to you that Crown has a track record of  
14:23 5 AML breaches and chronic underperformance in detecting,  
14:23 6 deterring and disrupting financial crime and that accordingly,  
14:24 7 assessing it as having an early state of maturity is not the full  
14:24 8 picture. Do you agree?

14:24 9

14:24 10 A. No.

14:24 11

14:24 12 Q. I am going to put to you a list of things that we know about  
14:24 13 Crown.

14:24 14

14:24 15 A. I think you may be misinterpreting the purpose of the report  
14:24 16 that I provided as well, which was aimed at identifying the  
14:24 17 maturity of the program, not necessarily whether or not there  
14:24 18 were past delinquencies. I think we can all agree that there are  
14:24 19 past delinquencies, I would consider that to be the case.  
14:24 20 However, the report I put together, as well as the financial crime  
14:24 21 change program and --- the financial requirement change  
14:24 22 program is aimed at looking at a current state and assessing what  
14:24 23 needs to be done to further enhance the program.

14:24 24

14:24 25 Q. I see. I follow.

14:24 26

14:24 27 Commissioner, I propose to ask Mr Blackburn a couple of  
14:24 28 questions which will be specifically about Crown's current state  
14:24 29 of maturity and current practices. This will touch on some of the  
14:25 30 matters in the Promontory report which are the subject of  
14:25 31 a non-publication order and there is, I think, a real risk of  
14:25 32 exploitation in respect of some of the questions and answers that  
14:25 33 might be given by Mr Blackburn. So I am proposing that we are,  
14:25 34 only for a short period, go into closed hearing so I can discuss.

14:25 35

14:25 36 COMMISSIONER: No difficulty with the parties present?

14:25 37

14:25 38 MS O'SULLIVAN: Yes, that's right, because, as I understand it,  
14:25 39 when these matters were essentially covered with the previous  
14:25 40 witnesses, which included Mr Carmichael and also Ms Deloitte  
14:25 41 [sic], when we've gone into private sessions, all the parties with  
14:25 42 leave to appear remained in the room. That's my recollection.

14:25 43

14:25 44 COMMISSIONER: That's what I thought too. Let me find  
14:25 45 out --- can we do it straight away? Just yell out when it's ready.

14:25 46

14:26 47 Done.

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14:56 1       **RESUMED** **[2.56PM]**  
14:56 2  
14:56 3  
14:56 4       **COMMISSIONER:** Thank you. Sorry, we'll break a few things  
14:57 5       as we go.  
14:57 6  
14:57 7  
14:57 8       **EXAMINATION BY MR KOZMINSKY**  
14:57 9  
14:57 10  
14:57 11       **MR KOZMINSKY:** Good afternoon, Mr Blackburn.  
14:57 12  
14:57 13       A. Afternoon.  
14:57 14  
14:57 15       Q. I will ask you a few questions about the Responsible  
14:57 16       Service of Gambling. If you don't understand anything I've  
14:57 17       asked, shout out, I will try to clarify.  
14:57 18  
14:57 19       A. Thank you.  
14:57 20  
14:57 21       Q. It is a long day. If you need five minutes, shout out.  
14:57 22  
14:57 23       A. All good. Thank you, though.  
14:57 24  
14:57 25       Q. Am I right that prior to your employment with Crown you  
14:57 26       have never worked at a casino?  
14:57 27  
14:57 28       A. Correct.  
14:57 29  
14:57 30       Q. Am I right that prior to your employment with Crown, you  
14:57 31       have had no training in the Responsible Service of Gambling?  
14:57 32  
14:57 33       A. That's correct.  
14:57 34  
14:57 35       Q. Am I right that prior to your employment with Crown, you  
14:57 36       had no experience in the Responsible Service of Gambling?  
14:57 37  
14:57 38       A. That's correct.  
14:57 39  
14:57 40       Q. I think you were taken earlier on to your employment  
14:57 41       agreement and to schedule 2 which listed all your duties. I can  
14:58 42       take you back, but I will ask you a question.  
14:58 43  
14:58 44       A. I'll be okay.  
14:58 45  
14:58 46       Q. You agree with me it doesn't make reference to the  
14:58 47       Responsible Service of Gambling in your duties?



14:58 1  
14:58 2 A. I do.  
14:58 3  
14:58 4 Q. You've given evidence you started at Crown on 24 February  
14:58 5 this year; is that right?  
14:58 6  
14:58 7 A. Correct.  
14:58 8  
14:58 9 Q. After you started work, your position description was  
14:58 10 drafted?  
14:58 11  
14:58 12 A. Correct. Correct, yes.  
14:58 13  
14:58 14 Q. Again I can take you to the document, but I think you know  
14:58 15 the answer. In your position description there is extensive  
14:58 16 reference to the Responsible Service of Gambling?  
14:58 17  
14:58 18 A. Correct.  
14:58 19  
14:58 20 Q. So in contrast to other areas of your responsibility, so in  
14:58 21 contrast to financial crime compliance; do you agree with me?  
14:58 22  
14:58 23 A. Correct. I should just mention though, the executive  
14:59 24 contract that I executed at that time, the Responsible Gaming  
14:59 25 group did not form part of the function of compliance, when I  
14:59 26 joined. It had been moved in mid-December, I believe,  
14:59 27 mid-December of 2020, Responsible Gaming had been pointed  
14:59 28 into Michelle Fielding, the EGM of compliance and, therefore,  
14:59 29 upon my arrival I learnt of Responsible Gaming being part of my  
14:59 30 purview.  
14:59 31  
14:59 32 Q. I understand, I was actually going to ask you about that  
14:59 33 because all the documents suggested that Sonja Bauer reported  
14:59 34 into legal and I couldn't find when it changed. You say it  
14:59 35 changed in December?  
14:59 36  
14:59 37 A. I understand it changed in December 2020.  
14:59 38  
14:59 39 Q. In any event, that's neither here nor there. You weren't  
14:59 40 employed because of any experience or expertise in Responsible  
14:59 41 Service of Gaming?  
14:59 42  
14:59 43 A. Certainly not.  
14:59 44  
14:59 45 Q. I want to ask you this: do you agree that the expansion of  
14:59 46 your duties to include the Responsible Service of Gambling was  
15:00 47 a result of this Commission?

15:00 1  
15:00 2 A. I have no idea. All I know is that when I started, it was ---  
15:00 3 it was made clear to me on my first day that compliance included  
15:00 4 the Responsible Gaming division. And I responded very well to  
15:00 5 that.  
15:00 6  
15:00 7 Q. Do you know that the first public hearing of this  
15:00 8 Commission took place on 24 March? Are you aware of that?  
15:00 9  
15:00 10 A. Yes, of course, yes.  
15:00 11  
15:00 12 Q. Are you aware that at the hearing, the Commissioner made  
15:00 13 clear he was going to be looking into the Responsible Service of  
15:00 14 Gambling?  
15:00 15  
15:00 16 A. I do, yes.  
15:00 17  
15:00 18 Q. Were you aware of that at the time, that is to say on the day  
15:00 19 it happened or shortly thereafter?  
15:00 20  
15:00 21 A. I think I was aware of it within a couple of days, knowing  
15:00 22 that Responsible Gaming at that point in time still didn't report  
15:00 23 directly into me. It was reporting into Michelle Fielding.  
15:00 24  
15:00 25 Q. Yes. I saw there was an email exchange between you and  
15:01 26 Ms Coonan, and you asked for the report to come directly into  
15:01 27 you.  
15:01 28  
15:01 29 A. Correct.  
15:01 30  
15:01 31 Q. Yes.  
15:01 32  
15:01 33 Do you agree with me that shortly after the Commissioner's  
15:01 34 remarks, and in direct response to them, Crown's directors  
15:01 35 decided to review the Responsible Gambling program?  
15:01 36  
15:01 37 A. No, that's not my understanding. My understanding is that  
15:01 38 they asked to review the Responsible Gaming program in early  
15:01 39 2020 which resulted in the independent report, the report from  
15:01 40 Doctors Blaszczynski, Nower and Delfabro, that resulted in the  
15:01 41 report to the Responsible Gaming Committee.  
15:01 42  
15:01 43 Q. I understand the report you are talking about. August 2020,  
15:01 44 I think that was.  
15:01 45  
15:01 46 A. Correct.  
15:01 47

15:01 1 Q. I understand that occurred --  
15:01 2  
15:01 3 A. Yes.  
15:01 4  
15:01 5 Q. --- but tell me if you agree with me about this proposition,  
15:01 6 and if you don't, it is fine, I will show you some documents.  
15:01 7  
15:01 8 A. Sure.  
15:01 9  
15:01 10 Q. After the Commissioner's opening remarks which  
15:02 11 concerned Responsible Gambling, and in direct response to them,  
15:02 12 Crown directors started looking at their Responsible Gambling  
15:02 13 Program?  
15:02 14  
15:02 15 A. I don't have enough information to draw that conclusion.  
15:02 16  
15:02 17 Q. Not a worry.  
15:02 18  
15:02 19 A. It could be, though.  
15:02 20  
15:02 21 Q. I will show you a couple of emails. We won't spend too  
15:02 22 much time on it.  
15:02 23  
15:02 24 It's behind tab 21, Commissioner.  
15:02 25  
15:02 26 Operator, CRW.510.073.3979.  
15:02 27  
15:02 28 If you scroll to the bottom of the page, page 1, that is, you will  
15:02 29 see there is an email from Ms Coonan to fellow directors; you see  
15:02 30 that?  
15:02 31  
15:02 32 A. Yes.  
15:02 33  
15:02 34 Q. Over the page you will see Ms Coonan says --- she asks for  
15:02 35 a comprehensive briefing on all our initiatives, status of RG  
15:03 36 across our properties.  
15:03 37  
15:03 38 A. Yes, I read that as well.  
15:03 39  
15:03 40 Q. If you go back to page 2, please, Mr Operator, you will see  
15:03 41 that Mr Horvath, although I think it might be Professor Horvath,  
15:03 42 says it needs to be "quite comprehensive as it looks to be a major  
15:03 43 focus of the Commission"; you see that?  
15:03 44  
15:03 45 A. Yes, I do.  
15:03 46  
15:03 47 Q. I will take you to a couple of more. The Commissioner has

15:03 1 made an opening statement about Responsible Service of  
15:03 2 Gambling and the directors are looking into it straight away; you  
15:03 3 agree with me?

15:03 4  
15:03 5 A. Yes, I do.

15:03 6  
15:03 7 Q. If you then please, Mr Operator, go to CRW.510.073.3981.

15:03 8  
15:03 9 The next tab in your file, Mr Commissioner. You can see down  
15:03 10 the bottom of the email Ms Korsanos sends to her fellow  
15:04 11 directors an article from the Guardian titled "A harm-production  
15:04 12 factory: Crown Casino faces scrutiny over problem gambling";  
15:04 13 you see that?

15:04 14  
15:04 15 A. Yes, I do.

15:04 16  
15:04 17 Q. Above that Professor Horvath emails Sonja Bauer and he  
15:04 18 says:

15:04 19  
15:04 20 *Helen would like us to address these issues also please*

21  
22 Do you see that?

23  
24 A. Yes.

25  
15:04 26 Q. That obviously suggests that Professor Horvath and  
15:04 27 Ms Coonan had discussed the article before the email was sent.

15:04 28  
15:04 29 A. It does.

15:04 30  
15:04 31 Q. Again, so you can see there is conversation amongst the  
15:04 32 directors following the Commissioner's opening remarks?

15:04 33  
15:04 34 A. Yes.

15:04 35  
15:04 36 Q. Sorry?

15:04 37  
15:04 38 A. No problem. I can't necessarily conclude that that was ---  
15:04 39 in response to the calling of a Commission, you are bound to  
15:04 40 focus on those items that are raised in that Commission, so I can't  
15:04 41 conclude that they weren't previously looking at it, but I can  
15:04 42 conclude that it appears to be have been addressed with a manner  
15:05 43 of urgency following the notice of the Commission, yes.

15:05 44  
15:05 45 Q. It is inherently probable this is caused by the Commission,  
15:05 46 would you agree with me?

15:05 47

15:05 1 A. I would say those are your words.  
15:05 2  
15:05 3 Q. Would you agree with me?  
15:05 4  
15:05 5 A. I would not.  
15:05 6  
15:05 7 Q. You wouldn't?  
15:05 8  
15:05 9 A. I would say it is quite likely.  
15:05 10  
15:05 11 Q. That's fine.  
15:05 12  
15:05 13 Mr Commissioner, the article is not in evidence. The email is. I  
15:05 14 want to put the article into evidence because it gives context to  
15:05 15 Ms Korsanos' email. The article, we don't have to go to it, just  
15:05 16 put into evidence, is COM.0013.0006.0001. It is behind the  
15:05 17 email in your tab and I would like to tender it.  
15:05 18  
15:05 19 COMMISSIONER: All the documents to which you refer will be  
15:06 20 tendered at the end.  
15:06 21  
15:06 22 MR KOZMINSKY: Happy to do it that way.  
15:06 23  
15:06 24 I just want to show you one final email, if I may.  
15:06 25  
15:06 26 A. Of course.  
15:06 27  
15:06 28 Q. It's CRW.510.073.3982. If you start on page 2, Ms Coonan  
15:06 29 forwards another article this time from the Australian, "Victorian  
15:06 30 Royal Commission into Crown Casino seeks public submissions  
15:06 31 on problem gambling crime"?  
15:06 32  
15:06 33 A. Yes.  
15:06 34  
15:06 35 Q. Scrolling up the page, this is Professor Horvath to  
15:06 36 Ms Bauer, and then fellow directors copied:  
15:06 37  
15:06 38 *Can we ensure we know what complaints we have had*  
15:06 39 *and how we manage them. ....*  
15:06 40  
15:06 41 *Also we all need a historical and current list of what*  
15:07 42 *promotional activities we typically undertake.*  
15:07 43  
15:07 44 You see that?  
15:07 45  
15:07 46 A. Yes.  
15:07 47

15:07 1 Q. I am not going to go to the article but take it as tendered.  
15:07 2  
15:07 3 You were given the job of framing some Responsible Gambling  
15:07 4 proposals shortly after this Commission?  
15:07 5  
15:07 6 A. No. No, so when I joined Crown in late February and I  
15:07 7 learned that I was taking on the responsibility for Responsible  
15:07 8 Gaming, I asked Sonja to brief me on the multiple issues and the  
15:07 9 potential challenges in the space. I also asked her to provide  
15:07 10 position descriptions, a sense of whether or not her team had  
15:07 11 adequate resources, et cetera. I did what I would do for any other  
15:07 12 area of my space, financial crime compliance. I took it fairly  
15:07 13 seriously and dug in.  
15:07 14  
15:07 15 Q. When do you say you started that process?  
15:07 16  
15:07 17 A. Probably mid-to-late March, I would say, so concurrently  
15:08 18 with the announcement of the Commission, or of the  
15:08 19 Commission's focus.  
15:08 20  
15:08 21 Q. Did anyone ---  
15:08 22  
15:08 23 A. No one told me to.  
15:08 24  
15:08 25 Q. No one spoke to you about it?  
15:08 26  
15:08 27 A. No one told me to. This was on my own volition.  
15:08 28  
15:08 29 Q. I want to raise one matter with you.  
15:08 30  
15:08 31 A. Of course.  
15:08 32  
15:08 33 Q. Just so we are all on the same page, you can tell me if you  
15:08 34 need me to go to this in a bit more detail --  
15:08 35  
15:08 36 A. Sure.  
15:08 37  
15:08 38 Q. --- but we issued a notice, you might remember, asking for  
15:08 39 the documents you looked at and the communications you used  
15:08 40 when you prepared your ---  
15:08 41  
15:08 42 A. Yes.  
15:08 43  
15:08 44 Q. --- do you remember that?  
15:08 45  
15:08 46 A. Yes.  
15:08 47

