



Independent Liquor & Gaming Authority

A statutory board established under the Gaming and Liquor Administration Act 2007

Ms Helen Coonan
Chairman
Crown Resorts Ltd

The Company Secretary
Crown Sydney Gaming Pty Ltd
Level 3, Crown Towers
8 Whiteman Street
Southbank VIC 3006

1 April 2021

By email and by post

Dear Ms Coonan

Further consultation on unsuitability of Crown Sydney Gaming Pty Limited (ACN 166 326 843) and related matters

Background

I refer to the Authority's notification of unsuitability and invitation to consult dated 15 February 2021 (the **Notice**).

I also refer to the submission in response received on behalf of Crown Sydney Gaming Pty Ltd (**CSG**) and Crown Resorts Limited (**Crown**) dated 15 March 2021 (the **Crown Response**).

Unsuitability

While the Authority acknowledges the constructive approach to regaining suitability disclosed in the Crown Response and in recent informal discussions between Crown's Executive Chairman and the Authority's Chairperson and Deputy Chairperson, it continues to consider that CSG is not presently a suitable person to give effect to the restricted gaming licence and the *Casino Control Act 1992* (**Act**).

Further consultation

As foreshadowed by the Authority's Notice, and in accordance with the request at paragraph 21 of the Crown Response, the Authority invites further consultation about the Authority's present view that CSG is no longer a suitable person.

The Authority considers that a range of matters will need to be further considered and addressed before the Authority will be in a position to be satisfied of suitability. In particular, and without limitation, the Authority requires further information about the implementation of the proposed next steps of Crown's proposed remediation action plan, including (without limitation) the reports contemplated by items 24 and 25 of the proposed remediation action plan (**Proposed Remediation Action Plan**).

Attached is an annotated copy of Crown's Proposed Remediation Action Plan, with an additional right hand column noting, in red, the Authority's present observations for Crown's further consideration and response.

The Authority also notes and agrees with the comments at page 7 of the Crown Response regarding the appointment by the Authority, at Crown's cost, of an independent party to monitor implementation of the Proposed Remediation Action Plan (**Independent Monitor**). In addition to providing external assurance as to the effectiveness of implementation, the Authority presently

envisages that the Independent Monitor would also be engaged to assist the Authority in assessing the overall design and adequacy of the Proposed Remediation Action Plan. The Authority invites Crown's response to this approach.

Matters outside Crown's proposed remediation action plan

The Authority notes that the regulatory concerns specified in the final four dot points of its Notice were addressed in the Crown Response but do not form part of the Proposed Remediation Action Plan. These matters are relevant to CSG's suitability and are an aspect of ensuring that CSG is subject to an appropriate regulatory framework from the commencement of any operations at the Barangaroo restricted gaming facility. The Authority acknowledges Crown's constructive response and provides further detail in relation to these matters below. The Authority invites a further, specific written response from Crown on these matters.

Recovery of Inquiry Costs

The solicitors assisting the Inquiry, Norton Rose Fulbright (**NRF**), have assessed the Authority's total costs on the Inquiry at circa \$22.5 million, and the costs in relation to Crown's suitability excluding those portions devoted to investigating (i) the Melco/CPH transaction and (ii) the regulatory framework, at circa \$16 million.

The Authority reserves its rights to pursue, under section 35A of the Act or under the VIP Gaming Management Agreement (the **Agreement**), any costs that may be attributable to the Melco/CPH transaction from CSG and/or Melco. For the avoidance of doubt, the Authority confirms that it regards remediation in respect of those costs as one of the matters that arises in the context of clause 14 of the Agreement.

Acceptance of liability to pay a casino supervisory levy for Crown's Sydney premises under s 115A of the Act

Noting Crown's advice in the Crown Response that it accepts its liability to pay the casino supervisory levy, the Authority is considering an interim levy payable for the 2020/21 financial year in the sum of \$5 million, to be adjusted for the 2021/22 financial year by reference to CPI and with regard to regulatory cost impacts of gaming operations, if commenced.

An ongoing levy would subsequently be designed to cover the "business as usual" costs of regulating the Crown Sydney premises, exclusive of any additional user-pays regulatory reforms as recommended by the Report. The Authority seeks an appropriate agreement/waiver from Crown and CSG before the regulations are amended to impose this levy.

