



Victorian Commission for  
Gambling and Liquor Regulation

# Memorandum

HARD FILE NO: INV -

To: Scott May, General Counsel, Legal Services

From: Tim Bryant, Team Leader, Compliance

Subject Crown Casino's provision of material regarding questioning of a Chinese based staff member (Mr Bin (Benny) XIONG on 9 July 2015 by Chinese authorities

Date: 29 October 2020

## Purpose

1. To provide a summary of the provision of material by Crown regarding the questioning of a Chinese based staff member in 2015 as part of the Crown China investigation.

## Background

2. As part of the Crown China investigation it was discovered that on 9 July 2015 a Crown employee had been questioned by Chinese authorities in relation to organising gambling tours in Wuhan, China.

The importance of this questioning, and request by the Chinese Police, for the provision of a letter by his employer, as an indicator of the escalation of the risk faced by Crown, and its employees, has been comprehensively addressed in draft VCGLR reports and this was reinforced during the course of the ILGA Inquiry.

The material relevant to the questioning and letter has been provided by Crown to the VCGLR on numerous occasions between 27 November 2017 and 9 October 2020. Other correspondence with Crown regarding compliance with s26 notices is included in this memo for completeness as are summaries of interviews with Crown executives with the VCGLR and examination at ILGA.

### Chronology of requests and demands and provision of material from Crown

#### First VCGLR request (annexure A)

3. On 25 September 2017, the Compliance Investigation team requested from Michele Fielding, Group General Manager, Regulatory and Compliance, Crown Resorts Limited (CRL), inter alia,

*All documented communications between the Crown group and its international staff concerning the importance of limiting their activities to low-key marketing of small groups and publicity in China, including the instructions to Crown's staff to conduct themselves whilst in China in a manner which would not involve breaching Chinese anti-gambling laws.*

### **Second VCGLR request (annexure B)**

4. On 5 October 2017, a further request was made for, inter alia,
- Advice received from Wilmer Hale and Mintz regarding China operations*
- Any information received by the Crown group addressing it's China operations in particular advice addressing concerns to mitigate Article 303 and 25 of the Criminal Law of the Peoples republic of China*

### **First Crown provision of material (annexure C)**

5. On 27 November 2017, a response was received by Joshua Preston, Chief Legal officer – Australian reports, that included, inter alia,
- We enclose the key advices provided by the Mintz group that we have located in the course of reviewing emails of former employees in the VIP international team.*

Email correspondence dated 10 July 2015 between Randy Phillips of the Mintz Group and Michael CHEN, president – International Marketing, Crown Resorts that included the comments

*'we had another staff member yesterday in Wuhan visited by local police on a tipoff that he was organizing tours for gambling. He was requested to furnish a letter from the company proving that he worked for Crown.*

*'Thanks for the update on the employee in Wuhan. Looks like the incident was handled well without incident, though we must also consider that the request for the letter has the effect of contributing to an evidentiary pile that the PSB could decide to draw upon in the future'*

### **First VCGLR s26 Demand (annexure D)**

6. On 4 January 2018, a Demand pursuant to s26(1) of the CCA was issued to CRL and Crown Melbourne, including, inter alia,
- The letter referred to in Michael CHEN's email...'*
- All correspondence between Mintz and Crown Resorts Limited/Crown Melbourne Limited, and Mintz and Crowns overseas operation.*

### **Second Crown provision of material (annexure E)**

7. On 19 January 2018, Crown responded and included a copy of the letter and also stated in relation to the Mintz material that
- 'We are still reviewing our database to identify whether there are further emails falling within this category and, if there are we will supply them accordingly.'*

### **VCGLR Interview – Jason O'Connor**

On 8 March 2018, a record of interview was conducted by VCGLR investigators with Jason O'Connor. In short, he said that; -

- He had a vague recollection of the event (a Crown employee being asked by Police to produce a letter that he worked for Crown)
- He can't recall being made aware of the incident at the time
- It was an unusual event
- He had no recollection of the 'letter'