- 15:08 1 Q. We looked at it carefully.  
15:08 2
- 15:08 3 A. Yes.  
15:08 4
- 15:08 5 Q. There were four emails before the Commissioner's opening  
15:08 6 remarks ---  
15:08 7
- 15:08 8 A. Yes.  
15:08 9
- 15:08 10 Q. None with Sonja Bauer, all with Michelle Fielding?  
15:08 11
- 15:08 12 A. It's possibly true, yes.  
15:08 13
- 15:08 14 Q. And every email with Sonja Bauer post-dated the  
15:09 15 Commissioner's opening remarks.  
15:09 16
- 15:09 17 A. Yes, keep in mind Sonja reported to Michelle until 31  
15:09 18 March.  
15:09 19
- 15:09 20 Q. That might be so, but there was no correspondence with the  
15:09 21 head of the Responsible Gambling team until after the  
15:09 22 Commissioner's opening remarks, by you.  
15:09 23
- 15:09 24 A. Probably not, no. I wouldn't expect there to be because  
15:09 25 I was dealing with my directs.  
15:09 26
- 15:09 27 Q. Do you agree it is surprising that the Responsible Gaming  
15:09 28 Committee did not put together the proposals?  
15:09 29
- 15:09 30 A. Which proposals, sorry?  
15:09 31
- 15:09 32 Q. The proposals that went to the Board in May.  
15:09 33
- 15:09 34 A. The enhancements that I proposed?  
15:09 35
- 15:09 36 Q. Yes.  
15:09 37
- 15:09 38 A. Sorry, I'm not sure I understand that reaction. The  
15:09 39 enhancement?  
15:09 40
- 15:09 41 Q. Sorry, the language enhancements, proposal --- the Board  
15:09 42 papers had recommendations or proposals in them. Do you  
15:09 43 remember that?  
15:09 44
- 15:09 45 A. Yes, I called them the RG enhancements.  
15:09 46
- 15:09 47 Q. I'm wondering whether or not you were surprised it was left

15:09 1 to you to put that together, rather than the Responsible Gaming  
15:10 2 Committee.  
15:10 3  
15:10 4 A. So, first of all, no one asked me to put together the RG  
15:10 5 enhancements. That was on my own volition, and based on the  
15:10 6 fact that I had come to inherit that function, and I was keen to  
15:10 7 lean into that function. So of the many things I asked for from  
15:10 8 Sonja was a great deal of research, anything she could provide me  
15:10 9 to help me get up to speed as quickly as possible because I  
15:10 10 wanted to understand it. That's how I tend to approach new tasks.  
15:10 11 And Sonja was very kind to provide that information.  
15:10 12  
15:10 13 The enhancements came about in a couple of ways. So the  
15:10 14 Committee, the Responsible Gaming Committee, at their meeting  
15:10 15 on I believe it was 14 April asked --- heard from Dr Blaszczyński.  
15:10 16 Dr Blaszczyński said in that committee meeting that "I feel the  
15:10 17 group is underfunded and under resourced", so of course I was at  
15:11 18 that committee meeting, and I took that to mean this is something  
15:11 19 I have to look even closer into, notwithstanding I had reached out  
15:11 20 to Sonja at that point to ask about position descriptions and  
15:11 21 capacity.  
15:11 22  
15:11 23 Q. You had done more than that by 14 April?  
15:11 24  
15:11 25 A. Yes, yes, I had done a lot more than that. That's correct. I  
15:11 26 had done a lot more than that.  
15:11 27  
15:11 28 Q. The question I'm asking you ---  
15:11 29  
15:11 30 A. Yes.  
15:11 31  
15:11 32 Q. --- and I will do it this way, Commissioner, volume 1, tab  
15:11 33 8.  
15:11 34  
15:11 35 Operator, CRW.512.049.0271.  
15:11 36  
15:11 37 This is a document you may or may not have seen, Mr Blackburn,  
15:11 38 it is a charter for the Responsible Gaming Committee; have you  
15:11 39 seen it before?  
15:11 40  
15:11 41 A. Yes, I have.  
15:11 42  
15:11 43 Q. Before we go to the document, the context is the  
15:11 44 Commissioner has made some opening remarks about  
15:11 45 Responsible Gambling, the directors are sending themselves  
15:11 46 emails saying "We need to look at all this", and you have of your  
15:11 47 own volition presumably told, or let it be known you are looking



15:11 1 at the issue.  
15:11 2  
15:12 3 A. Yes.  
15:12 4  
15:12 5 Q. So people know you are looking at the issue?  
15:12 6  
15:12 7 A. Yes.  
15:12 8  
15:12 9 Q. At this point in time, let's say when you started in March,  
15:12 10 you had no experience, training or qualifications in the area?  
15:12 11  
15:12 12 A. That's correct.  
15:12 13  
15:12 14 Q. I want to show you what the Responsible Gaming  
15:12 15 Committee's qualifications were and what their expertise was.  
15:12 16  
15:12 17 If you go, please, to the next page, Mr Operator.  
15:12 18  
15:12 19 Paragraph 1, just read that to yourself, please, Mr Blackburn.  
15:12 20  
15:12 21 A. Yes. Yes.  
15:12 22  
15:12 23 Q. So the role of the committee, you would agree, is to  
15:12 24 monitor and review Responsible Gaming programs and policies?  
15:12 25  
15:12 26 A. Yes.  
15:12 27  
15:12 28 Q. Much like the enhancements?  
15:12 29  
15:12 30 A. Yes.  
15:12 31  
15:12 32 Q. Then if you read paragraph 2.3, please. Have you read  
15:13 33 that?  
15:13 34  
15:13 35 A. I did.  
15:13 36  
15:13 37 Q. Each of those members must have the necessarily skills and  
15:13 38 expertise to allow them to fulfil their duties; you see that?  
15:13 39  
15:13 40 A. Yes.  
15:13 41  
15:13 42 Q. And 3.1(b), if you read that to yourself.  
15:13 43  
15:13 44 A. Yes.  
15:13 45  
15:13 46 Q. So the people on this committee were required to have, and  
15:13 47 presumably did have, the skill and expertise to recommend

15:13 1 policies and procedures to enhance the effectiveness of  
15:13 2 Responsible Gambling, are you with me?  
15:13 3  
15:13 4 A. Yes.  
15:13 5  
15:13 6 Q. And you had none of those things at that time, do you agree  
15:13 7 with me?  
15:13 8  
15:13 9 A. I didn't, others did.  
15:13 10  
15:13 11 Q. You didn't?  
15:13 12  
15:13 13 A. I didn't, no.  
15:13 14  
15:13 15 Q. My question is this: should the Commissioner be concerned  
15:13 16 that the committee, which is the peak Responsible Gaming body  
15:13 17 at Crown, didn't put together the proposals and it was left to  
15:13 18 someone who, highly intelligent, had no experience, no training  
15:14 19 and no expertise in the area?  
15:14 20  
15:14 21 A. No, thank you for the compliment, I'm flattered. But, no,  
15:14 22 what they did was put to Sonja, as well as me, and Sonja of  
15:14 23 course is our --- well, you know Sonja Bauer. They put to her the  
15:14 24 request to come up with a proposal in respect of remuneration  
15:14 25 and in respect of numbers, employees. Now, Sonja reported to  
15:14 26 me, and as did her team, so her three GMs.  
15:14 27  
15:14 28 Q. Yes, I've read the papers.  
15:14 29  
15:14 30 A. Yes.  
15:14 31  
15:14 32 Q. We'll discuss some of them shortly.  
15:14 33  
15:14 34 A. Good.  
15:14 35  
15:14 36 Q. But is the answer to my question about the committee not  
15:14 37 dealing with this that it was left, these proposals or enhancements  
15:14 38 to use your word, were left to Ms Bauer and you to run with?  
15:14 39  
15:14 40 A. Yes, they were left to my Responsible Gaming team.  
15:14 41  
15:14 42 Q. Ms Bauer has been at Crown for 27 years; are you aware of  
15:14 43 that?  
15:14 44  
15:14 45 A. I believe that is the case. Yes.  
15:14 46  
15:15 47 Q. And she's been the head of the department since 1 April

15:15 1 2018; are you aware of that?  
15:15 2  
15:15 3 A. Yes.  
15:15 4  
15:15 5 Q. You accept if you are undertaking a thorough review of  
15:15 6 a department, it will be difficult for someone in that position ---  
15:15 7 not a criticism of her, just a generality ---  
15:15 8  
15:15 9 A. No, I understand.  
15:15 10  
15:15 11 Q. --- to be objective about what is going on in a department  
15:15 12 that she has been engrained in and running for years; do you  
15:15 13 agree with me?  
15:15 14  
15:15 15 A. I do.  
15:15 16  
15:15 17 Q. So what is left is her, and you with no experience in the  
15:15 18 area or expertise?  
15:15 19  
15:15 20 A. I think that is fairly unfair to the rest of her team. She has  
15:15 21 a number of GMs that are Responsible Gaming individuals, she  
15:15 22 has a number of RGAs under her as well. So she has  
15:15 23 a Responsible Gaming team, and frankly I've been really  
15:15 24 impressed with some of those members of that team, with their  
15:15 25 Responsible Gaming experience, exposure and dedication,  
15:15 26 frankly, all of those components. But I think what she was left  
15:15 27 with, at least as far as I can tell, was a Responsible Gaming team  
15:15 28 that was putting together a proposal, Sonja went out to her GMs  
15:16 29 as well, Sonja then fed that proposal to me, at which point I  
15:16 30 called Dr Blaszczyński and had a couple of conversations with  
15:16 31 Dr Blaszczyński to assess it from, as best I could, an independent  
15:16 32 perspective or at least a third-party perspective from a recognised  
15:16 33 professor in the space.  
15:16 34  
15:16 35 Q. I'm not being critical but I think --- I may or may not take  
15:16 36 you to there, but it doesn't quite match up that way with the  
15:16 37 papers and the calls. I might come back to it.  
15:16 38  
15:16 39 A. Please, feel free. It is my experience.  
15:16 40  
15:16 41 Q. It's not a memory test.  
15:16 42  
15:16 43 A. It's fine, it is my experience.  
15:16 44  
15:16 45 Q. Just think about this question: do you think, on reflection, it  
15:16 46 would have been better if the Responsible Gaming Committee,  
15:16 47 charged with these specific duties and responsibilities, were the

15:16 1 ones that developed the program of enhancements?

15:16 2

15:16 3 A. I think that could have been helpful, but what I would say  
15:16 4 about that is what the committee asked for was an assessment of  
15:16 5 remuneration and an assessment of capacity, so number of staff.  
15:17 6 These things I would expect, as a senior executive in our  
15:17 7 organisation for the team that is dedicated to that function, I  
15:17 8 would expect them to have a view, and I would expect them to  
15:17 9 articulate that view in a clear and concise way, and then allow me  
15:17 10 the opportunity to review that position potentially with external  
15:17 11 people like Dr Blaszczyński so I was comfortable in presenting  
15:17 12 a paper to the Board on the topic.

15:17 13

15:17 14 Q. After the first public hearing I think you agree with me  
15:17 15 Ms Bauer sent you a lot of material?

15:17 16

15:17 17 A. She did indeed.

15:17 18

15:17 19 Q. I don't want to take you to all of it. It would take a long  
15:17 20 time.

15:17 21

15:17 22 A. It is very interesting stuff.

15:17 23

15:17 24 Q. It is. I prepared an aide-memoire. I think the associate  
15:17 25 might have a hard copy because it is easier to flick, but we will  
15:17 26 also put it up on the screen, Mr Operator, for the other parties.  
15:17 27 COM.0020.0001.0001.

15:17 28

15:18 29 Mr Commissioner, volume 2, tab 52.

15:18 30

15:18 31 A. Yes, this seems like the list.

15:18 32

15:18 33 Q. A lot of material.

15:18 34

15:18 35 A. It was.

15:18 36

15:18 37 MR KOZMINSKY: Mr Commissioner, I will take, given the  
15:18 38 indication you gave earlier, everything in there I'm tendering.

15:18 39

15:18 40 COMMISSIONER: (Nods head).

15:18 41

15:18 42 MR KOZMINSKY: Thank you.

15:18 43

15:18 44 I think we are in agreement that Ms Bauer provided you these  
15:18 45 materials because given your expanded duties, you needed to get  
15:18 46 up to speed on the Responsible Service of Gambling?

15:18 47

15:18 1 A. Yes.  
15:18 2  
15:18 3 Q. And you agree with me that a lot was being asked of you by  
15:18 4 the Board at this point?  
15:18 5  
15:18 6 A. Yes.  
15:18 7  
15:18 8 Q. You were being asked to run Crown's financial crime  
15:18 9 program, as I understand it, globally?  
15:18 10  
15:18 11 A. Correct.  
15:18 12  
15:18 13 Q. And as I understand it, you were being asked to look at  
15:18 14 Crown's compliance, again globally?  
15:18 15  
15:18 16 A. Correct.  
15:18 17  
15:18 18 Q. Then you were asked to deal with the Responsible Service  
15:18 19 of Gambling, both get up to speed and then propose  
15:19 20 enhancements and supervise?  
15:19 21  
15:19 22 A. Correct.  
15:19 23  
15:19 24 Q. I think you said earlier on at transcript --- for my learned  
15:19 25 friend's benefit, 2927 --- you recognised your limitations on  
15:19 26 capacity?  
15:19 27  
15:19 28 A. Correct.  
15:19 29  
15:19 30 Q. And you said at 2940, "I unfortunately simply cannot be  
15:19 31 across everything".  
15:19 32  
15:19 33 A. Correct.  
15:19 34  
15:19 35 Q. Do you think, on reflection, the Board might have been  
15:19 36 asking a bit much of you?  
15:19 37  
15:19 38 A. No. I don't at all. What I think the board was asking of  
15:19 39 me --- first of all, their question went to Sonja Bauer. The  
15:19 40 request went to Sonja Bauer and I'm Sonja's boss. But what  
15:19 41 I think they were asking of me was an individual at a very senior  
15:19 42 level in the organisation, the only individual that actually reports  
15:19 43 to both the CEO and the Board directly, to assume purview over  
15:19 44 a function that is extraordinarily similar to other functions I  
15:19 45 perform, in that it is an integrity-based function and goes to our  
15:19 46 social licence. So I welcomed it. I was quite excited about  
15:20 47 taking on the responsibility and the challenge.

15:20 1  
15:20 2 Q. That aide-memoire in front of you ---  
15:20 3  
15:20 4 A. Yes.  
15:20 5  
15:20 6 Q. --- I had Solicitors Assisting print it all out so I could read  
15:20 7 it.  
15:20 8  
15:20 9 A. Yes.  
15:20 10  
15:20 11 Q. Would it surprise you that it comprises six large A4 folders  
15:20 12 printed double-sided and one thin A4 folder, all that material?  
15:20 13  
15:20 14 A. It was a lot of material, trust me, and I didn't make it  
15:20 15 through all of it, but I did make it through the ones that I thought  
15:20 16 were most pertinent.  
15:20 17  
15:20 18 Q. Can I ask you this, and it's not a criticism because I know  
15:20 19 you have an enormous lot on your plate, but before you finalised  
15:20 20 your enhancements or and proposals, you agree with me you did  
15:20 21 not have time to carefully read and digest all the materials sent to  
15:20 22 you?  
15:20 23  
15:20 24 A. I did not read all the materials sent to me, no, but I did read  
15:20 25 all the articles that I thought were pertinent. I also should  
15:20 26 mention --- you understand that the enhancements that I put  
15:21 27 forward were not a comprehensive uplift program like the  
15:21 28 Financial Crime and Compliance Change Program. What I put  
15:21 29 forward were items that I thought frankly were common sense.  
15:21 30  
15:21 31 Q. Yes. I understand that. But going back to my question,  
15:21 32 you agree with me, I think, that you didn't have the opportunity to  
15:21 33 read everything that was sent to you nor digest it?  
15:21 34  
15:21 35 A. I agree with that.  
15:21 36  
15:21 37 Q. Yes. And when you were picking the articles that you  
15:21 38 thought were most pertinent --- withdraw that.  
15:21 39  
15:21 40 Given the amount of material you had to get through ---  
15:21 41  
15:21 42 A. Yes.  
15:21 43  
15:21 44 Q. --- I take it you didn't have time to carefully consider the  
15:21 45 key benchmarks informing the key principles underpinning  
15:21 46 Crown's Responsible Service of Gambling framework?  
15:21 47