Amendment to the Agreements entered into with Crown, CSG and related entities under section 142 of the Act

The Authority is obtaining a scoping brief from NRF to advise on rationalisation of the current suite of section 142 agreements for the Crown Sydney premises, including development of a more comprehensive casino licence instrument, in a manner that provides greater regulatory consistency for Crown Sydney and The Star at Pyrmont. It is further proposed that the casino-related liquor licences for both premises be updated to reflect a more contemporary format while achieving greater consistency between the two casinos. The Authority proposes that Crown and The Star share the Authority's costs of this reform process.

The Authority notes Crown's statement in the Crown Response that it seeks to retain the "commercial benefit" of the section 142 Agreements. The Authority does not propose reforms that would impinge upon CSG's ability to operate the Sydney premises on a 24x7x365 basis, nor any unilateral changes to the agreed taxation arrangements.

The precise scope of any amendments to the section 142 agreements will be a matter for consultation.

Agreement that Crown, CSG or other any other related entity has no entitlement to compensation in respect of any proposed rectification steps or the implementation of the recommendations of the Hon. P.A. Bergin SC

The Authority notes that to date Crown has disavowed any entitlement to claim compensation in respect of work that Crown has done, or proposes to do, to satisfy the Authority of its suitability to hold a casino licence.

The Authority asks that Crown give an indication of its willingness to agree that it will not claim any entitlement to compensation, including under the State Documents (as defined in the Common Terms Deed), with respect to (i) any proposed rectification steps identified under the Agreement, and (ii) implementation of any of the recommendations in the Report, including by way of legislative or administrative action by the State and/or the Authority.

Additional matters

The Authority notes the positive observations at page 620 of the Report regarding the potential use of a "gambling card" to enable the tracking of cash through a casino. The Authority considers that a user identified and verified smart card and/or digital wallet technology would provide both a powerful tool to combat money laundering and a new mechanism to address problem gambling. The Authority invites any specific proposals from Crown in this regard when responding to this letter.

Finally, the Authority notes that it has commenced communications with Crown staff with a view to reissuing temporary liquor licences for the Crown Sydney premises for the period from 1 May 2021 to 31 October 2021. The issue of those licences would be without prejudice to the Authority's ongoing consideration of CSG's suitability to hold a casino licence and/or any disciplinary action arising from the Report.

The Authority invites a further written response to this letter and enclosed Schedule.

Yours sincerely

Personal Information

Philip Crawford

Chairperson

For and on behalf of the Independent Liquor and Gaming Authority

Consideration of Crown's proposed remediation action plan

#	Area	Changes already made	Proposed next steps	Comment
Corporate governance and organisational structure				
1.	Board departures (Crown Resorts)	<ul style="list-style-type: none"> The following individuals have resigned as directors of Crown Resorts: <ul style="list-style-type: none"> Mr John Alexander (22 October 2020); Mr Michael Johnston (10 February 2021); Mr Guy Jalland (10 February 2021); Mr Andrew Demetriou (12 February 2021); Mr Ken Barton (15 February 2021); Mr Harold Mitchell (22 February 2021); and Mr John Poynton (28 February 2021). On 22 October 2020, Professor John Horvath announced his intention to retire as a director. This will take effect once new directors have been appointed. 	<ul style="list-style-type: none"> Complete in response to the findings from the Commissioner's Report. 	Noted.
2.	Board appointments (Crown Resorts)	<ul style="list-style-type: none"> Korn Ferry has been engaged to assist with finding candidates with relevant skills and experience for appointment to the Board. Mr Nigel Morrison has been appointed as a director of Crown Resorts, subject to the receipt of regulatory approvals. Mr Morrison has more than 20 years' experience in the gaming industry throughout Australasia and Asia. The appointment of an independent Chairman to the Board. 	<ul style="list-style-type: none"> Commencement of Nigel Morrison as a director of Crown Resorts, following receipt of regulatory approvals. Recruitment of further individuals as directors of Crown Resorts, subject to receipt of regulatory approvals. At this stage, Crown Resorts is targeting a Board composition 	Noted.