### **Second VCGLR s26 Demand (annexure F)**

8. On 22 March 2018, a further Demand was issued specific to the 'letter' that included the Demand to produce;

*'Any documents, including emails, that relate to this letter or similar letters provided in relation to Crown Resort Pte Ltd employees.'*

### **VCGLR Interview – Barry FELSTEAD**

9. On 28 March 2018, a record of interview was conducted by VCGLR investigators with Barry Felstead. In short, he said that; -
- He assumes Jason O'Connor or Michael Chen brought it to his attention
  - *'...my understanding – it could have been in relation to a particular patron but I don't recall a lot of the details...'*
  - *'...like I said my understanding of the whole incident was that it was in relation to a customer...'*
  - *'...as I said before if the incident was mainly focused around an individual player, which I was led to believe it was...that to me was not a material risk for our employees in China.'*
  - *He can't recall who led him to believe this (the individual player) but it would have been Michael (Chen) or Jason (O'Connor)*
  - He was not aware of it occurring before
  - He was aware of the letter being provided
  - He didn't think it should have been escalated – *'Crown employee interviewed by the police,no, I think the response was adequate.'*

### **Third Crown provision of material (annexure G)**

10. On 5 April 2018, Minter Ellison responded on behalf of Crown that included, inter alia, redacted email chains between Crown employees, Wilmer Hale and Crown internal lawyers that are subject to privilege which Crown does not intend to waive. In response to the request for documents that relate the letter they; -

*Otherwise note that Crown also has documents in its possession that record confidential communications made between Crown employees and internal and external lawyers concerning the interview of Mr Xiong and the Letter. These communications are subject to privilege, which Crown does not waive. Accordingly, they are not enclosed.*

The documents provided included;-

An email from Mr Barry Felstead authorising Mr Tim Spearman to sign the letter on behalf of Crown Resorts Pte Ltd, and an English translation of Mr XIONG's questioning by Police in email between a Crown employee in Melbourne (Accountant in VIP International) and Jan Williamson. This was also emailed by Williamson to Michael CHEN and Jason O'Connor on 15 July 2015.

The English translation includes *'..but the issue is that I have organised people to gamble in Australia'*

### **VCGLR Interview – Michael Chen**

11. On 10 May 2018, a record of interview was conducted by VCGLR investigators with Michael Chen. In short, he said that; -
- *Benny told us that the authorities wanted to confirm his employment and wanted him to provide evidence that he was - the company that he worked for, that he was telling the truth*
  - He doesn't recall relaying the Mintz advice regarding the 'evidentiary pile' to O'Connor or any other Crown executives.

- He can't recall discussing the matter with Felstead
- *Again, our customers are all big movers and shakers and we knew, you know, in a corruption crackdown the rich are the target and so we had no idea whether - you know, we couldn't know whether it was Crown related or not Crown related.*
- He didn't think the translation summary of Xiong's version of the event should be widely distributed so as to not alarm anybody because *'...it's an industry that has a lot of rumours and people are quite emotional'*
- He agreed that there is nothing specific in the material that it was about a Chinese customer
- He didn't think it was an unusual event *'You know, we were told again and again that something like this is not that unusual. Not just in our industry, in other industries, so.'*

#### **Position of Crown (annexure H)**

12. On 17 May 2018, Minter Ellison wrote to the VCGLR setting out the position of Crown Melbourne Limited in connection with the VCGLR's consideration of the detention of its staff in China. The correspondence at page 4 included the comments; -

*Point 27. Michael Chen consulted with Wilmer Hale in relation to the matter, and Crown Melbourne's internal lawyers were also involved. The matter was not considered to have any wider legal implications.*

*Point 28. Michael Chen also consulted with the MINTZ Group. Again the matter was not considered to affect the work of Crown Group staff in China. The reference in the correspondence from MINTZ that the *'...letter has the effect of contributing to an evidentiary pile that PSB could decide to draw upon in the future.'* Was not taken to be of any real significance and was not seen by others up the reporting line.'*

#### **Further production of documents (annexure I)**

13. On 23 May 2018, in response to a Demand notice issued on 14 May 2018 regarding VIP International Strategic Business Plan presentations, Crown stated that they were in the process of restoring back up tapes containing electronic records as part of their Class Action. To date, they have not identified any additional documents that fall within the parameters of earlier VCGLR requests however if any such documents are identified as the review continues, Crown Melbourne will also produce those documents to the VCGLR.