15:21 1 A. I don't agree with that, no.  
15:21 2  
15:21 3 Q. You don't agree with that?  
15:22 4  
15:22 5 A. Sorry, did you say that I didn't have?  
15:22 6  
15:22 7 Q. That you did not have time.  
15:22 8  
15:22 9 A. No, I disagree with that.  
15:22 10  
15:22 11 Q. You did have time?  
15:22 12  
15:22 13 A. I did have time.  
15:22 14  
15:22 15 Q. Can you tell me the key principles? There are two key  
15:22 16 benchmarks, according to the strategic plan Crown published.  
15:22 17  
15:22 18 A. I can't off the top of my head, no.  
15:22 19  
15:22 20 Q. They underpin everything Crown does in this area  
15:22 21 according to its strategic plan.  
15:22 22  
15:22 23 A. Yes.  
15:22 24  
15:22 25 Q. I'm not meaning to be critical of you.  
15:22 26  
15:22 27 A. I understand.  
15:22 28  
15:22 29 Q. I'm simply making the point that you had insufficient time  
15:22 30 and insufficient expertise to undertake this sort of task properly,  
15:22 31 review the seminal material in the area and propose  
15:22 32 enhancements.  
15:22 33  
15:22 34 A. So, to be clear, I am not an expert in Responsible Gaming.  
15:22 35 However, I am a senior executive that is responsible for integrity  
15:22 36 functions and has been for many years. What I took was  
15:22 37 an opportunity to lean into a new area that was very similar to the  
15:23 38 other areas that I work in, in that it goes to our social licence to  
15:23 39 operate. And so what I did was focus on the key materials that I  
15:23 40 could to get up to speed. However, I also, as any senior executive  
15:23 41 would, relied on my team, who are --- who certainly have a depth  
15:23 42 of expertise in this space together with experimental advice to  
15:23 43 develop a list of enhancements, not an uplift program, that will  
15:23 44 come, but to develop a list of enhancements that, frankly, in my  
15:23 45 reaction I thought were common sense.  
15:23 46  
15:23 47 Q. Yes, but ---

15:23 1  
15:23 2 COMMISSIONER: By common sense you mean anyone with  
15:23 3 a bit of intelligence would have figured it out for themselves  
15:23 4 without knowing too much about the theory behind ---  
15:23 5  
15:23 6 A. Common sense in that I thought some of those items could  
15:23 7 lead to problem gaming or could potentially lead to ---  
15:24 8  
15:24 9 COMMISSIONER: I'm trying to work out what you mean by  
15:24 10 "common sense".  
15:24 11  
15:24 12 A. Yeah so ---  
15:24 13  
15:24 14 COMMISSIONER: Anybody in the organisation should have  
15:24 15 realised that these were enhancements that were patently  
15:24 16 necessary?  
15:24 17  
15:24 18 A. I recognise that I'm also not from the gaming industry, but  
15:24 19 when I came in from the outside of the gaming industry and I  
15:24 20 looked at something --- for example, Commissioner, like time  
15:24 21 limits, time on play, it struck me as an extraordinarily long time  
15:24 22 to permit. So ---  
15:24 23  
15:24 24 COMMISSIONER: To a lay person, obviously, to somebody  
15:24 25 well-versed in the area, even more obvious?  
15:24 26  
15:24 27 A. I would expect as much.  
15:24 28  
15:24 29 COMMISSIONER: So would I.  
15:24 30  
15:24 31 A. Yes.  
15:24 32  
15:24 33 MR KOZMINSKY: I will ask one other question and then we  
15:24 34 will come to play periods. Tell me if you agree with this. If the  
15:24 35 casino, and again this is in no way a criticism of you ---  
15:24 36  
15:24 37 A. Of course.  
15:24 38  
15:24 39 Q. --- if the casino was serious about Responsible Gambling  
15:25 40 reform, the person in charge would have experience, training,  
15:25 41 qualifications, some expertise in the area?  
15:25 42  
15:25 43 A. And that would be Sonja Bauer. So you mean at the very  
15:25 44 top level of the organisation?  
15:25 45  
15:25 46 Q. You are the very top level of AML.  
15:25 47



- 15:25 1 A. Yes.
- 15:25 2
- 15:25 3 Q. Financial crime.
- 15:25 4
- 15:25 5 A. But I also have an AML team, a compliance team and a
- 15:25 6 Responsible Gaming team, and any senior executive with that
- 15:25 7 sort of purview is reliant on their teams to deliver that expertise,
- 15:25 8 deliver that depth of talent, and that's what I did as a senior
- 15:25 9 executive. I think why I was happy about it is because I think I'm
- 15:25 10 slightly unique amongst the senior executives at Crown, in that
- 15:25 11 I have in my contract a direct reporting line to the Board. I'm
- 15:25 12 also a passionate advocate for integrity functions and have been
- 15:25 13 for years.
- 15:25 14
- 15:25 15 And, you know, Commissioner, I mentioned earlier in the earlier
- 15:25 16 session, one thing I have to face into in the past, and that now I
- 15:25 17 frankly enjoy facing into is the challenge of profit versus right
- 15:26 18 and risk, and so that is why I welcomed the opportunity to lean
- 15:26 19 into this function. I looked at my team fairly quickly, at the
- 15:26 20 number of people on the team, and I --- my common sense
- 15:26 21 reaction was "This team is too small", and I looked at the
- 15:26 22 remuneration, and I thought this team is undervalued and
- 15:26 23 underpaid, so I need to help lift this team.
- 15:26 24
- 15:26 25 Q. So I can clarify one thing, you said the report into you, that
- 15:26 26 is to say Responsible Gambling reporting into compliance, was
- 15:26 27 prepared on 31 March?
- 15:26 28
- 15:26 29 A. Yes, correct.
- 15:26 30
- 15:26 31 Q. Tell me if I'm right about this. Financial crime reported
- 15:26 32 into you at all stages and you have expertise in that area?
- 15:26 33
- 15:26 34 A. 14 years, yes.
- 15:26 35
- 15:26 36 Q. And compliance reported into you for a long time ---
- 15:26 37 (overspeaking) ---
- 15:26 38
- 15:26 39 A. For a similar period of time. Yes.
- 15:26 40
- 15:27 41 Q. I can take you to these documents if you want, but on 19
- 15:27 42 March, Ms Fielding's executive sent you a description for the
- 15:27 43 Group General Manager of Responsible Gaming --
- 15:27 44
- 15:27 45 A. Yes.
- 15:27 46
- 15:27 47 Q. --- Ms Bauer, which showed that she reported to the Chief

15:27 1 Legal Officer?  
15:27 2  
15:27 3 A. Yes, Joshua Preston, I believe.  
15:27 4  
15:27 5 Q. Yes, and in the Sixth Review, you are familiar with that  
15:27 6 document?  
15:27 7  
15:27 8 A. I am, yes.  
15:27 9  
15:27 10 Q. It said on page 120 that Crown Melbourne indicated its  
15:27 11 Chief Legal Officer is the ultimate head of Responsible  
15:27 12 Gambling.  
15:27 13  
15:27 14 A. Yes, I believe he was, yes.  
15:27 15  
15:27 16 Q. There are other documents that show the same thing. What  
15:27 17 then happened was this; on 24 March there was a hearing where  
15:27 18 the Commissioner raised Responsible Service of Gaming  
15:27 19 reforms; you agree with me?  
15:27 20  
15:27 21 A. Yes.  
15:27 22  
15:27 23 Q. At that point, Ms Bauer was reporting into the Chief Legal  
15:27 24 Officer?  
15:27 25  
15:28 26 A. No, she was reporting into Michelle Fielding. The Chief  
15:28 27 Legal Officer, I believe, left in, I want to say November 2020.  
15:28 28  
15:28 29 Q. I thought I asked you whether it happened on 31 March ---  
15:28 30 (overspeaking) ---  
15:28 31  
15:28 32 A. Let me clarify. Joshua Preston I believe left Crown some  
15:28 33 time around November 2020, though I'm afraid I don't know  
15:28 34 exactly when he left. Ms Bauer was then repointed into  
15:28 35 compliance, and that I believe took effect some time in  
15:28 36 December, into Michelle Fielding, who is the EGM of  
15:28 37 compliance, who was pointed into me upon my arrival.  
15:28 38  
15:28 39 Q. I understand. On 31 March, after the opening statements,  
15:28 40 Ms Bauer started reporting into you ---  
15:28 41  
15:28 42 A. Yes, I sent a note to Ms Coonan, to Helen Coonan on 31  
15:28 43 March because I felt that I had at least done enough significant  
15:28 44 upfront research, based on the materials that were provided to me  
15:29 45 in late March, that I could then better understand the organisation  
15:29 46 and the role. And also, in my opinion, Responsible Gaming  
15:29 47 shouldn't be a function of compliance, Responsible Gaming

15:29 1 should have its own priority, which is why, instead of reporting to  
15:29 2 Michelle, I felt that she should report to me so that we could  
15:29 3 focus on Responsible Gaming not as a simple matter of tick box  
15:29 4 compliance.

15:29 5  
15:29 6 Q. Which is how you perceived it had been operating?

15:29 7

15:29 8 A. It certainly could have been operating that way, but my  
15:29 9 perception was that there was an opportunity to elevate the  
15:29 10 function, and place greater emphasis on it.

15:29 11

15:29 12 Q. I think you mentioned to the Commissioner a moment ago  
15:29 13 when you came along and you thought the play periods was  
15:29 14 an issue you could address. I want to show you your play period  
15:29 15 proposal. CRW.512.081.1748.

15:29 16

15:30 17 Volume 1, tab 11, Commissioner.

15:30 18

15:30 19 Please go to page 1746, please, Mr Operator.

15:30 20

15:30 21 So the time limits on play, can you see that?

15:30 22

15:30 23 A. Yes, I can. I'm familiar with this document.

15:30 24

15:30 25 Q. So in a 24-hour period you have a 12-hour play period  
15:30 26 policy, intervention or observation at 8 or 10 hours?

15:30 27

15:30 28 A. Correct. We are also looking at implementing a 3-hour  
15:30 29 check, between a three and four-hour and implementing  
15:30 30 an additional check at that stage. So an additional cap that would  
15:30 31 be subject to an alert.

15:30 32

15:30 33 Q. Okay. I might come back to that. I want to discuss this  
15:30 34 policy in the first instance.

15:30 35

15:30 36 A. Of course.

15:30 37

15:31 38 Q. I want to show you a filenote and see if we can unpick the  
15:31 39 origins of the time limit on play.

15:31 40

15:31 41 Mr Commissioner, the file note is behind volume 2, tab 40.

15:31 42

15:31 43 It is CRW.510.073.3969.

15:31 44

15:31 45 I know this document is dated 18 May.

15:31 46

15:31 47 A. Yes.

15:31 1  
15:31 2 Q. And the reference to SJB, is that you?  
3  
4 A. Yes.  
5  
6 Q. Yes.  
7  
15:31 8 A. I assume it is, but Sonja has the same initials.  
15:31 9  
15:31 10 Q. That's exactly why I was asking!  
15:31 11  
15:31 12 A. (Laughs).  
15:31 13  
15:31 14 Q. Is this a record of a meeting on 18 May?  
15:31 15  
15:31 16 A. Probably of a phone call. I would guess it is of a phone  
15:31 17 call.  
15:31 18  
15:31 19 Q. Of a phone call.  
15:31 20  
15:31 21 A. Yes.  
15:31 22  
15:32 23 Q. Do you think who the phone call was with?  
15:32 24  
15:32 25 A. Probably me to Sonja.  
15:32 26  
15:32 27 Q. Is this recording what your instructions were to Ms Bauer?  
15:32 28  
15:32 29 A. No, this isn't my writing.  
15:32 30  
15:32 31 Q. This is not your filenote?  
15:32 32  
15:32 33 A. This is not my writing. SJB is me, but that's not my  
15:32 34 filenote. I would guess this is Sonja's filenote.  
15:32 35  
15:32 36 Q. Okay.  
15:32 37  
15:32 38 A. Yes. It's not my writing.  
15:32 39  
15:32 40 Q. Do you recall saying to or asking Ms Bauer to amend the  
15:32 41 paper to include five things we can do immediately?  
15:32 42  
15:32 43 A. I do, yes.  
15:32 44  
15:32 45 Q. So they are instructions you gave Ms Bauer on the 18th?  
15:32 46  
15:32 47 A. That's correct.

15:32 1  
15:32 2 Q. And the reference to the paper is a reference to the  
15:32 3 Responsible Gaming ---  
15:32 4  
15:32 5 A. Enhancements paper, yes, I did, the proposal with respect  
15:32 6 to capacity and remuneration, yes.  
15:32 7  
15:32 8 Q. I don't know what the next word on the file note is, but it's  
15:32 9 not yours, you can try to enlighten me but I don't know what it is.  
15:32 10  
15:32 11 A. I would read this as:  
15:32 12  
15:32 13 *Asked to amend the paper to include five things we can do*  
15:33 14 *immediately.*  
15:33 15  
15:33 16 Q. That word I can't get but it doesn't matter.  
15:33 17  
15:33 18 A. "Distil"?  
15:33 19  
20 Q. Yeah, a few people have said that, I'm not sure. In any  
21 event.  
22  
23 ..... 2 or 3 more.  
24  
15:33 25 *We can start to do better to be best positioned for*  
15:33 26 *statements.*  
27  
28 Do you see that?  
29  
30 A. Best positioned for statements? Yeah.  
31  
15:33 32 Q. Are they instructions you gave Ms Bauer?  
15:33 33  
15:33 34 A. I don't recall that instruction, but that may be her  
15:33 35 interpretation of our call, which would be absolutely reasonable.  
15:33 36  
15:33 37 Q. Yes, and so the way Ms Bauer from this filenote has  
15:33 38 construed your instruction ---  
15:33 39  
15:33 40 A. Yes.  
15:33 41  
15:33 42 Q. --- is to make sure there are five things we can do  
15:33 43 immediately, and two or three more we can start to do better so  
15:33 44 we can best prepare for the Commission.  
15:33 45  
15:33 46 A. It could be, yes. It could be interpreted that way. Frankly, I  
15:33 47 would interpret it that way as well by reading it, but perhaps I can

15:33 1 give you the context of that conversation?  
15:33 2  
15:33 3 Q. Sure, you can give me the context.  
15:33 4  
15:34 5 A. So I met with three members of the Board that morning, the  
15:34 6 morning of 18 May, to present to them in advance to brief them  
15:34 7 on the papers I was bringing to the board, so that would have  
15:34 8 included the financial crime and compliance maturity assessment  
15:34 9 and change program, as well as the RG enhancement paper. And  
15:34 10 the RG enhancement paper at that stage included only reference  
15:34 11 to capacity and remuneration, because that is what Sonja was  
15:34 12 asked, and therefore I took on as my ask, from the RG Committee  
15:34 13 earlier in April.  
15:34 14  
15:34 15 Q. Understand.  
15:34 16  
15:34 17 A. Sorry, but one of the individuals, one of the board members  
15:34 18 said are there other things we could be doing, are there other  
15:34 19 things we can change to help uplift our program, and I said I  
15:34 20 would take that away and discuss it with Sonja.  
15:34 21  
15:34 22 Q. Understand. But you agree with me that somewhere along  
15:34 23 the line, part of these enhancements were about positioning  
15:35 24 Crown for the purposes of this Commission?  
15:35 25  
15:35 26 A. That wasn't my goal but I agree it may have been part of the  
15:35 27 broader goal.  
15:35 28  
15:35 29 Q. Part of the broader goal of the directors and the way  
15:35 30 Ms Bauer has interpreted things?  
15:35 31  
15:35 32 A. Yes. Absolutely.  
15:35 33  
15:35 34 Q. You said "yes" to the directors and Ms Bauer?  
15:35 35  
15:35 36 A. I would guess as much. They didn't expressly say so to me  
15:35 37 that I recall, but it would make sense.  
15:35 38  
15:35 39 Q. I suppose, when you said to Ms Bauer, five things we can  
15:35 40 do immediately, that is coming from the board?  
15:35 41  
15:35 42 A. Yes.  
15:35 43  
15:35 44 Q. The board want to do five things immediately, and they  
15:35 45 wanted two or three things we can start to do better so we are best  
15:35 46 positioned for the Commission.  
15:35 47

15:35 1 A. Could be.  
15:35 2  
15:35 3 Q. You had a meeting with the Board and then you provided  
15:35 4 these --- (overspeaking) ---  
15:35 5  
15:35 6 A. Yes, I don't disagree.  
15:35 7  
15:35 8 Q. Understand.  
15:35 9  
15:35 10 Then the filenote at the bottom says "play periods", see that?  
15:35 11 And that was Ms Bauer's idea? To change play periods, or was it  
15:36 12 your idea?  
15:36 13  
15:36 14 A. It wasn't my idea, though I had many discussions with  
15:36 15 Ms Bauer about the play periods prior to that day.  
15:36 16  
15:36 17 Q. Am I right to take it, and I think I am, but you will tell me if  
15:36 18 I'm wrong, do you recall this conversation happened in the  
15:36 19 morning of the 18th?  
15:36 20  
15:36 21 A. I would say probably. I don't recall, but I would say  
15:36 22 probably, given I was at the board --- sorry, I believe the meeting  
15:36 23 with the board may have been around 10 to 11 or maybe 9 to 10,  
15:36 24 some time that morning, and that it would have out of coming  
15:36 25 from the board that I called Sonja. --  
15:36 26  
15:36 27 Q. The Board said "We want some action", you picked up the  
15:36 28 phone and spoke to Ms Bauer.  
15:36 29  
15:36 30 A. Precisely.  
15:36 31  
15:36 32 Q. I will tell you why I think your memory is right. Operator,  
15:36 33 CRW.510.073.1718.  
15:36 34  
15:36 35 Volume 2, tab 41, Ms Commissioner. If you scroll down the  
15:36 36 paper, you see Mr Walsh has sent an email to Ms Bauer and  
15:37 37 a cast of thousands, including yourself; do you see that?  
15:37 38  
15:37 39 A. Yes.  
15:37 40  
15:37 41 Q. He says to Ms Bauer:  
15:37 42  
15:37 43 *As discussed this afternoon, I have spoken to Lonnie and*  
15:37 44 *Peter C re play periods and we are all in agreement that*  
15:37 45 *we implement a maximum of 12 hours in a day .....*  
15:37 46  
15:37 47 Do you see that?