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			comprising of 7 directors.	
3.	Board composition (Crown Sydney)	<ul style="list-style-type: none"> Mr Barton resigned as a director of Crown Sydney Gaming (15 February 2021). 	<ul style="list-style-type: none"> Helen Coonan to be appointed as a director of Crown Sydney Gaming. 	Noted
4.	Continuing education for Directors	<ul style="list-style-type: none"> A new face-to-face AML/CTF training module was delivered to the Boards of Crown Resorts, Crown Sydney, Crown Melbourne and Crown Perth on 8 March 2021. Crown is in discussions with the Australian Institute of Company Directors (AICD) to arrange enrolments in the Company Directors Course for directors of Crown's licensed entities who have not previously completed the course. Crown is also investigating comparable programs for directors offered through the Governance Institute of Australia, given the AICD Company Directors Course is fully booked for several months. Crown is in consultation with the Ethics Centre to understand opportunities for independent programs covering issues connected to corporate governance and culture. 	<ul style="list-style-type: none"> The People, Remuneration and Nomination (PRN) Committee is overseeing the development and implementation of induction and continuing professional development programs for directors, including requiring annual AML/CTF training and requiring any new directors in future to attend induction AML/CTF training and appropriate governance courses offered through the AICD and Governance Institute of Australia. Formal training will be supplemented by a continuing professional development program 	<p>Noted.</p> <p>This issue will require assessment by the proposed Independent Monitor.</p> <p>The Authority is of the view that given the failures in corporate governance identified in the Bergin Report, even those directors who have undertaken the AICD Directors' Course in the past may appropriately undertake a refresher course. Those persons need not do the whole directors' program again.</p> <p>The Ethics Centre option is noted.</p>

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			for directors facilitated by an external expert provider.	
5.	Governance structure	<ul style="list-style-type: none"> Consideration being given to implementing a centralised governance structure for the Crown group. The Board provided in principle approval for the proposal in September 2020. Herbert Smith Freehills has been instructed to advise on implementation of the centralised governance structure. 	<ul style="list-style-type: none"> Further development of the group model with HSF. Engagement with gaming regulators on the proposed structure. 	<p>Noted.</p> <p>The Authority is expecting a further report on this issue. More detail is required on the nature of this proposed engagement with the regulators on the proposed decentralised structure and the timeframe for this consultation.</p> <p>ILGA intends to liaise with the other regulators on this proposal.</p>
6.	Organisational restructure	<ul style="list-style-type: none"> A new organisational structure was announced in December 2020 (and further supplemented in February 2021). Key changes include: <ul style="list-style-type: none"> New Compliance and Financial Crime department created, independent of business units, with the creation of a new Chief Compliance and Financial Crime Officer with direct reporting lines to the CEO (or equivalent) and Board. Risk and Internal Audit functions separated and reporting lines elevated, with the creation of a new Chief Risk Officer role reporting directly to the CEO (or equivalent) with a reporting line to the Risk Management Committee. 	<ul style="list-style-type: none"> Complete. 	<p>Noted. ILGA would require the proposed Independent Monitor to provide advice to it on the adequacy of this structure.</p>

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		<ul style="list-style-type: none"> Creation of a group HR function to drive cultural consistency throughout the organisation, with the creation of a new Chief People and Culture Officer reporting directly to the CEO (or equivalent) with reporting lines to the PNR and OH&S Committees. Separation of the General Counsel and Company Secretary role. The appointment of new legal advisor to Crown and a separate legal advisor to the Board. New roles: <ul style="list-style-type: none"> Chief Compliance and Financial Crimes Officer; Chief People and Culture Officer; and Group General Manager - Internal Audit. Roles removed: <ul style="list-style-type: none"> CEO Australian Resorts; and Chief Legal Officer Australian Resorts. 		
7.	Senior management renewal	<ul style="list-style-type: none"> Mr Barry Felstead and Mr Joshua Preston departed Crown and, as a result of a restructure, the roles previously held by these individuals no longer exist. Mr Barton is no longer in the role of CEO, replaced temporarily by Ms Coonan as Executive Chairman. The role of General Counsel and Company Secretary has been split into two separate roles and Mary Manos has departed Crown with Crown's Chief Financial Officer, Alan McGregor acting as the interim Company Secretary and Stuart McCulloch (Partner, Allens) acting as the interim General Counsel. 	<ul style="list-style-type: none"> Heidrick and Struggles appointed to undertake the search for a new CEO. Tony Weston to commence as the new Chief People and Culture Officer on 7 June 2021. Jessica Ottner to commence as the Group General 	Noted. ILGA would require the proposed Independent Monitor to review the adequacy of this new management structure.

