

## ROYAL COMMISSION INTO THE CASINO OPERATOR AND LICENCE

### SUBMISSION

#### **Is gambling a passion or mental illness? Does gambling benefit the community?**

We refer to the Commissioner's Opening Statement of 24 March 2021.

With respect we submit that it is repugnant to refer to gambling as a passion.<sup>1</sup> Gambling is not a positive or a productive pastime. It is a mental disorder. A mental disorder that is listed in the Diagnostic and Statistical Manual of Mental Disorders (DSM-5, Diagnostic Criteria 312.31).

Furthermore, it is misleading to state that casino gambling has *significant benefits*.<sup>2</sup> We submit the opposite, that the total effect of gambling in Australia is negative. There is no need to list the negative effects, as they are well known and documented.

#### **Has there been a corrupt relationship between Crown Casino and Victoria Police?**

We submit that the Crown Casino has used its political power to manipulate Victoria Police in respect to policing of the casino. There has been significant criminal conduct at the casino over the past 26 years. We submit that if this amount of criminal activity had occurred at a hotel or other licenced premises, those premises would have been quickly shut down. Until recent years,

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Moreover, many police have been frustrated by the casino's Vatican status.<sup>3</sup>

*Crown is also known as the Vatican among many, including some Victoria Police members. The nickname comes from its seemingly untouchable status; the way it acts as an almost nation state within Victoria. And it doesn't seem to matter whether it's Labor or the Coalition in power.*

It could be argued that Victoria Police has been intimidated by Crown Casino.

<sup>1</sup> Royal Commission into the Casino Operator and Licence, Transcript 10 am 24 March 2021 – Day 1 at page 6 'The establishment of a casino, here and elsewhere, can be understood against the following background: Australians have always gambled, legally and illegally. The great historian, Russell Ward, writing in 1958, said there is a wealth of testimony to the passion for gambling. Perhaps this passion might explain, at least in part, why Australians have a distinctly liberal and egalitarian gambling culture. The passion might also explain, again in part, why approximately 40 per cent of adult Australians are regular gamblers and why Australians, on average, spend at least twice as much on legal gambling as do people in North America and Europe.'

<sup>2</sup> Royal Commission into the Casino Operator and Licence, Transcript 10 am 24 March 2021 – Day 1 at page 6 'Gambling has significant benefits. The industry generates substantial income and employs many people. Gambling taxation provides a significant and growing proportion of State revenue. It currently accounts for about 12 per cent of State-generated taxes.'

<sup>3</sup> The Sydney Morning Herald, 10 February 2021, Tim Costello < <https://www.smh.com.au/national/time-to-end-gilded-reign-of-australia-s-gambling-industry-20210210-p57160.html> >

Personal Information

The willingness of the executive arm of government to protect an organisation is not unique and is illustrated by the covering up of child sexual abuse in the past. The methodology is fundamentally the same and by way of analogy we refer the inquiry to the recent ABC feature article by journalist Charlotte King at <https://www.abc.net.au/news/2021-04-24/ballarat-orphanage-the-memo-that-erased-a-scandal/100078732>

This part of the submission refers to Crown Casino's conduct toward Victoria Police, and falls within the ambit of the Royal Commission's first term of reference.<sup>4</sup>

### **Has Crown Casino Security and Surveillance engaged in unlawful or improper conduct?**

Mr Craig [Robin] Walsh is the Executive Director of Security and Surveillance at Crown Melbourne. Significantly, prior to working for the casino he held the rank of Inspector at Victoria Police (1985-2009).<sup>5</sup> Interestingly, the Commonwealth Attorney General provided written approval for Mr Walsh to do the Australian Security Intelligence Organisation T4 Protective Security Course in 2019. In this situation, we have a casino that conducts business with triad run junkets having access to ASIO's resources.

A large number of former Victoria Police officers work and have worked in the Security and Surveillance sections of Crown Casino. This is significant for two reasons: Personal Information Personal Information (ii) a more heightened alert to criminal conduct. It is difficult to comprehend any suggestion that Crown Casino Security and Surveillance was oblivious to criminal activity at the casino.

There are two distinct sets of standards applied to the public and the VIP gaming areas. Personal Info

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Illegal conduct covers both casino employees and patrons. Such conduct includes casino staff<sup>7</sup> involvement in thefts, frauds, prostitution, drug trafficking and money laundering.

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In addition, criminal behaviour by *significant* VIP patrons has not been reported to the regulator or to police. A prime example of this is a \$32 million alleged fraud in 2013 (See Annexure '1' to this submission).

<sup>4</sup> In particular, Whether Crown Melbourne is a suitable person to continue to hold the casino licence under the Casino Control Act.

<sup>5</sup> This is public information.

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<sup>7</sup> Including VIP staff.

Finally, we refer the Commissioner to the case of DPP v Hou [2020] VSCA 190. In this matter casino security staff were found to have engaged in unlawful intimidation, threats and interrogation. The casino staff also stated they could influence the outcome of a police investigation. Significantly the casino security staff involved in this matter (including Mr Walsh) were all former members of Victoria Police.

