



Victorian Commission for Gambling and Liquor Regulation

Minutes¹

VCGLR / AUSTRAC Meeting – Sixth Casino Review Recommendation 17

TRIM ID

Meeting details			
Meeting title:	VCGLR / AUSTRAC Meeting – Sixth Casino Review Recommendation 17	Meeting:	1
Date:	Wednesday 20 February 2019	Time:	9.30 am – 10.30 am
Location:	Collins Square, Level 27, Tower 2, 727 Collins Street, Docklands		
Attendees	Title and Business unit/Branch		
VCGLR:			
Jason Cremona	Manager, Licence Management and Audit		
Steve Thurston	Licence Manager, Licence Management and Audit		
Rowan Harris	Principal Major Licence Officer, Licence Management and Audit (Chair)		
Alkan Munur	Team Leader, High Risk Gambling and Casino Compliance		
AUSTRAC:			
Briony Olmedo	Acting Manager, Regulatory Operations		
Janet McCarthy	Director, Regulatory Operations		
Apologies:			
Mark Crawley	Manager, Industry Education and Outreach		

Item	Subject	Speaker	Time
1.	Opening/apologies Apology noted.	RH	5 min

¹ These minutes are for the VCGLR's internal use and were not confirmed with AUSTRAC.

2.	<p>Sixth Casino Review - Recommendation 17</p> <ul style="list-style-type: none"> The VCGLR recommends that, by 1 July 2019, Crown undertake a robust review (with external assistance) of relevant internal control statements, including input from AUSTRAC, to ensure that anti-money laundering risks are appropriately addressed) Intention and expectations (VCGLR) Background to Recommendation 17 The VCGLR provided background to AUSTRAC from its notes. Refer below. VCGLR intention and expectations The VCGLR's view is that, at a minimum, the focus of this recommendation is about ensuring greater visibility of individual junket players and their gaming activity (record keeping that should inform reporting of any suspicious matters by Crown) to ensure that anti-money laundering risks are appropriately addressed. It is expected that Crown's review of the relevant ICSs, including the Junket and Premium Player Programs ICS, will vary the applicable ICSs to determine the same level of transparency for individual junket player activity as there is for premium players. <p style="text-align: center;">Commonwealth secrecy provision</p> <ul style="list-style-type: none"> AUSTRAC as subject matter expert Seek that AUSTRAC report back to the VCGLR as to whether the relevant ICSs are 'ok' or need improvement. 	VCGLR	10 min
3.	<p>Crown meeting with AUSTRAC re recommendation</p> <p>The VCGLR expects that Crown will formally consult with AUSTRAC to seek its view.</p>		
4.	<p>Requirements for meeting Recommendation 17</p> <ul style="list-style-type: none"> Review of Crown's relevant internal control statements in particular, the Junkets and Premium Players Internal Control Statement. Refer to notes below. Meeting AUSTRAC's expectations The proposed timeline for completion of the review of the relevant ICSs is the end of April 2019. 		
5.	<p>Other business</p> <p>None.</p>		

No	Action to be taken	Assigned to	Due date	Status
1.	None.			
2.				

Notes:

Background to Recommendation 17

1. The VCGLR, other regulators and law enforcement agencies are aware of the significant potential risks of money laundering through casinos, particularly through junket operations.

Commonwealth secrecy provision

5. The structure of junket operation enables opaqueness around the source of beneficial ownership of funds presented as buy-ins and represents a significant money laundering risk. While the casino conducts Know Your Customer (KYC) due diligence on the customer, being the Junket Operator, there are no KYC requirements for participants. This arrangement results in cash or other funds being moved through the junket, where neither the source of funds, the owner of funds nor the identity of the individual conducting the betting transaction or cash deposit is known.

Commonwealth secrecy provision

7. *The VCGLR observes that to assist in mitigating the risks associated with junkets, the current internal control statements for junkets could be strengthened (amended?) with the inclusion of more robust controls in relation to the identification of individual junkets players and their associated gaming transactions when participating in junkets (page 138 of report).*
8. AUSTRAC has recently established a dedicated Gambling Reporting Team. AUSTRAC has approached Stuart McClelland in relation to Rec. 17 (26 November).
9. Crown noted that AUSTRAC has not expressed concern with Crown's procedures in respect of the Junket ICS and regulates Crown through its AML Program.
10. The VCGLR advised that in their view part of this recommendation is about ensuring greater visibility of individual junket players and their gaming activity to ensure that Anti Money Laundering risks are appropriately addressed. Therefore, it is expected that the review of the

appropriate ICS, which will include the Junkets and Premium Player Programs ICS, will vary the applicable ICS to determine the same level of transparency for individual junket player activity as there is for premium players.

11. Crown has stated that AUSTRAC has not expressed concern with Crown's procedures in respect of the Junket ICS and regulates Crown through its AML program. In addition, Crown has noted that the Recommendations do not specify amendments to the Junket and Premium Player ICS, nor make mention of individual player activity. Crown also, advised that the recommendation does not require Crown to review the Junkets ICS with AUSTRAC's input.
12. In reviewing the ICS, Crown would need to seek input from the VCGLR in conjunction with AUSTRAC regarding record keeping in relation to individual junket players (which Crown noted is not required by the Recommendation) and this should inform reporting of any suspicious matters by Crown (which Crown noted is not required by the Recommendations).

Requirements for meeting the recommendation

1. Review relevant ICS's, including Junket and Premium Player Programs with input from AUSTRAC to ensure that there is the same level of transparency for individual junket activity as there is for premium players.
2. Do the relevant ICSs, including the Junket and Premium Player Programs ICS identify and record the flow of junket player funds within the junket as a minimum standard in the ICS to ensure that AML risks are appropriately addressed?