- 15:37 1  
15:37 2 A. I do.  
15:37 3  
15:37 4 Q. Tracing through the day so I can try to pin this together,  
15:37 5 you meet with the Board in the morning of the 18th, you have  
15:37 6 a call with Ms Bauer. Do you know if Ms Bauer and Mr Walsh  
15:37 7 spoke one-on-one or if there was a matter of some kind? Do you  
15:37 8 know?  
15:37 9  
15:37 10 A. I don't.  
15:37 11  
15:37 12 Q. There was definitely some conversation between Ms Bauer  
15:37 13 and Mr Walsh?  
15:37 14  
15:37 15 A. As discussed, yes.  
15:37 16  
15:37 17 Q. And then a conversation at some other stage between  
15:37 18 Ms Walsh and Lonnie and Peter Crinis; you agree with me?  
15:37 19  
15:37 20 A. Yes.  
15:37 21  
15:37 22 Q. Mr Walsh is saying "That's what we are going to do". Do  
15:37 23 you agree with me?  
15:37 24  
15:37 25 A. Yes.  
15:37 26  
15:37 27 Q. And at the top of the page you say, with some excitement:  
15:37 28  
15:38 29 *Let's add these to the paper!*  
15:38 30  
15:38 31 A. Yes.  
15:38 32  
15:38 33 Q. I take it from the email change it was Mr Walsh not you  
15:38 34 who ultimately had the say on whether this policy would go into  
15:38 35 the enhancements paper?  
15:38 36  
15:38 37 A. No. No. I had the final say on what went into the  
15:38 38 enhancements paper. So what Sonja would have done out of this,  
15:38 39 or what I recall she did, was put things in the paper, and then give  
15:38 40 them to me to assess and challenge.  
15:38 41  
15:38 42 Q. If you scroll down the bottom of the email, Mr Walsh being  
15:38 43 supportive was a trigger for you putting them in the paper?  
15:38 44  
15:38 45 A. Yes.  
15:38 46  
15:38 47 Q. Would you have done it without Mr Walsh's support and



15:38 1 the other support?  
15:38 2  
15:38 3 A. Probably. If Sonja had come and if Sonja had suggested it  
15:38 4 to me, and as Dr Blaszczyński, because we also talked about play  
15:38 5 periods, if they had suggested it to me I likely would have put it  
15:38 6 in to the paper, but first challenging it.  
15:38 7  
15:38 8 Q. When you say Mr Blaszczyński spoke to you about play  
15:39 9 periods, you had two one-on-one conversations with him; do you  
15:39 10 mean during those?  
15:39 11  
15:39 12 A. Exactly.  
15:39 13  
15:39 14 Q. Do you mean the one on 20 April which went for 30  
15:39 15 minutes or the one on 12 May?  
15:39 16  
15:39 17 A. I think it was the one on 12 May because the one on 20  
15:39 18 April we talked primarily about remuneration and capacity.  
15:39 19  
15:39 20 Q. That's exactly right. I think you said to me you said play  
15:39 21 periods was raised on the 18th by Ms Bauer, not by you.  
15:39 22  
15:39 23 A. Not by me. I didn't raise it with Sonja. Perhaps that was  
15:39 24 one of the ones that Sonja thought we could change this, and  
15:39 25 added it to the paper.  
15:39 26  
15:39 27 Q. Ms Bauer raises it, it is discussed during the day and you  
15:39 28 okayed it that day?  
15:39 29  
15:39 30 A. I don't know if I okayed that day, but I included that not  
15:39 31 long after, presumably, because it went into the paper.  
15:39 32  
15:39 33 Q. I want to take you to one more email. CRW.510.073.1714.  
15:39 34  
15:39 35 Tab 42, Commissioner.  
15:39 36  
15:39 37 If you scroll down you will see some clarification sought from  
15:40 38 Ms Bauer. I presume there is a staged intervention process as  
15:40 39 well? For example, at 8 or 10 in advance of the 12-hour limit ---  
15:40 40  
15:40 41 A. Yes.  
15:40 42  
15:40 43 Q. --- and if you scroll up, Mr Operator, Ms Bauer says that  
15:40 44 that is the case.  
15:40 45  
15:40 46 A. Yes.  
15:40 47

15:40 1 Q. So it looks like this is done a bit on the fly. On the 18th,  
15:40 2 Ms Bauer says "Let's do this", there is some conversation with  
15:40 3 Mr Walsh we don't know about, and then you are okaying it, and  
15:40 4 someone saying later that evening, "We should have this 8 and  
15:40 5 10-hour intervention", and Ms Bauer saying, "Yes, that is the way  
15:40 6 we should proceed". Do you agree it looks like it's done on the  
15:40 7 fly?  
15:40 8  
15:40 9 A. Yes, I do.  
15:40 10  
15:40 11 Q. Just reflecting back on all this, it must be because it is done  
15:40 12 on the fly in this way because the Board wants something  
15:40 13 approved as soon as possible to put in front of the Commission,  
15:40 14 because hearing is going on?  
15:41 15  
15:41 16 A. That could be.  
15:41 17  
15:41 18 Q. It's likely?  
15:41 19  
15:41 20 A. It could be.  
15:41 21  
15:41 22 Q. You had a meeting with the Board and then you gave  
15:41 23 instructions which Ms Bauer interpreted in the way we have seen  
15:41 24 ---  
15:41 25  
15:41 26 A. Yes.  
15:41 27  
15:41 28 Q. It is likely to be the case, isn't it?  
15:41 29  
15:41 30 A. It could be.  
15:41 31  
15:41 32 Q. Can you think ---  
15:41 33  
15:41 34 COMMISSIONER: You quibble with the word "likely"?  
15:41 35  
15:41 36 A. Yes, that's where I'd struggle, with the word "likely".  
15:41 37  
15:41 38 COMMISSIONER: Can you explain why?  
15:41 39  
15:41 40 A. I think there were many reasons the Board was considering  
15:41 41 Responsible Gaming. I do think the ---  
15:41 42  
15:41 43 COMMISSIONER: We're just talking about play periods.  
15:41 44  
15:41 45 A. Yeah, so the play periods --- in the play periods in the  
15:41 46 context of the play periods I don't recall have that discussion with  
15:41 47 the Board at all, ever having a discussion about play periods. I

15:41 1 only recall having a discussion with Dr Blaszczyński and Sonja  
15:41 2 and at another point, some of the business leaders about the play  
15:41 3 period, that's why ---  
15:41 4  
15:41 5 MR KOZMINSKY: Sorry, I interrupted you.  
15:41 6  
15:41 7 A. Not at all.  
15:41 8  
15:41 9 Q. You are up to Play Period version 1.7; do you agree with  
15:42 10 me?  
15:42 11  
15:42 12 A. Yes.  
15:42 13  
15:42 14 Q. It changed in December last year?  
15:42 15  
15:42 16 A. Yes, I understand that, yes.  
15:42 17  
15:42 18 Q. Can you think of any reason why, three months after Crown  
15:42 19 just made a change, you were urgently looking at putting together  
15:42 20 another policy, but for this Commission? Just another possibility.  
15:42 21  
15:42 22 A. Well, I know why I was.  
15:42 23  
15:42 24 Q. Why were the directors doing it? Can you give me a reason  
15:42 25 why they were doing it?  
15:42 26  
15:42 27 A. I wouldn't care to speculate. I will leave that to the  
15:42 28 directors, but I can tell you why I was doing it. In the first week I  
15:42 29 was in the organisation, and the first week I realised I had  
15:42 30 Responsible Gaming as part of my purview, I said "I don't  
15:42 31 understand this play period time limit, can you help me  
15:42 32 understand this?"  
15:42 33  
15:42 34 Q. Mr Blackburn ---  
15:42 35  
15:42 36 COMMISSIONER: What didn't you understand about it?  
15:42 37  
15:42 38 A. The length. It struck me as a very long time.  
15:42 39  
15:42 40 COMMISSIONER: Yes, of course you did. You said three or  
15:42 41 four hours might be better, but why did you go along with the  
15:42 42 proposal?  
15:42 43  
15:42 44 A. With the 12 hours?  
15:42 45  
15:42 46 COMMISSIONER: Yes.  
15:42 47

15:42 1 A. So after discussing it, something I can't say I have direct  
15:43 2 experience, I'm not a gambler nor am I a gamer, but why I went  
15:43 3 along with it is I discussed the matter with the various team  
15:43 4 members as well to get a sense of what constitutes a reasonable  
15:43 5 amount of time in the context of gambling, and the analogy that  
15:43 6 was given to me ---  
15:43 7  
15:43 8 COMMISSIONER: Did they say 12 hours is a reasonable period  
15:43 9 of time?  
15:43 10  
15:43 11 A. Yes, they did --  
15:43 12  
15:43 13 COMMISSIONER: All of them?  
15:43 14  
15:43 15 A. --- uniformly so.  
15:43 16  
15:43 17 COMMISSIONER: (Inaudible)?  
15:43 18  
15:43 19 A. There is --- certainly Professor Delfabrro's view is three to  
15:43 20 four hours and, yes, that is absolutely true, but ---  
15:43 21  
15:43 22 COMMISSIONER: Contrary to the literature, contrary to your  
15:43 23 best views?  
15:43 24  
15:43 25 A. Well, no. See, I was influenced in my view, and I didn't ---  
15:43 26 going in with a purely layman's perspective on it, I can tell you it  
15:43 27 startles me. I thought it doesn't make sense. I don't know anyone  
15:44 28 that would spend 18 hours doing anything continuously, it makes  
15:44 29 no sense to me.  
15:44 30  
15:44 31 COMMISSIONER: There is no amount of literature that says 18  
15:44 32 hours doesn't make sense at all, unless you are suffering from  
15:44 33 something.  
15:44 34  
15:44 35 A. Precisely, and so I'm trying to apply common sense and  
15:44 36 also be informed by my team who are across this. So my team  
15:44 37 said, "Think of it this way, Steve" --- I don't have teenagers or  
15:44 38 children, but I understand teenagers, young people, when they  
15:44 39 game, when they do video games, they can literally spend 15  
15:44 40 hours.  
15:44 41  
15:44 42 COMMISSIONER: There is no comparison. These people are  
15:44 43 losing tens of (inaudible).  
15:44 44  
15:44 45 A. I completely agree. I fully agree, but it at least me  
15:44 46 understand the context for it.  
15:44 47

15:44 1 COMMISSIONER: They persuaded you. From what you know  
15:44 2 now, not a whole lot much more experience, but from what you  
15:44 3 know now, do you agree that it is unacceptable?  
15:44 4  
15:44 5 A. Well, what I would like to think now is that --- I don't know  
15:45 6 yet if it is unacceptable, Commissioner, and I appreciate you  
15:45 7 want a clear answer. I still think it is long, but I'm not convinced  
15:45 8 I know what's right yet. I'm trying to get there --  
15:45 9  
15:45 10 COMMISSIONER: Okay.  
15:45 11  
15:45 12 A. --- and I'm also trying ---  
15:45 13  
15:45 14 COMMISSIONER: We'll help along the way.  
15:45 15  
15:45 16 A. --- to understand the intervention component of it.  
15:45 17  
15:45 18 COMMISSIONER: If the 12 hours is absurdly wrong, what does  
15:45 19 that tell you about your team who were pushing it? They say 12  
15:45 20 hours is fine. Let's say they are wrong. Let's say the literature  
15:45 21 and professors about who you are speaking, who may have  
15:45 22 a completely different view in their writing, at least, forget about  
15:45 23 what they tell you in real life, when they write their academic  
15:45 24 papers they often say something different from what they say to  
15:45 25 management and so on, but what would it tell you about the team  
15:45 26 you have if 12 hours is absurd?  
15:45 27  
15:45 28 A. That I need to revisit my team.  
15:46 29  
15:46 30 COMMISSIONER: Yes. And what does that mean. When you  
15:46 31 use the word "revisit", what do you mean by the word "revisit"?  
15:46 32  
15:46 33 A. I need to understand the expertise they apply in reaching  
15:46 34 conclusions of that nature. I need to apply judgment to it.  
15:46 35  
15:46 36 COMMISSIONER: Okay.  
15:46 37  
15:46 38 MR KOZMINSKY: Going back to the 18th. We discuss the call  
15:46 39 with Ms Bauer where she proposes play periods and discusses  
15:46 40 with Mr Walsh, and then it's in the paper. You say "Let's put it in  
15:46 41 the paper". When then happens is interesting.  
15:46 42 CRW.512.124.0063.  
15:46 43  
15:46 44 Commissioner, tab 43, the next tab. What happens here is Rowan  
15:47 45 Cameron, who reports to Ms Bauer in Sydney.  
15:47 46  
15:47 47 A. GM of Responsible Gaming in Sydney.

15:47 1  
15:47 2 Q. He says that:  
15:47 3  
15:47 4 *..... attached the urgently requested, hastily compiled but*  
15:47 5 *well-considered .....*  
15:47 6  
15:47 7 Do you see that?  
15:47 8  
15:47 9 A. Yes, I do.  
15:47 10  
15:47 11 Q. Given what we've just been through in terms of that  
15:47 12 timeline of the 18th ---  
15:47 13  
15:47 14 A. Yes.  
15:47 15  
15:47 16 Q. Some time late afternoon early evening on the 18th,  
15:47 17 between then, and this email was sent at 10.31 am, the three  
15:47 18 GMs, Melbourne, Sydney, Perth, put together a paper on  
15:47 19 Responsible Gambling; do you agree with me?  
15:47 20  
15:47 21 A. Yes.  
15:47 22  
15:47 23 Q. You see the email goes on to say that the paper sets out all  
15:47 24 the areas for improvement in the gaming side of the Crown  
15:47 25 business in the quest to achieve best practice?  
15:47 26  
15:47 27 A. Yes.  
15:47 28  
15:47 29 Q. And delivered 30 minutes late?  
15:47 30  
15:48 31 A. Yes.  
15:48 32  
15:48 33 Q. Again, you see there is great urgency.  
15:48 34  
15:48 35 A. Yes.  
15:48 36  
15:48 37 Q. And at the moment you can't think of a moment for the  
15:48 38 reason for the great urgency other than the Commission?  
15:48 39  
15:48 40 A. Well, my pressure. The urgency was my pressure, their  
15:48 41 boss was telling them to get him something so that he can present  
15:48 42 it to that Board.  
15:48 43  
15:48 44 Q. And your bosses, the directors, were telling you to get them  
15:48 45 something urgently so people would be best placed for statements?  
15:48 46  
15:48 47 A. Yes.

