



BC118/125 *fd* 538

Our Ref: Joshua Preston
 Direct Phone: [REDACTED]
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23 May 2018

Victorian Commission for Gambling and Liquor Regulation
 49 Elizabeth St
 Richmond VIC 3121
 GPO Box 1988
 Melbourne VIC 3001

Attention: Stephen Berriman

Dear Mr Berriman

Notice issued under s 26 of the Casino Control Act ('Act')

We refer to your letter dated 14 May 2018, and to the VIP International Strategic Business Plan presentations (**Presentations**) produced to the Victorian Commission for Gambling and Liquor Regulation (**VCGLR**) on 27 March 2018.

The Notice

Your letter requests that Crown Melbourne explain why the Presentations were not produced to the VCGLR pursuant to a notice dated 2 February 2018 (**Notice**). The Notice was expressly made by the VCGLR in connection with an investigation concerning:

[T]he circumstances regarding the arrest and convictions on 26 June 2017 of Crown employees in the Shanghai Baoshan District Court, Peoples Republic of China.

It relevantly required production of (the **Request**):

Any other records which contain information regarding any identification, assessment or treatment of risks conducted by Crown Melbourne Limited and/or Crown Resorts Limited and/or Crown Resort Pte Ltd (Hong Kong) regarding operations within mainland China from 1 January 2015 to the present, excepting any records or documents which have already been provided to the Commission.

Overarching comments

Over the past months, Crown Melbourne has responded to a number of notices, letters and other requests made by the VCGLR (including requests made during the

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course of examinations). At all times, it has endeavoured to do so in a considered, timely, co-operative and fully compliant manner.

Crown Melbourne treats its obligations in respect of the Notices with utmost seriousness. In Crown Melbourne's respectful view, it has fully discharged those obligations.

The Presentations

The Request is directed towards documents that contained information about risks arising from, or otherwise associated with Crown's operations within mainland China.

Crown Melbourne did not produce the Presentations because they are relevantly concerned with market outlook, and do not record risks that were identified as attaching to or arising in connection with activity on the ground in China, or the conduct of any risk assessment in relation to those operations.

The Presentations note a range of matters that were taken into account by Mr O'Connor and the VIP international division in the strategic business planning of the VIP international division. For example, the Presentations note the potential impact of:

- (a) changes to the political leadership in China, and associated uncertainty;
- (b) improvements in general economic conditions in China; and
- (c) the ongoing building of migration, education and tourism.

Likewise, the Presentations note that developments in mainland China had seen some patrons choosing to gamble in Australia (to the benefit of Crown's Australian casinos), instead of Macau or Singapore. These matters were identified as potentially relevant in the business planning context, because they were relevant to market outlook at the time.

They were not noted as constituting risks flowing from, or otherwise associated with Crown's operations within mainland China.

The Presentations are not documents which record or relate to any risk assessment 'conducted' by Crown in relation to its mainland China operations. The Presentations do not address risks or challenges in Crown's operations in mainland China. To the contrary, they in fact regularly note the importance of senior Australian based executives travelling into Asia. This is precisely what senior executives of Crown did, right up to the point of time of the detentions.

For all of these reasons, Crown Melbourne remains firmly of the view that the Presentations are not responsive to the Request.

If, notwithstanding the above, the Commission takes a different view, we respectfully submit that the view held by Crown Melbourne in the above circumstances was entirely reasonable and would of necessity constitute a "reasonable excuse" for not providing the Presentations initially in response to the Notice.

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Work in relation to Class Action

As noted in earlier correspondence, Crown has been in the process of restoring back up tapes containing electronic records (which cannot be viewed until tapes are restored) and identifying documents for the purposes of preparing to make discovery in the Class Action concerning Crown's former operations in mainland China.

Crown is scheduled to make an initial tranche of discovery by 25 May 2018 (**Tranche 1 Discovery**). Crown has not, to date in the course of reviewing materials for the purposes of making Tranche 1 Discovery, identified any additional documents that fall within the parameters of earlier requests made by the VCGLR. However, if any such documents are identified as this review continues, Crown Melbourne will also produce those documents to the VCGLR

Next steps

We trust that this response addresses the question concerning the Presentations raised by your letter of 14 May 2018. If you have any questions, or would be assisted by a meeting to discuss the matter further, please contact me to discuss.

Yours sincerely



Joshua Preston
Chief Legal Officer – Australian Resorts