#### **VCGLR request for information and Crown preliminary response (annexure J)**

14. On 28 May 2018, the VCGLR wrote to Minter Ellison in response to their 'position' correspondence of 17 May 2018. At point 16 the VCGLR asked

*'We would appreciate if you could provide to the Commission any information that Crown has in its possession which would explain why Mr Chen chose not to consider this issue to be of significance and why he decided not to report it further.'*

#### **Crown response (annexure K)**

15. On 6 June 2018, Minter Ellison responded and stated that; -

*Point 24. Mr Chen ... did not consider the email took matters further and was comfortable as was Mr Felstead, that the interview had no wider implications. Indeed, the advices from MINTZ gave clear the clear impression that this was business as usual and, as Mr Chen indicated, it was assumed that this was more than likely related to an investigation into patrons of Crown.*

### Third VCGLR s26 Demand (annexure L)

16. On 23 August 2018, the VCGLR wrote to Minter Ellison and inter alia, requested (pursuant to s26(1) of the CCA)

*'To assist Crown in complying with all previous VCGLR notices, I have set out in Schedule A, a list of previous notice requests that Crown has not yet responded to at all or Crown advised that it was unable to locate any documents falling within the scope of the notice as at the date of the response.'*

*I request that Crown review all its materials to assess whether it has now identified any further material that falls within the scope of any previous notices. For example, any documents received or prepared by crown Resorts Pte Ltd (Hong Kong) or its staff pertaining to risk assessment of operating in mainland China (see notice dated 2 February 2018)*

### Crown response (annexure M)

17. On 21 September 2018, Minter Ellison responded to the VCGLR's letter of 23 August 2018 and stated, inter alia; -

*Letters to Chinese authorities*

*'The circumstances of the provision of the letter relating to Mr Xiong Bin are described in the documents and testimony already provided. No other such documents were created.'*

In relation to the on-going discovery process in the Class Action Minter Ellison advised that; -

*For the purposes of 'tranche 1' discovery in the class action, a subset of documents was reviewed earlier this year and further documents identified as responsive to VCGLR notices were produced.*

*Any documents identified during the course of the T2 dataset review or any third tranche review which are found to be within the scope of VCGLR notices will be provided to the VCGLR promptly upon completion of the dataset review (or stage, if the tranches are provided in stages)*

*Whilst we cannot say how many additional documents will be identified in the course of this review, Crown does not expect them to significantly affect the matters relevant to the VCGLR's investigation or the extensive testimony of witnesses examined during the VCGLR's interviews.*

### Fourth Crown provision of material (annexure N)

18. On 12 October 2018, Minter Ellison provided documents '*...not identified in the document searches previously undertaken by Crown.*' One additional document provided regarding the 'letter' was an email chain from 10 July to 13 July 2015 involving Michael Chen and Jason O'Connor that includes the request by Jason O'Connor to Chen; -

*MC,  
Can you please sketch together a summary of what other casinos are doing in relation to their sales staff in China? Baz has asked in response to the news about Benny.*

#### **Fifth Crown provision of material (annexure O)**

19. On 5 December 2018, Minter Ellison provided additional documents to the VCGLR including one additional email chain from Chen to O'Connor dated 13 July 2015 that states in relation to the request; -

*'How's this coming along?'  
'Coming'*

Crown referenced that this document was being provided as a response to the VCGLR Demand Request of 4 February 2018.

#### **Sixth Crown provision of material (annexure P)**

20. On 18 March 2019, Minter Ellison wrote to the VCGLR and provided 85 documents stating; -

*"As foreshadowed, Crown has undertaken a review of the subset of key documents discovered to date which it had identified as most likely to be of relevance in the class action*

*Among these materials, Crown has identified 85 documents that are caught by the VCGLR's notices. Details of these documents, along with the notices to which Crown considers these documents to be responsive, are contained in the annexure to this letter".*

Documents produced in relation to the 'Letter' as detailed below were provided as being response to the VCGLR Demand of item 4, P2, 2 February 2018.