15:48 1 Q. So it is for the Commission?  
15:48 2  
15:48 3 A. Yes. That's fair.  
15:48 4  
15:48 5 Q. Commissioner, if you turn the page, and operator, 0064, to  
15:48 6 the attachment, I want you to take note that it says at point one  
15:48 7 "Play period trial and evaluation".  
15:48 8  
15:48 9 A. Yes.  
15:48 10  
15:48 11 Q. You see it is talking about introducing a 12-hour play  
15:48 12 period with alert periods, so observation or intervention, at 8 and  
15:49 13 10 hours?  
15:49 14  
15:49 15 A. Yes.  
15:49 16  
15:49 17 Q. Tell me if you agree with this: in the ordinary course, the  
15:49 18 better approach is for a paper to be prepared, for that paper to be  
15:49 19 considered by decision-makers, and then for a decision to be  
15:49 20 made?  
15:49 21  
15:49 22 A. I agree.  
15:49 23  
15:49 24 Q. This was the wrong way around, do you agree with me?  
15:49 25  
15:49 26 A. No because ultimately this is a first step. So this is not  
15:49 27 a transformation program yet. I intend to launch a transformation  
15:49 28 program in the context of Responsible Gaming, just as I have in  
15:49 29 financial crime and compliance. What this was was a number of  
15:49 30 enhancements that I proposed to uplift our practices.  
15:49 31  
15:49 32 Q. You made a decision to put it in the paper.  
15:49 33  
15:49 34 A. I did.  
15:49 35  
15:49 36 Q. Before this paper was delivered?  
15:49 37  
15:49 38 A. To add these enhancements to the paper, including the time  
15:49 39 limit, yes, I did.  
15:49 40  
15:49 41 Q. I'm simply saying to you that if you weren't rushed and you  
15:49 42 were doing things properly, you would get the paper, sit down  
15:50 43 with it, read it, then you would have a meeting, possibly with  
15:50 44 Professor Blaszczyński as well, and then you would reach  
15:50 45 a landing. It would not be done this way?  
15:50 46  
15:50 47 A. It's quite possible that's the case, yes. I mean I --- I felt at  
15:50 48 the time I had asked the right questions of the people I considered  
15:50 49 to be --- to have a greater depth in this space than me. So I

15:50 1 should have performed my obligations or the expectations around  
15:50 2 my role.  
15:50 3  
15:50 4 Q. I'm not being critical of you.  
15:50 5  
15:50 6 A. No, I understand.  
15:50 7  
15:50 8 Q. This is the whole problem. You think you are asking the  
15:50 9 right questions and you are being persuaded about 12 hours, but  
15:50 10 that's because you can ask the right questions in AML and you  
15:50 11 can ask the right questions in compliance because you have the  
15:50 12 expertise. That's the difference here, isn't it?  
15:50 13  
15:50 14 A. Yes.  
15:50 15  
15:50 16 Q. I think you've discussed with the Commissioner that the  
15:50 17 12-hour time limit on play policy with observations at 8 and 10  
15:51 18 hours isn't supported by the academic research, I think we are in  
15:51 19 agreement about that?  
15:51 20  
15:51 21 A. I haven't seen any research that supports that choice.  
15:51 22  
15:51 23 Q. Yes, I think in fairness to you, Ms Bauer gave the same  
15:51 24 evidence at transcript P-1285.  
15:51 25  
15:51 26 A. Yes.  
15:51 27  
15:51 28 Q. She said she wasn't aware of any either.  
15:51 29  
15:51 30 And so, reflecting on that, I want to ask you if, as the new head of  
15:51 31 Responsible Gambling at Crown ---  
15:51 32  
15:51 33 A. Yes.  
15:51 34  
15:51 35 Q. --- if you've taken time to consider what harm could be  
15:51 36 caused if Victorians gamble on electronic gaming machines  
15:51 37 operating in unrestricted mode for 12 hours of continuous play.  
15:51 38 Have you stopped to think about that?  
15:51 39  
15:51 40 A. I have.  
15:51 41  
15:51 42 Q. Having stopped to think about that, you agree with me that  
15:51 43 the 12-hour time limit play policy developed by others at Crown  
15:52 44 and proposed by others at Crown, unreasonable?  
15:52 45  
15:52 46 A. In the context of unrestricted gaming machines, yes, I agree  
15:52 47 with that.



15:52 1  
15:52 2 Q. Thank you. Do you agree with it in the context of EGMs  
15:52 3 operating in restricted mode?  
15:52 4  
15:52 5 A. Less so. And that's based on the fact that first of all, it is  
15:52 6 more likely, based on their location in the casino, that they will  
15:52 7 be observed, and that there may be an observable sign that can be  
15:52 8 flagged by any number of the casino staff or potentially the RGAs  
15:52 9 that are walking the floor.  
15:52 10  
15:52 11 Q. Assume for a moment we've heard evidence that there is  
15:52 12 not enough staff on the floor to be monitoring for observable  
15:52 13 signs effectively. I know you have three or more staff in  
15:52 14 Melbourne.  
15:52 15  
15:52 16 A. You mean the RGAs as opposed to the general staff?  
15:52 17  
15:52 18 Q. We've heard evidence about what the general staff know,  
15:52 19 and assume that I will make a submission that that is not  
15:53 20 an effective tool. Just assume that for a moment because we've  
15:53 21 heard evidence.  
15:53 22  
15:53 23 A. I don't assume that. I think, just as I expect every employee  
15:53 24 on the floor to be an officer for financial crime, I expect every  
15:53 25 employee on the floor to be an officer for Responsible Gaming.  
15:53 26  
15:53 27 COMMISSIONER: Kozminsky is asking you to assume based  
15:53 28 on evidence we have heard that your assumption is false. That is,  
15:53 29 they don't do it. Because they have other jobs to do which are  
15:53 30 their primary jobs.  
15:53 31  
15:53 32 A. I would say I agree with that evidence. I agree with that  
15:53 33 conclusion, however, I intend to change that.  
15:53 34  
15:53 35 COMMISSIONER: No, no, forget about change. We might have  
15:53 36 to change the whole organisation from top to bottom, but at the  
15:53 37 moment just assume that the evidence as it is now is that  
15:53 38 something like three RGAs maximum at any one time, sometimes  
15:53 39 zero, and the staff are doing their primary jobs. That's the  
15:54 40 assumption that Mr Kozminsky is asking you to act under, on the  
15:54 41 basis that it is roughly the evidence we've heard.  
15:54 42  
15:54 43 A. Yes.  
15:54 44  
15:54 45 MR KOZMINSKY: You agree with me unrestricted 12 hours is  
15:54 46 an unreasonable policy. Making the assumption I've asked you to  
15:54 47 make, you would agree with me 12 hours for EGMs operating in

- 15:54 1 restricted mode is not reasonable either?
- 15:54 2
- 15:54 3 A. I agree with that.
- 15:54 4
- 15:54 5 Q. Now that you are the head of the Responsible Gambling
- 15:54 6 department, I think you said to me one thing you were going to
- 15:54 7 look at was three or four-hour Play Period Policy at Crown; that
- 15:54 8 is what you were saying?
- 15:54 9
- 15:54 10 A. No, what we are looking at in the immediate or near term is
- 15:54 11 introducing a three or four-hour check, as an intervention and
- 15:54 12 a tap on the shoulder, as we do at the 8 and 10-hour stage. We
- 15:54 13 would do that at the three and four-hour stage as well.
- 15:54 14
- 15:54 15 Q. This is quite important because in due course we will place
- 15:55 16 significant emphasis on it, and I am going to come back to some
- 15:55 17 reforms. But when you say an intervention, a tap on the shoulder,
- 15:55 18 at Crown for the moment, at 12 hours --- or before 24 May, there
- 15:55 19 was not a tap on the shoulder. There was an observation, and in
- 15:55 20 the absence of someone showing any other observable signs,
- 15:55 21 nothing happened. Your new Play Period Policy says
- 15:55 22 intervention or observation. When you are talking about
- 15:55 23 something happening at three hours, are you talking observation
- 15:55 24 or intervention, or are you talking about intervention?
- 15:55 25
- 15:55 26 A. I'm talking about both. My expectation is that we will
- 15:55 27 apply both, observation followed by intervention.
- 15:55 28
- 15:55 29 Q. On every occasion of three hours there will be intervention?
- 15:55 30
- 15:55 31 A. Three to four hours. My expectation is there will be --- at
- 15:55 32 a minimum observation, but also potentially intervention where
- 15:55 33 signs are indicative of problem gambling.
- 15:55 34
- 15:55 35 Q. To be clear, what you are considering is, at three hours,
- 15:55 36 observation and, in the absence of any other observable signs, no
- 15:56 37 intervention?
- 15:56 38
- 15:56 39 A. Correct. Yes.
- 15:56 40
- 15:56 41 Q. I understand. Assume that was introduced. When would
- 15:56 42 the first time for mandatory intervention be introduced? Is it at
- 15:56 43 12 hours under your policy?
- 15:56 44
- 15:56 45 A. No, it will be at 8 hours under the policy.
- 15:56 46
- 15:56 47 Q. Mandatory?

15:56 1  
15:56 2 A. Yes.  
15:56 3  
15:56 4 Q. Do I take your current policy to mean that at 8 hours there  
15:56 5 is mandatory intervention? Notwithstanding it says observation  
15:56 6 or interaction?  
15:56 7  
15:56 8 A. I don't know.  
15:56 9  
15:56 10 Q. You don't know?  
15:56 11  
15:56 12 A. Sorry, could you ask the question again. Perhaps I do know  
15:56 13 but I just don't understand the question.  
15:56 14  
15:56 15 Q. Under the current enhancements proposal ---  
15:56 16  
15:56 17 A. Yes.  
15:56 18  
15:56 19 Q. --- it says ---  
15:56 20  
15:56 21 A. Oh, for the --- apologies. You meant where the proposal is  
15:56 22 12 and we are talking about 8 and 10 intervention and  
15:56 23 observation and intervention, my expectation is that at 8 and 10,  
15:56 24 there will be intervention.  
15:56 25  
15:56 26 Q. Why does it say "observation/intervention"?  
15:56 27  
15:57 28 A. Presumably because observation will lead to intervention.  
15:57 29  
15:57 30 COMMISSIONER: Not necessarily.  
15:57 31  
15:57 32 A. In my mind, it would be, that's why ---  
15:57 33  
15:57 34 MR KOZMINSKY: That's not the way it works at Crown.  
15:57 35 We've heard the evidence.  
15:57 36  
15:57 37 A. Okay.  
15:57 38  
15:57 39 Q. I suppose --- I will leave it there.  
15:57 40  
15:57 41 I want to ask you this, unless you have a question ---  
15:57 42  
15:57 43 COMMISSIONER: I do. Did I look like I wanted to ask  
15:57 44 a question?  
15:57 45  
15:57 46 MR KOZMINSKY: You did.  
15:57 47

15:57 1 COMMISSIONER: Go back to the recommendation document.  
15:57 2 Have you got that? Can I have it on page 2? Sorry, it is divided  
15:57 3 into two categories, those we can do immediately and those we  
15:57 4 can do later.  
15:57 5  
15:58 6 A. Over time, yes.  
15:58 7  
15:58 8 COMMISSIONER: I'm very keen to know what your personal  
15:58 9 view is ---  
15:58 10  
15:58 11 A. Yes.  
15:58 12  
15:58 13 COMMISSIONER: --- about each of the "Let's do now"  
15:58 14 recommendations. In other words, these are your managers down  
15:58 15 the line, I get that ---  
15:58 16  
15:58 17 A. Yes.  
15:58 18  
15:58 19 COMMISSIONER: --- but which of them either seem like  
15:58 20 common sense to you or, more importantly, are supported by the  
15:58 21 literature that you have read, that Ms Bauer sent you, and which  
15:58 22 would lead you to think you as an individual would go along with  
15:58 23 it?  
15:58 24  
15:58 25 A. Which are the immediate and which are the over time?  
15:58 26  
15:58 27 COMMISSIONER: I don't about the over time, just the  
15:58 28 immediate.  
15:58 29  
15:58 30 A. The immediate ---  
15:58 31  
15:58 32 COMMISSIONER: Which ones would you recommend to the  
15:58 33 Board?  
15:58 34  
15:58 35 A. As an immediate exercise ---  
15:58 36  
15:58 37 COMMISSIONER: Immediate can mean as soon as possible or  
15:58 38 as soon as practicable.  
15:58 39  
15:58 40 A. I would recommend all of these.  
15:58 41  
15:58 42 COMMISSIONER: You think they are all reasonable?  
15:58 43  
15:58 44 A. I think these are all reasonable requests to consider, yes.  
15:59 45  
15:59 46 COMMISSIONER: So you would be quite happy if all of them  
15:59 47 became mandatory?

15:59 1  
15:59 2 A. I think I would need to better understand them before that  
15:59 3 happened, and do the due diligence, but it wouldn't seem  
15:59 4 unreasonable to me that that would be the case.  
15:59 5  
15:59 6 MR KOZMINSKY: Is it a concern you don't understand them in  
15:59 7 certain circumstances where I put forward to you ---  
15:59 8  
15:59 9 A. I don't understand what, sorry?  
15:59 10  
15:59 11 Q. You said to the Commissioner that you would need to  
15:59 12 properly understand them before you could answer his question.  
15:59 13  
15:59 14 A. Well, I do understand them, but to your earlier point, you  
15:59 15 want to deliberate about decisions that impact people's lives, and  
15:59 16 you also want to be deliberate about situations where there is  
15:59 17 a great deal of research behind it. So it would be flippant for me  
15:59 18 to suggest that I could point at something and say "We need to do  
15:59 19 this now", I would need to better understand it and research it.  
15:59 20 I think that is perfectly reasonable.  
15:59 21  
16:00 22 Q. You attended the board meeting on 24 May 2021?  
16:00 23  
16:00 24 A. I did.  
16:00 25  
16:00 26 Q. You agree the Board adopted your enhancements. It was  
16:00 27 not presented with a paper about the best Responsible Service of  
16:00 28 Gambling operating practices in casinos of a similar size and  
16:00 29 nature to Crown Melbourne?  
16:00 30  
16:00 31 A. No, it wasn't intended to be.  
16:00 32  
16:00 33 Q. And you agree with me the Board did not discuss the best  
16:00 34 Responsible Service of Gambling operating practices in casinos  
16:00 35 of a similar size and nature to Crown Melbourne?  
16:00 36  
16:00 37 A. No, that was not the subject of the paper.  
16:00 38  
16:00 39 Q. No, I understand. I'm asking if you agree with me it was  
16:00 40 not discussed.  
16:00 41  
16:00 42 A. I agree with you, yes.  
16:00 43  
16:00 44 Q. Are you aware that under the Casino Agreement --- are you  
16:00 45 aware of the Casino Agreement?  
16:00 46  
16:00 47 A. I am.

- 16:00 1  
16:00 2 Q. Are you aware that under that, Crown must conduct its  
16:00 3 operations in the Melbourne casino in a manner that has regard to  
16:00 4 the best operating practices of casinos of similar size and nature  
16:00 5 to the Melbourne casino?  
16:00 6  
16:01 7 A. I am, indeed.  
16:01 8  
16:01 9 Q. Do you agree that when Crown makes a promise to the  
16:01 10 State, that is a important matter?  
16:01 11  
16:01 12 A. Of course.  
16:01 13  
16:01 14 Q. And you agree with me that Crown not honouring  
16:01 15 a contractual commitment to the State is not excusable?  
16:01 16  
16:01 17 A. I agree with that.  
16:01 18  
16:01 19 Q. Have you done any research to ascertain whether following  
16:01 20 these enhancements, the Responsible Service of Gambling  
16:01 21 operating practices at Crown Melbourne are in line with or  
16:01 22 similar to the practices of casinos of a similar size and nature  
16:01 23 overseas?  
16:01 24  
16:01 25 A. I'm not. I am committed to determining that. I am  
16:01 26 committed to actually doing the research and doing the study to  
16:01 27 understand that. I have at this point to rely on the VCGLR's  
16:01 28 comments on the Sixth Review which indicated that their  
16:02 29 Responsible Gaming Program was compliant, and that the Code  
16:02 30 of Conduct was compliant, and subsequent to that I have some  
16:02 31 comfort that the proposals put forward in the August 2020 report  
16:02 32 through the independent panel have been implemented in many  
16:02 33 instances. Some are in progress but most have been  
16:02 34 implemented. That gives me at least a platform on which to go  
16:02 35 forward to better understand as I now --- as I've now assumed this  
16:02 36 responsibility, the broader question.  
16:02 37  
16:02 38 Q. Sitting here today as the head of Responsible Gambling,  
16:02 39 you don't know whether or not --- well, you don't know whether  
16:02 40 or not Crown has been complying with that obligation insofar as  
16:02 41 Responsible Service of Gambling is concerned?  
16:02 42  
16:02 43 A. I don't. I only have the VCGLR opinion and the  
16:02 44 independent expert's opinion to rely upon.  
16:02 45  
16:03 46 Q. I understand. Have you followed any of the evidence given  
16:03 47 in the Commission or read any of the transcripts of people who

16:03 1 have given evidence about the harm they have suffered from the  
16:03 2 casino?

16:03 3

16:03 4 A. I have. It is extraordinarily troubling.

16:03 5

16:03 6 Q. I won't read some of it out then if you are alive to it. But I  
16:03 7 want to get your views about reform areas because you are the  
16:03 8 head of Responsible Gambling --

16:03 9

16:03 10 A. Yes.

16:03 11

16:03 12 Q. --- and any assurances you can give might transpire to be  
16:03 13 important.

16:03 14

16:03 15 A. Yes.

16:03 16

16:03 17 Q. You've discussed play periods on EGMs in restricted and  
16:03 18 unrestricted mode.

