



Crown Resorts Limited

Memorandum

To: The Board of Directors, Crown Resorts Limited ("**Board**")
From: Steven Blackburn, Chief Compliance and Financial Crime Officer ("**CCFCO**")
Date: 7 June 2021
Subject: **Update on steps to address recommendations in Deloitte Forensic Review Phase 1 and Promontory AML Vulnerability Assessment**

Purpose

This paper provides:

- an update on Crown's progress in implementing Deloitte's recommendations from Phase 1 of its forensic review of Crown's patron bank accounts ("**Deloitte Recommendations**");
- Financial Crime and Compliance ("**FC&C**")'s proposed actions to address the recommendations and observations in Promontory's AML Vulnerability Assessment dated 24 May 2021 ("**Vulnerability Assessment**"); and
- FC&C's proposed plan for obtaining assurance that the Deloitte Recommendations and the proposed actions to address the Vulnerability Assessment are implemented and operating effectively.

Deloitte Recommendations

The Board have previously received the following documents in relation to Phase 1 of Deloitte's forensic review:

- Deloitte's report dated 26 March 2021 setting out the findings of Phase 1 of the review supplemented by an addendum to the Phase 1 Report, dated 5 May 2021, which sets out Deloitte's findings in relation to the testing of Crown Perth transactions¹ ("**Deloitte Phase 1 Reports**"). The Deloitte Phase 1 Reports set out the Deloitte Recommendations;
- Crown's response to Deloitte's Phase 1 Report, dated 9 April 2021, which describes the steps Crown will take to address each of the observations in Deloitte's Phase 1 Report ("**Crown Response**"); and
- Deloitte's assessment of Crown's Response to the Deloitte Recommendations ("**Deloitte Assessment**").

Progress on implementation of the Deloitte Recommendations

Annexure A to this Paper sets out Crown's progress in addressing the Deloitte Recommendations. Of the 29 action items Crown devised to address the Deloitte Recommendations:

- 16 have been completed;
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¹ The Perth Addendum followed after the main report because Deloitte's access to Perth transaction data on SYCO was limited pending licensing by the WA Gaming and Wagering Commission (ultimately received).



- 6 are due to be completed by the end of June 2021;
- 5 are due to be completed by 1 October 2021; and
- 1 is due to be complete by November 2021.²

The last action item – the commission of an independent review of Crown's Part A AML/CTF Program – will commence on or before 31 December 2021.

Assurance

We propose to engage PwC to provide us with assurance that these actions have been implemented and are operating effectively. PwC will provide this assurance on a rolling basis as actions are implemented.

Promontory AML Vulnerability Assessment

The Vulnerability Assessment was finalised and provided to Crown on 24 May 2021. A copy was shared with the Board on 28 May 2021.

Crown's response to the Vulnerability Assessment

The Financial Crime team agrees that the money laundering and terrorism financing (**ML/TF**) vulnerabilities identified by Promontory are vulnerabilities that Crown faces as a casino operator.³ The FC&C Change Plan presented to and endorsed by the Board on 24 May 2021 addresses these vulnerabilities at a strategic level, and identifies the key proposed control changes to address the vulnerabilities at pages 28 to 30 and pages 37 to 41. The table at **Annexure B** to this paper provides a more detailed summary of FC&C's response in relation to each of the Promontory recommendations and observations. Our responses can be divided into the following four categories:

- Actions Crown proposes to take to address certain recommendation or observations through changes to policies and procedures. Our target is to implement all of these changes by the end of 2021.
- Actions that will take longer to implement because they require technology or systems changes. Our target date for completion of these actions generally ranges between the end of 2021 and 2023, with some actions being ongoing in nature, without a specific end date.
- Actions where further work is required to assess the feasibility of making the change to addresses Promontory's recommendation or observation. We aim to complete all of these feasibility studies and prepare further proposed actions by the end of 2021.
- In a small minority of cases, where the Financial Crime team disagrees with an aspect of Promontory's recommendation or observation or where Promontory's recommendation did not have the benefit of information about an existing control. Where this is the case, the reason for our disagreement or clarification as to our existing controls is noted.

All of the dates set out in **Annexure B** are FC&C's target dates. As outlined in the FC&C Plan, achieving these dates involve technology and business dependencies beyond FC&C's control, including dependencies on other groups within Crown having sufficient resources to support the proposed changes.