*A three-page email dated 10 July 2015 from Chen to Bin Xiong requesting him to complete the attached 'protocol' being headed 'Reception Procedures in case of a government investigation in China'*

*A two-page email dated 10 July 2015 from Chen to Xiong attaching the 'Letter' and asking for his notes from the meeting including the identification of the officers involved.*

*A three-page email dated 9 July and 10 July 2015, heavily redacted, from Chen to Williamson with O'Connor cc'ed in regarding Xiong being questioned about '*...organising going (sic) tours. Benny denied it and said he worked for Crown Resorts and assisted in organizing leisure trips for customers.*' This was then forwarded by O'Connor to Barry Felstead on 10 July 2015.*

*A two-page email chain dated 9 and 10 July 2015 from Michael Chen to Jan Williamson with O'Connor cc'ed in with a draft copy of the 'Letter' for signature by '...someone in legal in Melbourne in order to protect those of us working overseas.'*

*On 10 July 2015 'Connor forwarded this to Barry Felstead and also stated 'We had another employee questioned by the Chinese police yesterday. He seems to have been accused of organising gambling operations or something. He explained that he works for a hotel resort company and helps with visas and travel arrangements etc. they asked for a letter from his employer verifying this.*

#### **Crown express willingness to provide documents (annexure Q)**

21. On 28 January 2020, Minter Ellison wrote to the VCGLR advising that they were willing to produce witness statements and annexures to the witness statements which have been filed and served in the class action. They requested a s26 notice regarding same and also advised that 'some parts of the annexures to the witness statements (not communications between Crown and Wilmer Hale are redacted, reflecting claims of legal professional privilege which Crown continues to maintain.

#### **Seventh Crown provision of material (annexure R)**

22. On 11 March 2020, Minter Ellison produced documents in response to the s26 Demand issued by the VCGLR on 27 February 2020. Included in the material was a; -

*Three-page email chain dated between 9 and 10 July 2015 commencing from Wilmer Hale to Michael Chen that states '...The police department said that somebody has reported that he organises overseas gambling tours, and he said that he had no knowledge about it...'. The email then has a draft letter prepared by Wilmer Hale for signature by Crown for Bin Xiong. The email chain then includes an email from Jan Williamson to Wilmer Hale confirming who the letter should be addressed from ie Crown Resorts Limited the ASX listed company. Williamson forwarded this for approval by Barry Felstead who said 'Fine by me thanks Jan.'*

#### **Fourth VCGLR s26 Demand (annexure S)**

23. During the course of the ILGA examination of Barry Felstead, it was identified that material before the Inquiry that may be of relevance to the VCGLR's investigation had not been provided to the VCGLR. On 1 October 2020, a s26 Demand was issued requesting two email chains ((g) and (r) refer).

#### **Eighth Crown provision of material (annexure T)**

24. On 9 October 2020 Minter Ellison provided the material and advised, inter alia, in relation to the specific 'Letter' material demanded that

*The documents requested under categories (g) and (r) of the Notice were not produced in response to the notice issued on 23 March 2019 (note this is believed to refer to 2018 – not 2019 see paragraph 8) because they were then subject to a claim for legal professional privilege.*

The 'g' email chain (CRL 636001174); -

*Commences 9 July 2015 with an email from Wilmer Hale to Michael Chen summarising Wilmer Hales debrief of Bin Xiong's interview with Police, including his claim that he had no knowledge of organising gambling tours. It also contains a draft letter for provision to the Chinese police.*

On 10 July 2015 Chen forwarded this email to Jan Williamson and cc'ed in Jason O'Connor and requested that *'If you have no objection, we will prepare the letter per Wilmer-Hale template. I will send you the final version and barring any hanged before 11am China time tomorrow, we will provide such a letter to the police.'*

On 10 July 2015, O'Connor forwarded the above email chain to Barry Felstead stating *'further to last note'*