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		<ul style="list-style-type: none"> Ms Anne Siegers' role has changed from Group General Manager, Risk and Audit to Chief Risk Officer, reporting directly to the CEO (or equivalent) with a reporting line to the Risk Management Committee. Mr Steven Blackburn was appointed as the Chief Compliance and Financial Crime Officer and he commenced in that role on 1 March 2021. He reports to the CEO (or equivalent) and has a reporting line to the Board. Mr Tony Weston was appointed as the new Chief People and Culture Officer and will commence on 7 June 2021. He will report to the CEO (or equivalent) and have a reporting line to the People, Remuneration and Nomination Committee. Ms Jessica Ottner was appointed as the Group General Manager – Internal Audit, commencing on 10 May 2021, have a functional reporting line to the CFO and have a direct reporting line to the Audit and Corporate Governance Committee. 	Manager – Internal Audit on 10 May 2021.	
8.	VIP Business Restructure	<ul style="list-style-type: none"> In January 2021, the Board approved the transition to an Australian based VIP model, with the closure of all remaining offshore offices and the cessation of employment of overseas domiciled sales team employees. A restructure of the operational functions has been completed. VIP will now operate solely as a Business Development function reporting to Xavier Walsh (Crown Melbourne CEO). The remaining operational roles for the VIP business have been integrated within existing Crown Melbourne functions (e.g. Finance, Marketing, Business Operations). 	<ul style="list-style-type: none"> Organisational restructure has been completed. 	<p>ILGA notes that this restructure is a work in progress.</p> <p>Presumably there will be a new proposal for the Australian based VIP model. ILGA seeks a timely update and consultation on how this new VIP model will operate.</p> <p>ILGA notes that undertakings may be required in relation to this new business model.</p>

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		<ul style="list-style-type: none"> The Australian based VIP model will ultimately report in to Xavier Walsh (CEO Crown Melbourne). VIP Executives Roland Thiel, Jacinta Maguire and Ishan Ratnam have now departed Crown. 		
CPH Relationship				
9.	Termination of agreements	<ul style="list-style-type: none"> Services Agreement and Controlling Shareholder Protocol were terminated on 21 October 2020. 	<ul style="list-style-type: none"> Complete. Crown is also willing to undertake to the Authority that similar arrangements will not be entered into in the future should this be required. 	<p>ILGA notes this action.</p> <p>ILGA may require a new section 142 agreement, to include appropriate undertakings from Crown, CPH and Mr Packer, to ensure their enforceability.</p> <p>ILGA will require a clear understanding as to which undertakings Crown will give and those that CPH and Mr Packer will give.</p>
10.	Resignation of directors	<ul style="list-style-type: none"> Mr Johnston, Mr Jalland and Mr Poynton have resigned from the Crown Resorts Board. 	<ul style="list-style-type: none"> CPH no longer has separate representation on the Board of Crown. 	Noted.
11.	Controls on the influence of CPH	<ul style="list-style-type: none"> Refer to items 9 and 10 above. 	<ul style="list-style-type: none"> Crown understands that additional undertakings have been provided by CPH to ILGA. 	Noted. ILGA refers to item 9 above.
AML/CTF Change Program				

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12.	Financial Crime Resourcing and Team Structure	<ul style="list-style-type: none"> A new Compliance and Financial Crime department independent of business units has been created with direct reporting lines to the Board. Steve Blackburn commenced as the Chief Compliance and Financial Crime Officer on 1 March 2021. Nick Stokes, Head of Financial Crime and Group Money Laundering Officer, was appointed as AML/CTF Compliance Officer for each of the Crown reporting entities on 2 November 2020. Further new Financial Crime roles have been created and appointed: <ul style="list-style-type: none"> Group Senior Manager Financial Crime – Customer Investigations (commenced 21 October 2020); Financial Crime Investigations Officer Melbourne (commenced 19 October 2020); Group Senior Analyst Financial Crime – Customer Investigations (commenced 21 December 2020); Group Financial Crime Manager – Data Analytics (commenced 21 December 2020); Financial Crime Manager Sydney (commenced 14 December 2020); 2x Group Financial Crime Analysts (commenced 4 January 2021); Financial Crime Manager Perth (commenced 18 January 2021); Group Senior Manager Financial Crime – Customer Intelligence and Due Diligence (commenced 11 January 2021); and 	<ul style="list-style-type: none"> Recruitment of the following additional positions is underway: <ul style="list-style-type: none"> Group Financial Crime Analyst (three positions); Group Senior Manager Financial Crime - Assurance & Testing; Perth and Sydney Financial Crime Analysts; and Financial Crime Project Manager (contractor). Additionally, Mr Blackburn is currently assessing the Financial Crime team's structure. He has the support of the Chair and the Crown Board to increase the current 	<p>Commentary on items 12-25 on AML/CTF Change Program:</p> <p>ILGA notes the commentary at items 12-25.</p> <p>ILGA will seek internal comment from LGNSW Compliance, including any impact on drafting of Internal Controls.</p> <p>ILGA notes that Crown's proposed independent consultant review of its AML CTF program is proposed to occur in the fourth quarter of calendar year 2021.</p> <p>ILGA will require the proposed Independent Monitor to review the adequacy and implementation of these initiatives, including compliance with AML rules.</p> <p>Some aspects of this proposal may require undertakings – for example, the forensic review, which may take some time to finalise.</p>