16:03 19

16:04 20 A. We have.

16:04 21

16:04 22 Q. Do you have a view about the reasonableness of the  
16:04 23 12-hour policy that is currently in place in respect of table  
16:04 24 games?

16:04 25

16:04 26 A. The time limit policy, you mean?

16:04 27

16:04 28 Q. Yes, 12-hour policy.

16:04 29

16:04 30 A. Yes, I think it may be excessive.

16:04 31

16:04 32 Q. Do you have any idea or have you done any reading or is  
16:04 33 anyone undertaking any work into what a reasonable herd might  
16:04 34 be?

16:04 35

16:04 36 A. Not yet. I haven't instructed anyone to and I haven't yet  
16:04 37 myself.

16:04 38

16:04 39 Q. Do you think ---

16:04 40

16:04 41 A. I will say that the intention --- my intention is to reach out  
16:04 42 to the panel. I found the evidence provided in the hearings to be  
16:04 43 quite troubling. It reminds me of evidence I have experienced in  
16:04 44 the financial crime space and, based on that, it is my intention to  
16:05 45 actually put this to a panel of experts, a panel of independent  
16:05 46 experts so that I can further uplift the program.

16:05 47

16:05 1 COMMISSIONER: The question I'm about to ask is blind.  
16:05 2  
16:05 3 A. Yes.  
16:05 4  
16:05 5 COMMISSIONER: Your panel of independent experts, are they  
16:05 6 on the staff? Do they get paid by Crown?  
16:05 7  
16:05 8 A. They are indeed.  
16:05 9  
16:05 10 COMMISSIONER: Why do you call them independent if they  
16:05 11 are on the staff and are paid?  
16:05 12  
16:05 13 A. I think ---  
16:05 14  
16:05 15 COMMISSIONER: I don't see how you describe paid officers.  
16:05 16  
16:05 17 A. Yes, I understand that perspective, I think I rely on their  
16:05 18 professional integrity to be independent. And I understand that  
16:05 19 they are internationally recognised experts. So my expectation is  
16:05 20 notwithstanding that they may be paid, they have independence.  
16:05 21  
16:05 22 COMMISSIONER: We used to read in other areas the  
16:05 23 independent expert evidence in the tobacco industry, paid by  
16:05 24 tobacco, and you understand ---  
16:05 25  
16:05 26 A. I understand.  
16:05 27  
16:05 28 COMMISSIONER: We all know the problem.  
16:05 29  
16:05 30 A. Yes.  
16:06 31  
16:06 32 MR KOZMINSKY: On that point, before we keep going on  
16:06 33 reforms, you are talking about a three-person panel that was  
16:06 34 recently established?  
16:06 35  
16:06 36 A. Dr Delfabro, Dr Nower and Dr Blaszczyński, yes.  
16:06 37  
16:06 38 Q. Would you consider putting people on that panel ---  
16:06 39  
16:06 40 COMMISSIONER: Can I just --- I want two questions. Give me  
16:06 41 a rough idea how long you are going to be, and then I will ask  
16:06 42 Blackburn if he wants a break or not.  
16:06 43  
16:06 44 MR KOZMINSKY: Not long. I would have thought 20 minutes,  
16:06 45 something like that.  
16:06 46  
16:06 47 COMMISSIONER: Do you want a break?



16:06 1  
16:06 2 A. I'd rather keep going.  
16:06 3  
16:06 4 COMMISSIONER: Your choice.  
16:06 5  
16:06 6 MR KOZMINSKY: I think you said two questions. That was  
16:06 7 only one.  
16:06 8  
16:06 9 COMMISSIONER: One for you and one for the witness.  
16:06 10  
16:06 11 MR KOZMINSKY: I understand.  
16:06 12  
16:06 13 Have you given consideration to putting people on the panel who  
16:07 14 haven't in the past had funding from the gaming industry?  
16:07 15  
16:07 16 A. I would.  
16:07 17  
16:07 18 Q. Have you?  
16:07 19  
16:07 20 A. No, I haven't yet, no.  
16:07 21  
16:07 22 Q. Are you aware that there are articles about some members  
16:07 23 of your panel being in the pocket of the gaming industry?  
16:07 24  
16:07 25 A. Yes.  
16:07 26  
16:07 27 Q. Have you read those articles?  
16:07 28  
16:07 29 A. I've read some.  
16:07 30  
16:07 31 Q. But nevertheless didn't turn your mind to the possibility of  
16:07 32 putting someone on so it was a balanced panel?  
16:07 33  
16:07 34 A. Well, I haven't considered the panel yet. I mean at  
16:07 35 a minimum I think it would be the three doctors, but I haven't  
16:07 36 considered the panel yet, so it's not that I have excluded anyone at  
16:07 37 this stage.  
16:07 38  
16:07 39 Q. Do you know that EGMs only operate in unrestricted mode  
16:07 40 at the casino? Are you aware of that?  
16:07 41  
16:07 42 A. That EGMs only operate in unrestricted mode at the  
16:07 43 casino?  
16:07 44  
16:07 45 Q. Were you aware of that?  
16:07 46  
16:07 47 A. Yes.

16:07 1  
16:07 2 Q. Do you think that EGMs should be permitted to operate in  
16:07 3 unrestricted mode?  
16:08 4  
16:08 5 A. I haven't given it thought. I think there are certainly risks  
16:08 6 with running it in unrestricted mode and Responsible Gaming  
16:08 7 would be one of them.  
16:08 8  
16:08 9 Q. You agree with me that a machine operating in unrestricted  
16:08 10 mode has no restrictions on its spin rate?  
16:08 11  
16:08 12 A. Yes.  
16:08 13  
16:08 14 Q. And no restriction on what denomination of note it can  
16:08 15 take?  
16:08 16  
16:08 17 A. That's my understanding.  
16:08 18  
16:08 19 Q. And no pay out limit?  
16:08 20  
16:08 21 A. I don't know if that's the case, but I think that may be the  
16:08 22 case.  
16:08 23  
16:08 24 Q. And no maximum bet?  
16:08 25  
16:08 26 A. Again, I don't know if that's the case. I think that is the  
16:08 27 case. I looked at something the other day, but --- I'm not sure.  
16:08 28  
16:08 29 Q. You can take it from me there is no maximum.  
16:08 30  
16:08 31 A. Okay, I will take it from you.  
16:08 32  
16:08 33 Q. Are you aware they can operate in auto play, in other words  
16:08 34 you don't have to continually ---  
16:08 35  
16:08 36 A. Yes.  
16:08 37  
16:08 38 Q. So reflecting on all that ---  
16:08 39  
16:08 40 A. Yes.  
16:08 41  
16:08 42 Q. --- and you are the head of Responsible Service of  
16:09 43 Gambling at Crown, do you think EGMs should be permitted to  
16:09 44 operate in unrestricted mode?  
16:09 45  
16:09 46 A. I think I need to further research it and understand the risk  
16:09 47 and the exposure. If research is done which leads me to the

16:09 1 conclusion that that is problematic, then I will be the first to raise  
16:09 2 my hand to say that that is the case.  
16:09 3  
16:09 4 COMMISSIONER: Would it be fair to say that you don't need  
16:09 5 much research to reach the conclusion that it is not beneficial to  
16:09 6 anybody other than Crown?  
16:09 7  
16:09 8 A. Well, I think it depends on how it is controlled and the  
16:09 9 criminals you place around it --- (overspeaking) --- no, I mean  
16:09 10 external controls to the actual machines themselves. So it  
16:09 11 depends on how effective your program is to identify where there  
16:09 12 may be issues. So in the context of unrestricted machines, if  
16:09 13 somebody is using those machines, if you have an effective  
16:09 14 program you've got --- and I appreciate your earlier comments  
16:10 15 and I agreed with your earlier comments, but you have the ability  
16:10 16 to identify problematic behaviour ---  
16:10 17  
16:10 18 COMMISSIONER: Looking at the people, rather than ---  
16:10 19  
16:10 20 A. Precisely.  
16:10 21  
16:10 22 COMMISSIONER: I understand. Yeah, yeah.  
16:10 23  
16:10 24 MR KOZMINSKY: Do you agree people should not be  
16:10 25 permitted to gamble on more than one EGM at a time?  
16:10 26  
16:10 27 A. I do. That's applying my uneducated view but that is how I  
16:10 28 would feel, yes.  
16:10 29  
16:10 30 Q. Do you know what YourPlay is?  
16:10 31  
16:10 32 A. Yes, of course.  
16:10 33  
16:10 34 Q. Do you agree that Crown should not permit a person to  
16:10 35 continue gambling if they reach a pre-determined YourPlay time  
16:10 36 or money limit?  
16:10 37  
16:10 38 A. I do.  
16:10 39  
16:10 40 COMMISSIONER: Do you have any idea what you might do for  
16:10 41 those who cheat the system and put the maximum money limit on  
16:10 42 the YourPlay, when they choose the money, a million dollars, so  
16:10 43 that they don't get bothered by the system?  
16:11 44  
16:11 45 A. I think there has to be --- yeah, we have to do  
16:11 46 an assessment of reasonableness in that circumstances and that  
16:11 47 seems incredibly unreasonable.

16:11 1  
16:11 2 COMMISSIONER: It is plainly unreasonable, I'm trying to work  
16:11 3 out what we can do about it.  
16:11 4  
16:11 5 A. I'm not aware of what we do about it now, Commissioner.  
16:11 6  
16:11 7 COMMISSIONER: I don't think you do anything about it. I'm  
16:11 8 trying to work out as a matter of theory what you could do about  
16:11 9 it.  
16:11 10  
16:11 11 A. Well, I would treat it in the same way that I would treat due  
16:11 12 diligence in the context of financial crime. I would like to  
16:11 13 understand who those customers are, why ---  
16:11 14  
16:11 15 COMMISSIONER: Let's say they are problem gamblers or  
16:11 16 people with a gambling habit, and the don't want to be interrupted  
16:11 17 by the machine stopping, so they say 24 hours, a million dollars,  
16:11 18 and that way I'm left alone.  
16:11 19  
16:11 20 A. That is a problem.  
16:11 21  
16:11 22 COMMISSIONER: I know it's a problem.  
16:11 23  
16:11 24 A. I'm not quite yet at the stage where I can actually come up  
16:11 25 with possible solutions. I think I need to further study it to  
16:12 26 understand what the potential solutions might be, and in the  
16:12 27 absence of potential solutions, to not permit it.  
16:12 28  
16:12 29 COMMISSIONER: Thinking about it, one way might be to not  
16:12 30 allow a million-dollar cap when you are choosing time and  
16:12 31 money.  
16:12 32  
16:12 33 A. Yes.  
16:12 34  
16:12 35 COMMISSIONER: That would be an obvious thing.  
16:12 36  
16:12 37 A. That seems to me ---  
16:12 38  
16:12 39 COMMISSIONER: The hard thing is to work out what the cap  
16:12 40 should be. Whichever way you cut it, it is going to be arbitrary?  
16:12 41  
16:12 42 A. To some extent it has to be arbitrary. Until you have done  
16:12 43 the evaluation, although I think it is really critically important to  
16:12 44 do the evaluation of the teams, and then actually lead that ---  
16:12 45  
16:12 46 COMMISSIONER: Averages or something like that?  
16:12 47

16:12 1 A. Precisely. Do the evaluation, determine whether or not it is  
16:12 2 indicative of, really, patterned, problematic behaviour and then  
16:12 3 take measures to address that.

16:12 4  
16:12 5 COMMISSIONER: Yes, makes sense.

16:12 6  
16:12 7 MR KOZMINSKY: Do you know there was some research done  
16:12 8 by the Foundation and they put in a statement that the most  
16:13 9 commonly chosen daily net loss limit for YourPlay is a million  
16:13 10 dollars? Are you aware of that?

16:13 11  
16:13 12 A. Not specifically. I believe I read that because I think it was  
16:13 13 in the VCGLR's research paper from 2018, I want to say, but I  
16:13 14 recall reading that somewhere.

16:13 15  
16:13 16 Q. So Crown obviously can't, at the moment the way things  
16:13 17 are, set limits for patrons. Do you agree customers should be  
16:13 18 encouraged by Crown to set realistic and affordable YourPlay  
16:13 19 limits consistent with what the Foundation's recommendation is?

16:13 20  
16:13 21 A. I do.

16:13 22  
16:13 23 Q. Do you agree with me that if Crown wanted to have limits  
16:13 24 and make sure players, when they reached pre-determined limits,  
16:13 25 stop playing, it is big enough and it has the resources, if it has the  
16:13 26 will it could make these things happen?

16:13 27  
16:13 28 A. I do.

16:13 29  
16:14 30 Q. Mr Blackburn, do you agree with me that following the  
16:14 31 findings of Commissioner Bergin and the evidence in this  
16:14 32 Commission, compliance, financial crime, AML, they are  
16:14 33 significant matters that Crown must address?

16:14 34  
16:14 35 A. Yes.

16:14 36  
16:14 37 Q. And you are responsible for those matters?

16:14 38  
16:14 39 A. I am.

16:14 40  
16:14 41 Q. And you agree with me that the evidence given in this  
16:14 42 Commission makes clear that Crown's approach to the  
16:14 43 Responsible Service of Gambling is a very important issue?

16:14 44  
16:14 45 A. Absolutely.

16:14 46  
16:14 47 Q. And you agree with me that if Crown is permitted to hold

16:14 1 the licence in the future, whoever heads up that department will  
16:14 2 need to spend a significant amount of time supervising and  
16:14 3 managing the department?

16:14 4  
16:14 5 A. Yes, in addition to having a team that will assist with that.  
16:14 6 It won't be the one person. It could never just be the one person,  
16:14 7 of course, it will always be based on a team.

16:14 8  
16:14 9 Q. I want to ask you whether or not on reflection you think it  
16:15 10 was a mistake for the board to put you in charge of Responsible  
16:15 11 Gambling. It is not a criticism of you.

16:15 12  
16:15 13 A. No, I appreciate it, and it makes me cautious about being  
16:15 14 prideful, but I would say I think it was the right decision. And I  
16:15 15 say that --- try --- I really hope that is not perceived in any way as  
16:15 16 arrogant, it is not intended to be. I feel, better than any other  
16:15 17 executive, I'm positioned well to advocate for Responsible  
16:15 18 Gaming in that I am an advocate for cost centres, I am  
16:15 19 an advocate for social licence, I am an advocate for doing the  
16:15 20 right thing by way of our customers, the victims of financial  
16:15 21 crime. I think of myself as potentially the best positioned  
16:15 22 individual in the organisation to do so.

16:15 23  
16:15 24 COMMISSIONER: What is behind the question, which is not in  
16:15 25 any sense a criticism, because if you spend a year or so, you will  
16:16 26 be on top of it as well as anybody, really, the question is, does it  
16:16 27 need full-time rather than part-time attention, bearing in mind  
16:16 28 that the other parts of your work are so responsible, so  
16:16 29 important ---

16:16 30  
16:16 31 A. Yes.

16:16 32  
16:16 33 COMMISSIONER: --- that I would have thought they needed  
16:16 34 full-time attention as well. So it is really whether it is a position  
16:16 35 for, one, to head it up like you are going to head it up, and you  
16:16 36 are going to head up the crime side of it as well, whether that is  
16:16 37 taking on too much.

16:16 38  
16:16 39 A. I don't think so, no. Perhaps I am being prideful. I don't  
16:16 40 think so, and the reason I don't think so, Commissioner, is I think  
16:16 41 in any endeavour, including financial crime and compliance, you  
16:16 42 see what I've done already in terms of uplifting and getting board  
16:16 43 support for growing the team, putting in new controls, it is  
16:16 44 dependent on my ability to run an effective team and build  
16:17 45 an effective team, and I think I'm really well-positioned to do so.

16:17 46  
16:17 47 COMMISSIONER: You might be brilliant at doing that, but is it

16:17 1 devolving too much responsibility on people down the line rather  
16:17 2 than the person at the top?

16:17 3

16:17 4 A. Well, I like to think while I'm not at the top, I'm very close  
16:17 5 to the top and that I'm the only executive that reports to the Board  
16:17 6 other than ---

16:17 7

16:17 8 COMMISSIONER: The Board are not full-time. You will be on  
16:17 9 the top.

16:17 10

16:17 11 A. Yes.

16:17 12

16:17 13 COMMISSIONER: The Board is not going to have any real  
16:17 14 oversight over this. Not really.

16:17 15

16:17 16 A. They will because I expect them to.

16:17 17

16:17 18 COMMISSIONER: I know how boards operate. Been there too  
16:17 19 long.

16:17 20

16:17 21 A. Oh --- okay.