On the same day Felstead forwarded the email the email to Michael Johnston and stated *'This is what we will be up against in China at the moment'*

On the same day he also separately forwarded the email to Ishan Ratnam and stated *'Let's discuss over lunch Loban.'*

The 'r' email chain; -

*Commencing 9 July 2015 summarising Wilmer Hales debrief of Bin Xiong's interview with Police, including his claim that he had no knowledge of organising gambling tours. It also contains a draft letter for provision to the Chinese police. Email chain then involves Jan Williamson and Michael Neilson regarding which Crown entity, should sign the letter, either Crown Resorts Limited, Crown Melbourne or his direct reporting entity, Crown Resorts Limited.*

### **Summary of evidence given at ILGA Inquiry regarding this incident**

#### **Jason O'Connor**

25. O'Connor gave evidence that only one staff member had been questioned by the Chinese police around July 2015. He also said that the other staff member was questioned by the Chinese police about 12-18 months earlier. He added that Mr Chen was the source of his information about the staff member in China being questioned by the police.

O'Connor told the Inquiry that he was aware that one of the employee in Wuhan had said that he worked for a hotel resort company and helped with visas and travel arrangements but denied organising gaming tours. Further, Mr O'Connor was aware that the Chinese police had asked for a letter from Crown Resorts verifying the same.

When asked if Mr O'Connor appreciated at the time that Crown Resorts was being asked to corroborate the employee's statement that he was not involved in gambling tours, he responded that he "appreciated at the time that what was being asked was a certificate to give evidence to who this employee's employer was to validate what he had claimed". However, O'Connor admitted that the employee in Wuhan was involved in organising gambling tours to Crown's casinos in Melbourne and Perth.

O'Connor told the Inquiry that he could not recall discussing with Mr Felstead what the letter which Crown Resorts was going to send to the Chinese police would say. Further, he did not see the letter in its final form before it was sent.

When asked if Mr O'Connor appreciated, at the time, that the letter in its terms was misleading as to the nature of the business activities being conducted by Crown Resorts, he accepted that *"it does omit that fact... that we do operate a casino here... that we operate restaurants"*. He also added that he *"took comfort from the fact this letter was drafted by our internal and external lawyers"*.

O'Connor said he could not recall the advice provided by Mintz in July 2015, that the letter being provided by Crown Resorts to the Chinese police had the *"effect of contributing to an evidentiary pile that the Chinese police could decide to draw upon in the future"*. He also added that he could not recall having Mintz involved in this event.

### **Barry Felstead**

26. Felstead was aware that two of the Crown Resorts staff based in China had been questioned by the Chinese police in early July 2015, and the Chinese police had required a letter confirming that one of them was employed by Crown Resorts. It was put to Mr Felstead that this *"was an obvious escalation of the risk of the China staff being arrested and detained, coming so soon after the arrest of the Korean staff"*. Felstead said that one could "draw that conclusion".

Further, it was put to Felstead that *"even with all that had happened in the previous few weeks, culminating with these two staff being questioned, it still didn't occur to you that it was necessary to ensure that the risk of arrest to the staff in China was notified to the board of Crown Resorts via its risk management committee"*. Mr Felstead agreed that in hindsight he should have escalated what occurred to the risk committee.

Felstead said that he forwarded the emails he received to Mr Johnston regarding the questioning of the staff member by the police and the provision of a letter confirming that he was an employee of Crown Resorts.

Felstead also said that the incident relating to the question of the second employee of Crown Resorts in China was handled by the legal department in Crown Melbourne. Accordingly, the senior legal counsel of Crown Melbourne forwarded advice of it to the head of legal and then on to Mr Michael Neilson, the joint company secretary of Crown Resorts. He thought that by forwarding the emails he was making the board of Crown Resorts aware of that matter.<sup>1</sup>

The Inquiry heard that Mr Felstead did not inform Mr Craigie (his direct report) that two of the staff based in China had been questioned by the Chinese police and one of them had been asked to provide a letter confirming that he was an employee of Crown Resorts.