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		<ul style="list-style-type: none"> Financial Crime Investigations Officer Sydney (commenced 1 March 2021). 	<ul style="list-style-type: none"> resourcing levels (refer to item 25 below). 	
13.	ML/TF Risk Assessment	<ul style="list-style-type: none"> Promontory was engaged in September 2020 to provide Crown with an assessment of potential financial crime vulnerabilities in its business, and a forward-looking strategic assessment of capabilities to manage the risks associated with financial crime. Promontory have presented their preliminary findings to Crown's Financial Crime team and Crown expects to receive their draft report shortly. 	<ul style="list-style-type: none"> Informed by the results of Promontory's financial crime vulnerability assessment, Crown will conduct an enterprise-wide ML/TF risk assessment. Refer also to item 25 below. 	Noted.
14.	AML / CTF Program	<ul style="list-style-type: none"> As part of Crown's ongoing roll-out of the AML/CTF Change Program, a Joint AML/CTF Program (comprising the AML/CTF Part A Program, which includes the AML/CTF Policies and Procedures, and Part B Program) (Joint AML/CTF Program) was endorsed by the Crown Resorts Board for adoption by each of Crown's reporting entities. Part A was approved by the boards of each of the reporting entities, being Crown Sydney, Crown Melbourne and Crown Perth, on 2 November 2020. Among other things, Part A of the new Joint AML/CTF Program provides for greater Board and senior management oversight and responsibility for driving a positive culture of AML/CTF compliance (see item 15 below for more information). Under the Joint AML/CTF Program, the AML/CTF Compliance Officer has responsibility for the continued compliance of each of the reporting entities with the 	<ul style="list-style-type: none"> Continuing embedment of the Joint AML/CTF Program with oversight and guidance from Mr Blackburn. Refer also to item 25 below. Crown is preparing a further direction to the Significant Cash Policy to lower the cash deposit thresholds at the cage for Crown Melbourne and Crown Sydney, as follows: <ul style="list-style-type: none"> from \$50,000 to \$25,000 for 	Noted.

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		<p>requirements of the AML/CTF Act and the AML/CTF Rules, as well as the Joint AML/CTF Program. Under sections 7.1 and 19 of the Part A Program the AML/CTF Compliance Officer has a direct reporting line to the Crown Resorts Board and both an opportunity and requirement to raise significant AML/CTF matters.</p> <ul style="list-style-type: none"> The Joint AML/CTF Program also includes a revised transaction monitoring program (<i>TMP</i>). This includes the introduction of an automated TMP through Sentinel and manual transaction monitoring. <ul style="list-style-type: none"> Sentinel is discussed further in item 17 below. As part of the manual aspect of the TMP, Crown has implemented an internal process for the generation of Unusual Activity Reports (<i>UARs</i>), which are submitted internally for review by the Financial Crime team pursuant to the AML/CTF Policies and Procedures. The Financial Crime team then decides whether to file a suspicious matter report (<i>SMR</i>) with AUSTRAC and/or to conduct enhanced customer due diligence. The relevant business stakeholders approved and endorsed the Business Unit Standard Operating Procedures to give effect to the new Joint AML/CTF Program. Crown has also adopted a number of specific policies and procedures aimed at mitigating further its exposure to money laundering risk, including: <ul style="list-style-type: none"> On 1 October 2020 Crown communicated to its staff that it would no longer permit junkets or other customers to utilise money remitters. On 21 October 2020, Crown notified its staff that it would no longer authorise third party transfers without the written 	<ul style="list-style-type: none"> cash deposits at the cage that require a Source of funds declaration; and from \$150,000 to \$100,000 for cash deposits at the cage requiring a source of funds declaration and approval from the COO (or equivalent) or the CFO Australian Resorts and either the Group AML Compliance Officer or the Group GM Risk & Audit is required. 	