16:17 22

16:17 23 COMMISSIONER: It is a serious question --

16:17 24

16:17 25 A. Yes, I understand. I think it is a fair question.

16:17 26

16:17 27 COMMISSIONER: --- full-time attention when so much  
16:17 28 important work needs to be done in the areas that you have  
16:17 29 a great deal of expertise in, and that expertise doesn't mean you  
16:18 30 can do that part-time. That's really the issue.

16:18 31

16:18 32 A. I think it is a very fair question and ---

16:18 33

16:18 34 COMMISSIONER: The answer is you don't know.

16:18 35

16:18 36 A. I think the answer is I don't know, that is fair. But I like to  
16:18 37 think, based on my experience in other similar areas, that I will  
16:18 38 be able to do this. I truly hope that I am because I would very  
16:18 39 much like to make a difference in this space.

16:18 40

16:18 41 COMMISSIONER: Yes, okay, fine.

16:18 42

16:18 43 MR KOZMINSKY: I know you do want to make a difference in  
16:18 44 the space, but when we were going through the reforms, and  
16:18 45 again it is not a criticism because you've dropped into the middle  
16:18 46 of the quagmire, you said you need to look into all of these  
16:18 47 issues. In a financial crime context, you would be better placed

16:18 1 to deal with them and move quickly, you agree with me and are  
16:18 2 nodding your head?

16:18 3

16:18 4 A. I do, and that is why I'm building out --- that is part of the  
16:18 5 reason why I'm building out a better financial crime team, so that  
16:18 6 I can devote more attention, and much attention to this space,  
16:19 7 because I'm about to hire some extraordinarily senior people in  
16:19 8 the financial crime and compliance space into Crown that will  
16:19 9 then allow me the opportunity to better focus on Responsible  
16:19 10 Gaming and to continue my progress in the space.

16:19 11

16:19 12 Q. Let me frame it to you this way --- if the directors were  
16:19 13 sitting down November 2020 looking for a Responsible Service  
16:19 14 of Gambling person, you wouldn't have been their man?

16:19 15

16:19 16 A. I would not have been. I doubt I would have been.

16:19 17

16:19 18 Q. I just want to check one transcript reference before I work  
16:19 19 out if I need to ask some more questions.

16:19 20

16:20 21 Mr Commissioner, I've got no further questions for this witness  
16:20 22 unless you have.

16:20 23

16:20 24 COMMISSIONER: No, I don't.

16:20 25

16:20 26 Yes, Mr Rozen.

16:20 27

16:20 28 MR ROZEN: I will be as quick as I can.

16:20 29

16:20 30 COMMISSIONER: That's okay.

16:20 31

16:20 32

16:20 33 **CROSS-EXAMINATION BY MR ROZEN**

16:20 34

16:20 35

16:20 36 MR ROZEN: Mr Blackburn, my name is Mr Rozen, I represent  
16:20 37 VCGLR.

16:20 38

16:20 39 In your first statement, on 21 April, and we can bring it up if need  
16:20 40 be but I would hope it is not necessary, you say that during your  
16:20 41 time at NAB you focused on building strong and collaborative  
16:20 42 regulations with regulators.

16:20 43

16:20 44 A. Yes.

16:20 45

16:20 46 Q. Why did you think that was important at NAB?

16:20 47



16:20 1 A. Well, I think it is critically important in any context for  
16:20 2 financial crime and compliance, and frankly Responsible Gaming  
16:20 3 as well, to have a direct and collaborative relationship with  
16:20 4 regulators because you are all working towards the same goal.  
16:20 5 That is my perspective at least. In the financial crime space, and  
16:21 6 I don't want to put myself on a soapbox but the simple fact is we  
16:21 7 all have the same --- or we all should have the same altruistic  
16:21 8 outcome in mind, which is protecting the vulnerable in  
16:21 9 Responsible Gaming, in financial crime, and therefore we need to  
16:21 10 work together to achieve that with the regulators, with  
16:21 11 government, with law enforcement.

16:21 12

16:21 13 Q. You would agree with me that the features of a strong and  
16:21 14 collaborative relationship with a regulator, not just in casinos or  
16:21 15 banks, but generally involve a high degree of trust ---

16:21 16

16:21 17 A. Absolutely.

16:21 18

16:21 19 Q. --- between the parties?

16:21 20

16:21 21 A. Yes.

16:21 22

16:21 23 Q. And trust will be built on openness and transparency?

16:21 24

16:21 25 A. Absolutely.

16:21 26

16:21 27 Q. And honesty in dealings?

16:21 28

16:21 29 A. Yes.

16:21 30

16:21 31 Q. When you commenced your time at Crown, were you able  
16:21 32 to make any observations about whether those features were  
16:22 33 present in the relationship between Crown and the VCGLR?

16:22 34

16:22 35 A. From my interaction with others that had had engagement  
16:22 36 with the VCGLR in the past, it became apparent to me that there  
16:22 37 was a fairly aggressive approach to the relationship, and one that  
16:22 38 was not how I would approach a relationship with a key  
16:22 39 regulator. Apologies to this individual, but I think that was in  
16:22 40 a great deal built as a culture around Joshua Preston.

16:22 41

16:22 42 Q. I won't ask you any questions about Mr Preston or any other  
16:22 43 individual, but I'm interested in your characterisation of  
16:22 44 aggressive as the approach. I assume you are saying the  
16:22 45 aggression was directed from Crown at the VCGLR?

16:22 46

16:22 47 A. Well, actually, the evidence that was presented to me was

- 16:22 1 that the relationship had frankly soured, and that at one point in  
16:23 2 time it was actually a collaborative conducive relationship, and  
16:23 3 that at some point or another, and it seems to me to align with  
16:23 4 Mr Preston's time at Crown, it became aggressive, and I was  
16:23 5 made aware of that conversation that Michelle Fielding had with,  
16:23 6 I think it was Mr Cremona --  
16:23 7
- 16:23 8 Q. Yes.  
16:23 9
- 16:23 10 A. --- and I found that very troubling, I found it particularly  
16:23 11 troubling that Michelle Fielding, who I think very highly of,  
16:23 12 was --- had other individuals, including Mr Preston, standing over  
16:23 13 her, telling her who to say to the regulator.  
16:23 14
- 16:23 15 Q. This is the --- will go to the Minister conversation,  
16:23 16 Mr Blackburn; is that right?  
16:23 17
- 16:23 18 A. Yes.  
16:23 19
- 16:23 20 Q. And when did you find out about that?  
16:23 21
- 16:23 22 A. Oh, two months ago, maybe. It was --- at some point ---  
16:24 23 definitely some point in the last four months, but dates blur  
16:24 24 a little bit.  
16:24 25
- 16:24 26 Q. I think you've accepted, and I think we all understand  
16:24 27 you've had a lot on your plate in your four months at Crown, but  
16:24 28 have you had the opportunity to read the VCGLR's China Arrests  
16:24 29 Investigation?  
16:24 30
- 16:24 31 A. I have.  
16:24 32
- 16:24 33 Q. And have you had the opportunity to read the disciplinary  
16:24 34 action investigation that resulted in a \$1 million fine?  
16:24 35
- 16:24 36 A. I have.  
16:24 37
- 16:24 38 Q. You would agree with me, wouldn't you, that it is apparent  
16:24 39 from each of those investigations that the VCGLR --- the  
16:24 40 VCGLR's perspective is that it has had a high degree of  
16:24 41 frustration in carrying out those investigations?  
16:24 42
- 16:24 43 A. Yes.  
16:24 44
- 16:24 45 Q. You have, as I'm instructed, and I don't think there is any  
16:24 46 dispute about this, you have personally been open in your  
16:24 47 communications with the VCGLR, I'm sure you would agree with

16:24 1 that?

16:24 2

16:25 3 A. I hope so.

16:25 4

16:25 5 Q. Do you get the sense from those that you are dealing with,  
16:25 6 the CEO, Ms Myers, and others, that that is appreciated?

16:25 7

16:25 8 A. I do, actually, I had a terrific meeting with Steve McCann,  
16:25 9 our new CEO, and Katherine Myers and Ross Kennedy, I want to  
16:25 10 say two weeks ago, and it was very constructive and positive.

16:25 11

16:25 12 Q. You would agree with me that that greater degree of  
16:25 13 transparency and openness has been a unilateral decision on the  
16:25 14 part of Crown, if you understand the question?

16:25 15

16:25 16 A. Well, it is certainly a unilateral position for me --

16:25 17

16:25 18 Q. Yes.

16:25 19

16:25 20 A. --- and I've seen evidence of it with others as well now.

16:25 21

16:25 22 Q. Perhaps that was a clumsily-worded question. What I'm  
16:25 23 asking you is you didn't need the VCGLR to change in any way  
16:26 24 to lead to that greater degree of openness?

16:26 25

16:26 26 A. No.

16:26 27

16:26 28 Q. That was a matter that was within your control at Crown?

16:26 29

16:26 30 A. Yes.

16:26 31

16:26 32 Q. Can I ask you a couple of questions about Responsible  
16:26 33 Gaming. You gave evidence a few minutes ago in response to  
16:26 34 a question from Counsel Assisting that you drew some comfort  
16:26 35 from the VCGLR's assessment of Crown's Responsible Service of  
16:26 36 Gaming program. I take it that was in the Sixth Review report?

16:26 37

16:26 38 A. Correct.

16:26 39

16:26 40 Q. Perhaps if this could be brought up, operator, it is Exhibit 2,  
16:26 41 Sixth Casino Review. I'm sorry, I don't have the ---  
16:26 42 COM.0005.0001.0778.

16:26 43

16:26 44 COMMISSIONER: It is on the screen.

16:26 45

16:26 46 MR ROZEN: Always coming second, Commissioner.

16:26 47

16:26 1 If we go to native page 21, please, operator. This is the first  
16:27 2 complete paragraph in the left-hand column, if that can just be  
16:27 3 expanded. Do you have that in front of you, Mr Blackburn, it  
16:27 4 starts "The VCGLR notes"; do you see that?

16:27 5  
16:27 6 A. I do.

16:27 7  
16:27 8 Q. It says:

16:27 9  
16:27 10 *The VCGLR notes that Crown Melbourne has complied*  
16:27 11 *with its formal Responsible Gambling obligations.*  
16:27 12 *However, the VCGLR considers that there has been*  
16:27 13 *limited progress by Crown Melbourne during the review*  
16:27 14 *period in identifying opportunities for improvement in*  
16:27 15 *response to initiatives and research in other jurisdictions,*  
16:27 16 *including interstate and overseas. Noting that Crown*  
16:27 17 *Melbourne seeks to maintain a world leader reputation*  
16:27 18 *for its Responsible Gaming program, the VCGLR*  
16:27 19 *considers that there are various actions Crown*  
16:27 20 *Melbourne could take to minimise the risk of harm to*  
16:28 21 *persons gambling at the casino.*

16:28 22  
16:28 23 I won't read any further, but you would agree with me, wouldn't  
16:28 24 you, that there are numerous proposals and suggestions, in  
16:28 25 addition to the recommendations that were made in this report,  
16:28 26 which make it apparent what the regulator's view is about what  
16:28 27 the proactive steps might be?

16:28 28  
16:28 29 A. Yes, I think the content of the report in itself animates the  
16:28 30 recommendations.

16:28 31  
16:28 32 Q. Yes. This report, of course, is now three years old --

16:28 33  
16:28 34 A. Yes.

16:28 35  
16:28 36 Q. --- you've had some opportunity to make some assessments  
16:28 37 in recent months about Crown's Responsible Gaming program.  
16:28 38 Do you consider that Crown has taken up those suggestions  
16:28 39 adequately in the three-year period from your observation?

16:28 40  
16:28 41 A. Many, but not all. Many of the recommendations have  
16:28 42 been implemented. There are a few recommendations that  
16:29 43 remain in progress. But a number of the recommendations have  
16:29 44 been implemented, yes.

16:29 45  
16:29 46 Q. I understand that, and perhaps the question wasn't  
16:29 47 well-worded.

16:29 1  
16:29 2 I'm not so much concerned with the specific recommendations,  
16:29 3 Commissioner, there is a great deal of evidence about that.  
16:29 4  
16:29 5 I'm interested more in the approach. You will have read in the  
16:29 6 report that the VCGLR says Crown takes what it described as  
16:29 7 a very conservative approach.  
16:29 8  
16:29 9 A. Yes.  
16:29 10  
16:29 11 Q. A compliance, tick the boxes, if you will, approach to  
16:29 12 Responsible Gaming, rather than one that is determining on  
16:29 13 "What we can do to minimise harm for our vulnerable  
16:29 14 customers"; you understand that is the approach?  
16:29 15  
16:29 16 A. I do.  
16:29 17  
16:29 18 Q. If I can ask the question again, as the person who is  
16:29 19 ultimately responsible for Responsible Gaming, are you seeing  
16:29 20 enough of that in the way of Responsible Gaming is addressed at  
16:29 21 Crown?  
16:29 22  
16:29 23 A. I'm seeing movement in the space, and that is important to  
16:30 24 me. I mean, the willingness of the Board to allow me to increase  
16:30 25 the staffing by 40 per cent, the willingness to allow me to  
16:30 26 increase the remuneration rates to what I think apply a great deal  
16:30 27 of value on those roles, I think that is a step in the right direction,  
16:30 28 but it is a step. And I think we should and need to continue to do  
16:30 29 more.  
16:30 30  
16:30 31 Q. I think in fairness to you, Mr Blackburn, you would point  
16:30 32 the Commission to the August 2020 report ---  
16:30 33  
16:30 34 A. Yes.  
16:30 35  
16:30 36 Q. --- of your Committee as well? You were asked questions  
16:30 37 by Counsel Assisting earlier about your background. I  
16:30 38 understand you have no relevant background in Responsible  
16:30 39 Gaming. Have you been provided with any training by Crown in  
16:30 40 relation to responsible training?  
16:30 41  
16:30 42 A. I've gone through the core training as well as spending  
16:30 43 a great deal of time with my team. So I've done the induction  
16:30 44 training, the online training, the senior management training,  
16:30 45 which was a session delivered by Luke Overman, the GM for  
16:31 46 Responsible Gaming in Melbourne, and then in addition to that I  
16:31 47 spent a good deal of time with the team. My humble view is that

16:31 1 education is a piece of it, but exposure and experience are, if not,  
16:31 2 more important than the education component. Education is  
16:31 3 certainly relevant, but I like to think that experience and  
16:31 4 exposure, sitting in the Responsible Gaming Centre as I've done,  
16:31 5 watching the screens flash up customers that are being identified  
16:31 6 as self-exclusion people that are on the premises, that sort of  
16:31 7 thing, I find that is, to me, the best form of education and  
16:31 8 training.

16:31 9

16:31 10 Q. Have you met with representatives of the Victorian  
16:31 11 Responsible Gaming Foundation?

16:31 12

16:31 13 A. I haven't yet.

16:31 14

16:31 15 Q. I must say I find that surprising, Mr Blackburn. Is that  
16:31 16 a function of not having enough time or a function of it not being  
16:32 17 a priority?

16:32 18

16:32 19 A. I would say that is probably a function of responding to  
16:32 20 three Royal Commissions, two AUSTRAC enforcement actions,  
16:32 21 one ASIC enforcement investigation. I think it has to do with  
16:32 22 Crown's current state.

16:32 23

16:32 24 Q. Does it also rather underline Mr Kozminsky's suggestion  
16:32 25 that perhaps you are stretched a bit too ---

16:32 26

16:32 27 A. No, I don't think so because happily there is a time limit on  
16:32 28 all of these things. And while there will be lots of work that  
16:32 29 comes out of them, it will be constructive work that helps me  
16:32 30 build and do my job better. For example, the evidence that has  
16:32 31 come out of this Commission has been very helpful in educating  
16:32 32 me on potential issues, and also how to address those potential  
16:32 33 issues. So I see it all part of the same package, which is  
16:32 34 bringing --- elevating my ability to elevate the function.

16:32 35

16:33 36 Q. The final matter concerns the staffing numbers. You told  
16:33 37 the Commission a little while ago that when you first met with  
16:33 38 Ms Bauer, I think it was when you first met with her, you asked  
16:33 39 her whether or not she had adequate resources; what did she say?  
16:33 40 Not word for word, but what was the gist of her response?

16:33 41

16:33 42 A. She thought there was further opportunity in the  
16:33 43 administration space and the evaluation space.