### **Michael Johnston**

27. Johnston became aware in July 2015, that a Crown Resorts employee in Wuhan had been questioned by the Chinese police about whether he was organising gambling tours, as he was copied into an email that Mr Felstead had sent. He could not recall another Crown employee being questioned by police in China.

Mr Johnston was shown an email from Mr Felstead, dated 10 July 2015 in relation to the questioning of the staff member in Wuhan saying:

*"This is what we will be up against in China at the moment"*.

Johnston told the inquiry that he “probably would have read them when I was on leave”. The Inquiry put to Mr Johnston that Mr Felstead, the second most senior person with responsibility for VIP international obviously thought the issue was important enough to send him an email about it. Mr Johnston said that he was “*not sure on his motivation for sending it*” but he accepted the proposition.

Johnston said that he could not recall seeing the letter which Crown Resorts produced to the Chinese police at the time. When asked if Johnston appreciated that it was a serious issue requiring consideration by him, he said “no”. Mr Johnston explained that:

*“For a couple of reasons. The first is that I wasn’t being asked to do anything by virtue of what was sent to me. The second is it seemed as though Crown’s Chinese lawyers were dealing with the matter; they weren’t raising any alarms. This was in doing in China was lawful, and continued to be lawful. And, also, the email had been directed to Crown’s legal department in Melbourne. So that I – I thought that it was being properly attended to I wasn’t being asked for any particular action. I – I assumed that if there was a problem, Crown’s legal department would elevate it, or the Chinese lawyers would have – would have told us so”.*

Johnston told the Inquiry that he did not appreciate that this was potentially escalating the risk to the safety of Crown’s staff, and he did not bring it to the Board’s attention. When asked by the Commissioner why he did not bring it to the board’s attention, Mr Johnston said that:

*“... this came very close on the heels of having advice from the very same law firm that what Crown was doing was still lawful, and Crown and the rest of the industry could be distinguished from the Koreans. The email that I got was sending advice - I accept that the advice is on the structure of a reply to the police, but the Chinese lawyers weren’t saying, “This is an issue, this is an escalation of risk, we’re concerned”. Rather, it seems to be a very perfunctory email and I’m aware that this has gone through to the legal department in Crown whom, I had understood, had previously been involved with the advices and who I knew were aware of the Korean arrests and the advice that had been obtained. So you know, with the benefit of hindsight, I absolutely should have seen this as more significant but at the time I didn’t”.*

Johnston told the inquiry that with the benefit of hindsight he accepts that this was a clear escalation of risk to the staff in China. If he had fully appreciated it, it is certain that he would have reported it to his colleagues at the board (like he did for the Korean arrests). He added that it wasn’t a deliberate decision on his part, to withhold the information from his colleagues on the board. Johnston was the only board member informed of this risk and did not advise the board, however he still believed that he was discharging his duties as a director appropriately.

### **Ishan Ratnam aka Kanaratnam**

28. In July 2015, Mr Kunaratnam became aware that an employee of Crown Resorts had been questioned by the Chinese police, and that the Chinese police had requested to provide a letter from Crown Resorts confirming that he was an employee.

Kunaratnam recalls discussing this matter with Mr Felstead, and the substance of the discussion was in relation to whether a “welfare check was conducted” on Mr Benny Xiong. However, Mr Felstead did not tell him that this was the second employee of Crown Resorts to be questioned by the Chinese police.

Kunaratnam confirmed that he did not ever discuss the issue of the questioning of the Chinese staff member and the requirement to produce a letter with Mr Johnston and Mr Packer.

#### **Jan WILLIAMSON**

29. Williamson became aware on 9 July 2015, after reading Mr Chen's email, that a staff member (Benny Xiong) in China had been interviewed by the Chinese police. She was also aware that employee had denied that he was organising gambling tours, and that the Chinese police had requested Crown to furnish a letter the following day corroborating the employee's statement.

Williamson was asked if she was aware that Mr Xiong had not been truthful in the answers that he gave to the Chinese police. She responded, "yes".