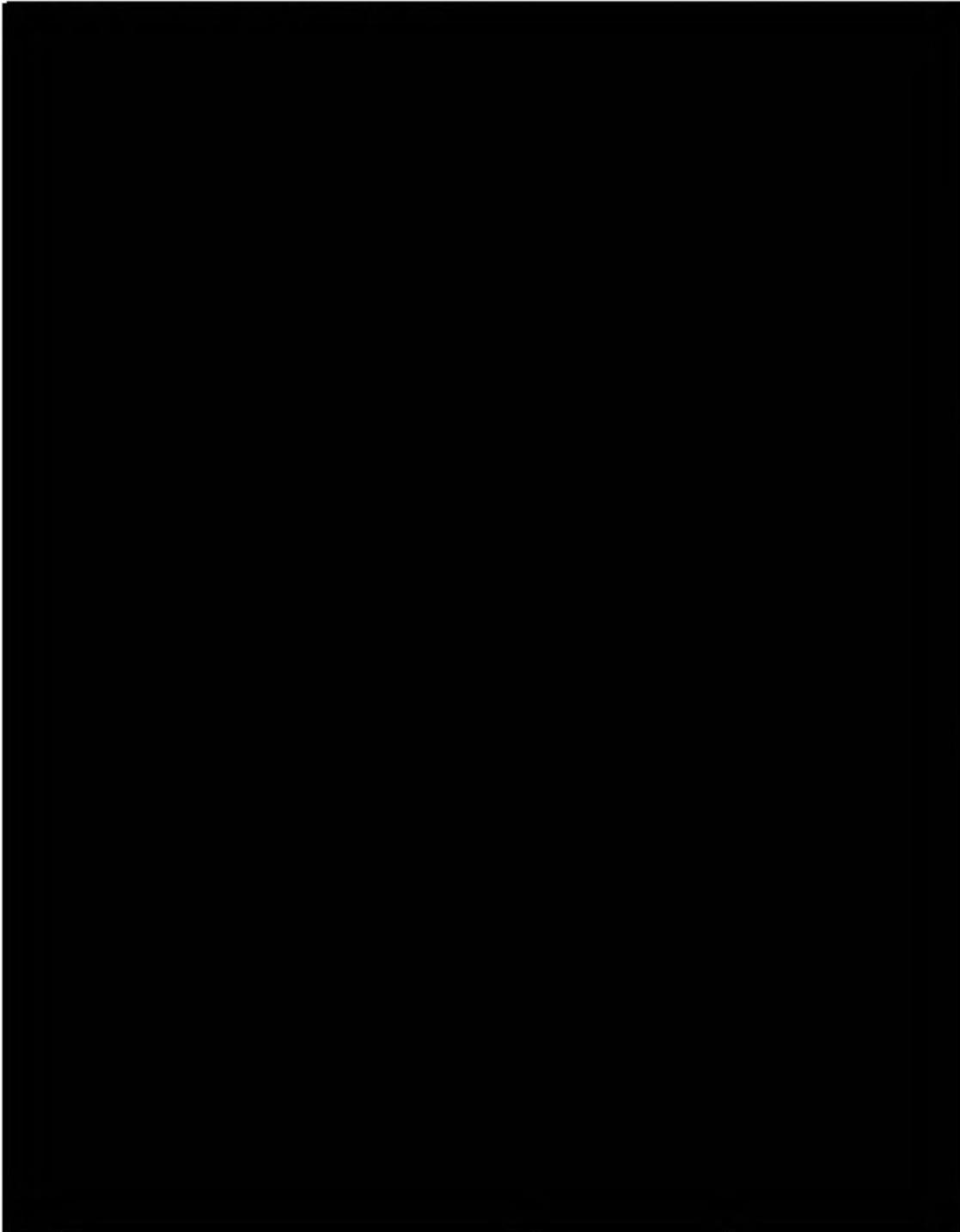
Key actions

² The action to be completed by November 2021 is in response to Observation 6 and involves the inclusion of the outcomes of GT and Initialism review and Deloitte review into Crown's enterprise-wide ML/TF risk assessment. This action was originally scheduled to be completed by 30 June 2021 but it is now anticipated that the enterprise-wide risk assessment will be completed in November 2021.

³ The Financial Crime team identified two factual inaccuracies in the Vulnerability Assessment. These are noted in Annexure B in the rows relating to Recommendations 11 and 19.



Of the actions proposed in **Annexure B**, we consider the following to be the most important to better understanding and reducing the group's ML/TF risk.





Assurance

We propose to use our internal Financial Crime Assurance team to provide assurance that the actions to address Promontory's recommendations and observations are implemented and operating effectively. This assurance work will commence in early 2022 and operate on a rolling basis as actions are completed.

Updates to the Board

We will provide the Board with updates on progress in addressing Promontory's recommendations and observations through regular FC&C Change Program Board reporting. This will include reports on the outcome of feasibility studies conducted.

Recommendation

It is recommended that the Board:

- note the progress of implementation of the actions to address the Deloitte Recommendations and endorse the assurance plan; and



- note and endorse the proposed actions set out in Annexure B to address the findings and recommendations in the Vulnerability Assessment and the proposed assurance plan described above.

The actions outlined in this paper are important steps in our progression towards our target end-state, as articulated in the FC&C Change Program. Further actions to mitigate our ML/TF risk are under active consideration and I intend to write to update the Board and seek endorsement for these further actions in due course.

Proposed by

Steven Blackburn

Group CCFCO