16:33 44

16:33 45 Q. Do I take it that her answer was no, she didn't consider she  
16:33 46 had adequate ---

16:33 47

- 16:33 1 A. I think that's correct.  
16:33 2
- 16:33 3 Q. Just so we're clear, resources at least includes staff  
16:33 4 numbers, does it not?  
16:33 5
- 16:33 6 A. It does, yes. That was the particular reference, was FTE,  
16:33 7 full-time equivalency.  
16:33 8
- 16:33 9 Q. Did you glean from the Sixth Casino Review Report, one of  
16:33 10 the recommendations, Recommendation 6, was that Crown was  
16:33 11 asked by the regulator to conduct a review about staffing  
16:34 12 resources?  
16:34 13
- 16:34 14 A. Yes.  
16:34 15
- 16:34 16 Q. From your discussions with Ms Bauer, did you learn that as  
16:34 17 part of its response to that recommendation, Crown advised the  
16:34 18 VCGLR that it had both conducted that review --- sorry it had  
16:34 19 conducted the review, increased the number of Responsible  
16:34 20 Gaming Advisors from seven to 12, and considered that it had  
16:34 21 adequate staff available for intervention duties with patrons?  
16:34 22
- 16:34 23 A. Yes, I'm aware of that response.  
16:34 24
- 16:34 25 Q. What is the Commission to make of that apparent  
16:34 26 dichotomy between what Crown, including Ms Bauer, advised  
16:34 27 the regulator back at the end of 2019 that it had adequate  
16:34 28 resources, and her observation to you that she didn't consider she  
16:34 29 had adequate resources?  
16:34 30
- 16:34 31 A. I can only assume that her perception changed over time.  
16:34 32
- 16:35 33 Q. I see. And what might --- sorry, I withdraw that. The  
16:35 34 discussion you had was in the context of this Royal Commission?  
16:35 35
- 16:35 36 A. No, it was in the context of Responsible Gaming generally.  
16:35 37
- 16:35 38 Q. Just trying to understand the timing. Was it after this Royal  
16:35 39 Commission had commenced?  
16:35 40
- 16:35 41 A. I would imagine it was.  
16:35 42
- 16:35 43 MR ROZEN: Might that be the explanation for --- I withdraw  
16:35 44 that. You are not in a position to say.  
16:35 45
- 16:35 46 They are the questions I have, Commissioner.  
47

1 COMMISSIONER: Okay. Ms Button?  
2  
3

4 **RE-EXAMINATION BY MS BUTTON**  
5  
6

16:35 7 MS BUTTON: Mr Blackburn, just to go back to a couple of  
16:35 8 matters arising from your evidence in answer to Ms O'Sullivan's  
16:35 9 questions, the question the Commissioner asked of you was in  
16:35 10 substance whether, once everybody stopped looking, everyone  
16:35 11 will go back to their old ways. You said that wouldn't happen on  
16:36 12 your watch, to which the Commissioner made the fair  
16:36 13 observation that you are one person. You made reference to the  
16:36 14 110 people that you were bringing in. Now, I want to ask you  
16:36 15 one question that stems out of two parts of your evidence. That is  
16:36 16 one part. Counsel Assisting also had, at a few points in the  
16:36 17 discussion with you, suggested that your plan that you took to the  
16:36 18 board on 24 May had aspirations that were characterised as rosy,  
16:36 19 particularly in relation to the time frames that you have sketched  
16:36 20 out for your enhancement program.

16:36 21  
16:36 22 A. Yes.

16:36 23  
16:36 24 Q. Can you explain to me what your enhancement program is  
16:36 25 driving to, and what you are doing to ensure this isn't going to  
16:36 26 happen again, any of the failings that have happened in the past,  
16:36 27 won't happen again, and it doesn't depend on you as one  
16:37 28 individual keeping an organisation of 12 or more thousand people  
16:37 29 on the straight and narrow? Can you explain how it is that your  
16:37 30 program is going to achieve those objects?

16:37 31  
16:37 32 A. So the program is centred, first of all, on increasing FTE.  
16:37 33 That FTE introduced new capability as well as capacity, but new  
16:37 34 capability, including, for example, an assurance team. So  
16:37 35 a second-line assurance team that will focus on determining  
16:37 36 whether or not the AML/CTF program, whether or not the  
16:37 37 compliance policy, a number of other compliance policies, are  
16:37 38 being implemented effectively. So they will test and challenge  
16:37 39 the first-line implementation of all of those elements of the  
16:37 40 program. That is the assurance function, but there are multiple  
16:37 41 other functions that come together to essentially perform  
16:37 42 a comprehensive review of the program and a comprehensive  
16:37 43 oversight of the program. It has many elements to it, the financial  
16:37 44 crime program and compliance change program. It looks at every  
16:38 45 core element of financial crime and compliance to assess, first of  
16:38 46 all, their wherewithal at this stage, but also opportunities for  
16:38 47 enhancement and advancement. And there are things like



16:38 1 introducing risk appetite statements where there are risk appetite  
16:38 2 statements but just provides more granularity. Introducing RACI,  
16:38 3 which is a Responsible, Accountable, Consult and Inform matrix,  
16:38 4 that identifies individuals and who has actually has responsibility  
16:38 5 and accountability for the risk, who should be consulted and who  
16:38 6 should be informed in every case.

16:38 7  
16:38 8 There are a number of controls as well proposed through the  
16:38 9 financial crime and compliance change program, all of these  
16:38 10 things require essentially the --- they must be implemented in  
16:38 11 order to further reduce the risk. They are aggregated together,  
16:39 12 they create an environment where we are better positioned to  
16:39 13 detect, deter and disrupt, as is our requirement. Does that answer  
16:39 14 your question?

16:39 15 ^ Ng edited from here to end

16:39 16 Q. So one element that you've touched on is the people.

16:39 17

16:39 18 A. Yes.

16:39 19

16:39 20 Q. Is it also the case that your plan has given close attention to  
16:39 21 how those people are structured ---

16:39 22

16:39 23 A. Absolutely.

16:39 24

16:39 25 Q. --- the teams in which they sit? Can you explain the teams  
16:39 26 and how you've organised them, and the rationale for the  
16:39 27 organisation of those teams and the seniority of the people  
16:39 28 heading up the teams in the next ---

16:39 29

16:39 30 A. Absolutely. So any organisation in the financial crime  
16:39 31 space that is at its, sort of, early maturity stages, or foundational  
16:39 32 stages, will typically have a number of people doing multiple  
16:39 33 things, and not necessarily focusing on individual tasks or  
16:39 34 individual areas. What I've introduced is a financial crime risk  
16:39 35 team that will be devoted to managing policy and procedures,  
16:39 36 building out an appropriate and additional financial crime policy  
16:40 37 structure and compliance structure, and then conducting risk  
16:40 38 assessment. So active risk assessment with the build of new  
16:40 39 methodologies that go beyond our existing methodologies to  
16:40 40 identify where the inherent risk resides and to oversee the  
16:40 41 controls to understand whether or not they are actually reducing  
16:40 42 the risk and creating a lower residual risk. That is the financial  
16:40 43 crime risk team.

16:40 44

16:40 45 Then, of course, there is the compliance and regulatory affairs  
16:40 46 team. That remains largely the same though the operational  
16:40 47 elements of that team have been moved into the financial crime

16:40 1 and operations team, which is dedicated, frankly, to serving the  
16:40 2 other two teams; to serving the financial crime risk team to help  
16:40 3 them assess and report where risk is identified, and to the  
16:40 4 compliance team for the same ultimate purpose. But that team  
16:40 5 would be dedicated to conducting investigations, conducting  
16:40 6 robust customer due diligence and enhanced customer due  
16:41 7 diligence as well as managing third-party reports that come in  
16:41 8 from --- or third-party requests that come in from regulators or  
16:41 9 law enforcement or what have you.

16:41 10  
16:41 11 In addition to that you would have the second line assurance team  
16:41 12 that I've mentioned dedicated to performing thematic reviews on  
16:41 13 implementation of the program to ensure that where they identify  
16:41 14 gaps, those gaps are owned by the first line, addressed by the first  
16:41 15 line, and then tested by the second line to ensure that that  
16:41 16 reporting is provided to the Board and to senior management so  
16:41 17 that they are able to discharge their obligation to apply oversight  
16:41 18 of the program.

16:41 19  
16:41 20 Responsible Gaming is another pillar and one of the three  
16:41 21 principle pillars as I see it that are supported by the other  
16:41 22 functions.

16:41 23  
16:41 24 And the final function is what I call "solutions". It is sort of  
16:41 25 a silly title but I created it years ago and I'm wed to it. What I  
16:41 26 really focus on in the solutions team is technology oversight. So  
16:42 27 is there an ability to apply technology where none has been  
16:42 28 applied in the past to better effect outcomes and data. Data is the  
16:42 29 foundational principle to all of this. Data --- you require  
16:42 30 fundamental data in order to better assess your customers, better  
16:42 31 assess in the Responsible Gaming context your customers and  
16:42 32 behaviour and in the financial crime context, the same sort of  
16:42 33 thing. So this data team will be dedicated to, and I hope to, I'm in  
16:42 34 the process of interviewing a couple of data scientists, to come in  
16:42 35 and lead this team to provide the research on the data, to read the  
16:42 36 data in ways that can then be used by the various teams to focus  
16:42 37 on the core components of risk.

16:42 38  
16:42 39 And then there is the surveillance concept. Surveillance is not, as  
16:43 40 I said, it doesn't report to me. Surveillance and security report to  
16:43 41 the property CEOs but I believe that surveillance is critically  
16:43 42 important to everything we do in my space, everything we do in  
16:43 43 Responsible Gaming and financial crime and in compliance  
16:43 44 because it gives you the ability to identify customers in a way that  
16:43 45 say, for example, other reporting entities like banks, couldn't. So  
16:43 46 it animates your reporting, it builds your ability to first of all  
16:43 47 identify patterns, identify issues but also to report. So fulfilling

16:43 1 the obligation to report meaningful, quality suspicious matter  
16:43 2 reports to AUSTRAC in the case of financial crime.

16:43 3

16:43 4 Q. Thank you.

16:43 5

16:43 6 One of the themes that has come through in your evidence, or the  
16:43 7 point you've touched on, is the risk, the balance between risk and  
16:43 8 reward or I can't remember exactly your terminology, but can you  
16:44 9 explain how the first line and second line areas of responsibility  
16:44 10 for financial crime and money laundering risk, how does that tie  
16:44 11 into this, I think you might have described it as a competition or  
16:44 12 tension in other places that you've worked, but how does the first  
16:44 13 and second line and who owns the risk under your model?

16:44 14

16:44 15 A. In almost all circumstances the first line owns the risk. So  
16:44 16 the business owns the risk because they are the ones performing  
16:44 17 the function. So providing the designated service. The second  
16:44 18 line will own the risk as it relates to second line functions but the  
16:44 19 second line's role is to oversee the first line's performance against  
16:44 20 those risks, against those identified risks. So ultimately the first  
16:44 21 line on the risk and then collectively at senior management we  
16:44 22 collectively own the risk and the board owns the risk of  
16:44 23 overseeing the discharge of those obligations.

16:44 24

16:44 25 Q. Does the first line ownership of risk in some way is the  
16:44 26 intention that it tempers what might otherwise be a drive to the  
16:45 27 reward?

16:45 28

16:45 29 A. Correct. Yes. And you instil that in many ways. First of  
16:45 30 all you allocate the risk but then you instil it through our  
16:45 31 measures such as key performance indicators, or key performance  
16:45 32 objectives, which is something I'm working with Tony Weston,  
16:45 33 who will be our new Chief People Officer on, both to incentivise  
16:45 34 good behaviour and to discourage bad behaviour. And bad  
16:45 35 behaviour for me is profit at the expense of all others.

16:45 36

16:45 37 Q. Is that responsibility of the first line for risk something that  
16:45 38 you've introduced? When did that come in?

16:45 39

16:45 40 A. The responsibility --- so it already exists under our risk  
16:45 41 management framework. There is a risk management framework  
16:45 42 document and policy that sets out the three lines of defence. It  
16:45 43 clearly articulates that the first line owns these risk. What I  
16:45 44 intend to do is reinforce that through, first of all, the development  
16:46 45 of a RACI, that responsible, accountable, consult and inform  
16:46 46 matrix, but also through the introduction of other measures like  
16:46 47 key performance indicators.

16:46 1

16:46 2 Q. In answer to a question from Counsel Assisting --- I  
16:46 3 withdraw that.

16:46 4

16:46 5 It was suggested to you by Counsel Assisting that when your  
16:46 6 presentation referred to Crown having an early state of maturity  
16:46 7 in systems, in the aggregate, that really it was not just immature  
16:46 8 but delinquent when it came to money laundering, Crown was  
16:46 9 delinquent when it came to money laundering and you rejected  
16:46 10 that characterisation.

16:46 11

16:46 12 A. I do.

16:46 13

16:46 14 Q. Can you explain why you reject that characterisation?

16:46 15

16:46 16 A. I think it may have been in the past in some ways. I mean,  
16:46 17 it's clear to me that Crown breached its obligations with respect  
16:46 18 to financial crime and compliance. I think we have several  
16:46 19 instances where that is the case. I do not see it as current state.  
16:46 20 Current state, perhaps I'm optimistic, but current state I see as  
16:47 21 quite distinguishable from the past.

16:47 22

16:47 23 Q. Thank you.

16:47 24

16:47 25 A. Thank you.

16:47 26

16:47 27 COMMISSIONER: Thank you very much. I think I will call it  
16:47 28 quits for a day.

16:47 29

16:47 30 You don't want to ask any more questions?

16:47 31

16:47 32 MS O'SULLIVAN: I have one more question.

33

34 A. Of course.

35

36

37 **FURTHER EXAMINATION BY MS O'SULLIVAN**

38

39

16:47 40 MS O'SULLIVAN: Mr Blackburn, you agree, do you not, that  
16:47 41 Crown is at an early stage of its remediation in terms of  
16:47 42 anti-money laundering; do you agree?

16:47 43

16:47 44 A. I would say that Crown is at an early maturity level and  
16:47 45 what I mean by that is it is at a foundational level. I look at the  
16:47 46 various levels of maturity, I think you will have seen in my  
16:47 47 package of materials, I presented a maturity arc, where I said

16:47 1 "initial" meaning the absence of effective programs, policies, et  
16:47 2 cetera, "foundational" meaning you have an appropriate program  
16:48 3 in place, your procedures are largely in place, or your transaction  
16:48 4 monitoring is largely manual and a few other factors. Ultimately,  
16:48 5 I believe we are just past foundational. Certainly not advanced  
16:48 6 by any stretch of the imagination but that is what my proposal to  
16:48 7 the board and what my program seeks to do is to take us to  
16:48 8 a more advanced stage where we automate where we can to then  
16:48 9 focus the humans on the particular risk areas.

16:48 10

16:48 11 Q. Yes. And at the moment you are looking to implement the  
16:48 12 plan over the next 18 months and it is ongoing beyond that?

16:48 13

16:48 14 A. Yes, precisely, precisely. It is kind of a never-ending battle  
16:48 15 in the financial crime space. You assume that criminals will  
16:48 16 continue to find a ways to infiltrate the system, you assume that  
16:48 17 regulations will continue to change, hopefully they will, and then  
16:48 18 you respond to that. You continue to evolve your program where  
16:48 19 you identify. It is the point of having the assurance team as well  
16:49 20 is to feed information where gaps may exist back into the policy  
16:49 21 and into the program so you can uplift the policy and program  
16:49 22 which then leads you to applying stricter or different measures  
16:49 23 over the actual performance of the obligations.

16:49 24

16:49 25 Q. Can I ask you this: you conceded Crown has been  
16:49 26 delinquent in the past and breached various AML obligations in  
16:49 27 the past. Do you agree when this Commission assesses Crown's  
16:49 28 promises about what it will do in the future to remediate the  
16:49 29 AML, that assessment must be done in the context of Crown's  
16:49 30 track record on AML?

16:49 31

16:49 32 A. I think track record is important and I think it is one  
16:49 33 opponent of what should be considered. I also would like to  
16:49 34 think, and I assume that the Commission will also look at current  
16:49 35 state, how are we doing from a control perspective; how are we  
16:50 36 doing from an overall policy perspective; have we uplifted  
16:50 37 enough and then also what are we going to do in the future to  
16:50 38 advance our program? I think they need to take all elements into  
16:50 39 consideration.

16:50 40

16:50 41 MS O'SULLIVAN: Thank you.

16:50 42

16:50 43 That's all, Commissioner.

16:50 44

16:50 45 COMMISSIONER: Thank you. We adjourn to 9.30.

16:50 46

47

1 **THE WITNESS WITHDREW**

2

3

4 **HEARING ADJOURNED AT 4.50 PM UNTIL FRIDAY, 2**  
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