Williamson told the inquiry that on 10 July 2015, she sent an email to Mr Zhou asking which company the letter should be from and he advised that the letter should come from the direct employing entity. Following, she sent an email Mr Felstead asking him to authorise Mr Tim Spearman to sign the letter on behalf of Crown Resort Pte Limited.

Williamson said that she did not have any further discussions with Mr Felstead about this issue at this time. However, Ms Williamson recalls having a conversation with Mr Neilson but could not recall the substance of her conversation with him. When asked if Ms Williamson had any role in drafting the terms of the letter, she responded "not the body of the letter... the portion underneath Mr Spearman's signature".

Williamson admitted that she read the letter but did not agree that it was misleading in that it omitted reference to the fact that Crown Resorts is operating casinos in Australia. Ms Williamson said that she was not asked to give an opinion or to give advice in respect of whether the content of the letter was corroborative of the employee's version of events. Williamson told the inquiry that she was not aware that the Crown Resorts legal department in Melbourne did not have a significant number of the legal advices and government relations advices which had been provided to Mr Chen by Wilmer Hale and the Mintz group.

#### **Debra TEGONI**

30. Tegoni was shown an email, dated 9 July 2015, forwarded to her Ms Williamson, referring to a staff member (Benny Xiong) in Wuhan being arrested by the Chinese police about organising gambling tours. Tegoni told the Inquiry that she could not recall reading the emails from Ms Williamson but was aware that the Chinese police had required Crown Resorts to provide a letter corroborating the employee's version. Ms Tegoni understood that the purpose of the letter was to confirm employment status.

Tegoni told the inquiry that the provision of the letter corroborating the employee's statement to the Chinese police "*wasn't expressed to be... a serious matter*". further, Ms Tegoni said that her conversation with Ms Willisonson

*"did not indicate that this was a serious matter because the questioning was in relation to patrons".*

Tegoni said that she could not recall whether the employee had in fact given the police in China a “false account”. Ms Tegoni told the Inquiry that she was not “focused on the content of the letter” rather she was focused on who was going to sign. She also said that she left the content of the letter to Ms Williamson.

Tegoni recalls having a conversation about the letter of employment being required and the conversation between Ms Williamson was who was going to sign the letter and suggested that to her that “*HR should sign the letter with the correct employer that employed this individual*”.

When asked if Ms Tegoni provided any of the information in the email or any of the information conveyed to her by Ms Williamson to any director of Crown Resorts, she responded that no because it was not a matter that she “*deemed significant to report to anybody*”.

#### **Michael NEILSON**

31. Neilson told the Inquiry that he does not recall speaking to Ms Williamson per her email about the questioning of the staff member by the Chinese police in July 2015 and the requirement of the police for a letter.

Neilson also told the Inquiry that he does not remember seeing the letter that was sent by Crown Resorts as requested by the Chinese police. Neilson was not aware of any communication of the information concerning these events to any director of Crown Resorts at any time up to October 2016.

### **COMMENTS**

32. The provision of the material by Crown, the importance of which is both in its detail and the various escalation levels, has rarely been done in a timely or forthcoming manner.

The VCGLR conducted its interview with Barry Felstead prior to receiving material that clearly indicates he was aware of the nature of the questioning. Also, based on his ILGA examination, material not previously available to the VCGLR showed that he raised the importance of the questioning with Michael Johnston and Ishan Ratnam.

The importance of Johnston in the Crown China investigation, and this incident cannot be understated. He was a direct appointment by the then Chairman, James Packer to the VIP working group, and was a Board member of CPH and CRL. He was the highest-level Crown executive who was aware of the incident and he failed to advise any of Crown Risk or Governance Committee’s or Boards of the questioning of a Crown employee by Chinese authorities and provision of a letter from his employer.

Despite the clear documentary evidence provided throughout the investigation, and even referred again by TEGONI recently in her ILGA examination, Crown have put forward a position that this incident was about a Chinese gambler or customer.

This position, was also articulated through Crown's presentation to the VCGLR on 31 August 2017. Concerningly Crown altered the wording of advice they received from Mintz to support their contention. This is the subject of a separate memorandum.

Tim Bryant  
Team Leader  
Compliance