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This concludes our submission. We urge the Commissioner to explore the issues raised.

## Annexure '1'

<https://www.smh.com.au/business/crowns-fake-shake-how-a-12500-cocktail-helped-cover-a-32m-heist-20150627-ghz34m.html>

### **Crown's fake shake. How a \$12,500 cocktail helped cover a \$32m heist**

Authors: Mark Hawthorne

Source: Sunday Age, The (Melbourne). 06/28/2015.

Edition: First, Section: News, pg. 3

PHOTO: Crown's cocktail, dubbed The Winston. CARTOON: MATT GOLDING

It was the cocktail that grabbed global headlines. Sold in 2013 for a mind-boggling \$12,500, it even gave Crown Casino's Club 23 - the bar owned by James Packer, Shane Warne and Joe Hachem - a Guinness World Record.

Except, despite the billing, it wasn't the most expensive drink ever sold - technically, it wasn't sold at all. The Sunday Age can reveal the purchase was faked to help cover up a \$32 million heist that had taken place at the casino just a day before.

In February 2013, Crown had announced that New Zealand millionaire James Manning would pay the five-figure sum for "The Winston" - a cocktail made with 1858-vintage Croizet Cuvee Leonie cognac, the drop that Winston Churchill and Dwight Eisenhower sipped when planning the D-Day landings.

In what was perhaps a bad omen for Crown, it was also the cognac stocked on the Titanic.

Manning had been lured to the casino by one of its VIP services staff, the division that handles high-rollers. What Crown didn't know was that Manning had friends on the inside.

In what would later be described by police as an Oceans 11-style scam, Manning embarked on an extraordinary winning streak on the card tables. Eight winning hands in the streak, which netted \$32 million, piqued Crown's interest.

"We could not believe what he had won and some of the bets he placed were very, very suspicious," a former Crown executive said. "Those eight hands, in particular - he bet against the odds and won, so one of our surveillance guys decided to take a closer look."

After examining video, the surveillance expert realised that Crown's network of cameras in the VIP room had been breached and someone was giving signals to Manning at the table. Crown eventually worked out the VIP services manager who had invited Manning to the casino was in on the scam. "It was very elaborate and they nearly got away with it," the executive said.

A security guard knocked on the door of Manning's luxurious villa at Crown Towers in the middle of the night, and the gambler and his family were evicted. As the majority of the \$32 million of winnings had not yet been transferred out of the casino, Crown management

decided not to press charges. Manning was given an exclusion notice, banning him from the premises.

But the late-night sting left Crown's public relations department in a bind. The casino had already announced that Manning, "a businessman from New Zealand", would be buying the world-record cocktail.

The event was scheduled for February 7. Jason Gillott, the Hong Kong-based marketing manager for Croizet, had flown in with a bottle of 1858 Cuvee Leonie, worth an estimated \$150,000. Some guests had been asked if they could be official witnesses for a Guinness World Record. "Having James Manning done for a gambling heist just before the event was not in the script," said a former member of Crown's PR team. "We had the cognac, we had the event organised, we just didn't have a buyer. We were in an awful bind."

Even in the rarefied world of Crown, finding someone willing to pay \$12,500 for a cocktail is no easy task. With a PR embarrassment looming, two Crown executives - Vice President of VIP Services, Ishan Ratnam and the Chief Operating Officer of Crown Hotels, Peter Crinis - approached a regular face at Crown Towers, Giang Nguyen.

Nguyen is a financial backer of the Geelong Football Club, sometimes lives in a villa suite at Crown Towers, and is a close friend of Ratnam and Crinis.

He was also a reluctant buyer, but eventually a deal was struck. Nguyen would sign for the drink at Club 23, thereby appeasing the Guinness World Records judges, and the money would be repaid to him by Crown at a later date.

"The whole thing was fake ... \$12,500 was repaid to Giang so he would pose for the pic," a former Crown employee told The Sunday Age. "Giang stepped in at the last minute. He made the transaction as per Guinness rules, but he got his money back and it never came from Club 23."

Crown would have got away with it if it had not been for the scandal engulfing former Fiat Chrysler boss Clyde Campbell, and his links with Crown. Ratnam has been named in court documents alleging that Campbell funnelled Fiat Chrysler money through a company called My Alfa Romeo - which Ratnam owns with Campbell's wife, Simone - to buy a \$400,000 luxury boat.

The revelation about Campbell and Ratnam encouraged three past and present employees of Crown to come forward. They recall how, on the night of the world record attempt, Nguyen turned up to the glamorous cocktail party wearing old sandals, direct from his hotel room, with Ratnam following him.

Nguyen was in such a hurry to leave he didn't even finish The Winston. "A sip for the cameras and he was gone," said a former staffer.

"I can tell you now, Giang 'bought' the cocktail at the event, but was never charged, as he stepped in as Ishan's friend. I am glad it is out in the open now."

None of the parties involved responded to questions - including whether Club 23 would relinquish its world record title.

According to the Guinness World Records website, Club 23 still has the title for the most expensive drink ever sold.

END