#	Area	Changes already made	Proposed next steps	Comment
		<p>approval of the COO (or equivalent) or the Group General Manager, AML. On 16 November 2020 Crown introduced the formal Third Party Transfers and Remitters Policy which articulates this.</p> <ul style="list-style-type: none"> On 16 November 2020 Crown issued a Significant Cash Policy direction from the Chief Executive Officer, which prohibited: <ul style="list-style-type: none"> cash deposits at the cage over \$250,000; cash deposits at the cage over \$200,000 unless a source of funds declaration was provided by the patron depositing the cash and written approval was provided from the respective property COO (or equivalent) or the CFO Australian Resorts and either the Group AML/CTF Compliance Officer or the Group GM Risk & Audit (or equivalent); and cash deposits at the cage over \$100,000 unless a source of funds declaration was provided by the patron depositing the cash and approval was given by the Cage Supervisor for the deposit. On 5 December 2020, Crown issued a Corporate Policy Statement on Source of Funds for cash transactions at the cage or a gaming location. The Policy was revised on 22 February 2021, and now provides that if a customer reaches the following cash deposit limits on a calendar day at the cage or a gaming location, the following specific actions must be taken: 		

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		<ul style="list-style-type: none"> all cash transactions of \$10,000 or more require a TTR. A UAR form may be completed and sent to the AML team if the staff member deems it appropriate; for cash deposited during a calendar day in the amount of \$50,000 - \$149,999, a source of funds declaration must be completed by the patron and approved by the Cage Supervisor or Table Games Manager. A UAR must also be completed and sent to the AML team; for cash presented for a calendar day between \$150,000 and \$200,000, a source of funds declaration must be completed by the patron and approved by the respective property COO, CFO (or designee) and either Group AML/CTF Compliance Officer or Group GM Risk and Audit Manager (or designee). A UAR must be completed and forwarded to the AML team; cash amounts of \$200,000 or more are prohibited and will not be accepted in any circumstances (which includes accumulated transactions in a calendar day); and single cash buy ins for \$100,000 (revised to \$50,000 on 10 March 2021 in Melbourne and to \$20,000 in Perth) or more at a table, must be referred to the cage and a source of funds declaration must be completed by the patron and approved by the Cage 		

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		<p>Supervisor or Table Games Manager. A UAR must also be completed and sent to the AML team. These are in addition to specific controls adopted in relation to Crown's bank accounts, which are summarised in item 16 below.</p> <ul style="list-style-type: none"> On 18 February 2021, the \$250,000 threshold in the Significant Cash Deposit Policy direction was reduced to \$200,000, the \$200,000 threshold was reduced to \$150,000 and the \$100,000 threshold was reduced at Crown Melbourne (and Crown Sydney, to the extent it is permitted to operate a casino licence) to \$50,000 and to \$20,000 for Crown Perth. For this lower threshold the Policy was also amended so that a Cage Supervisor or above can approve the deposit provided the patron provides a source of funds declaration. 		
15.	AML reporting structures and governance	<ul style="list-style-type: none"> The Joint AML/CTF Program creates a prescriptive framework for both formal reporting and informal escalation of AML/CTF related matters. It provides for Crown Board oversight of AML/CTF matters and requires quarterly reporting to the Crown Board and monthly reporting to Crown senior management and that material AML/CTF matters be escalated at each Crown Board meeting or as frequently as required. The AML/CTF Policies and Procedures provide that the Board and senior management of both Crown Resorts and each reporting entity are the owners of ML/TF risk. Pursuant to s 7.5 of the Part A Program significant AML/CTF matters will also be raised with a newly established AML/CTF Committee which in turn will report matters to the Executive 	<ul style="list-style-type: none"> Refer to item 25 below. The Sydney ERCC is in development and will be formed with the commencement of gaming at Crown Sydney. 	Noted.

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		<p>Risk and Compliance Committees (ERCC) of each Crown reporting entity.</p> <ul style="list-style-type: none"> The Group AML/CTF Committee meets quarterly and comprises representatives from each of the relevant business units of each Crown entity. The Group AML/CTF Committee met in January 2020, November 2020 and January 2021. The Group AML/CTF Committee did not meet as scheduled in 2020 due to the closure of Crown's properties as a result of the COVID-19 pandemic. The remaining scheduled meeting dates for 2021 are as follows: 29 April 2021, 15 July 2021 and 28 October 2021. The Crown Financial Crime team has also provided updates to the ERCCs in Melbourne and Perth as follows: <ul style="list-style-type: none"> in November 2020 and January 2021 in Melbourne; and in November 2020 and February 2021 in Perth. The agenda for the Melbourne ERCC, as well as the Perth ERCC includes a standing AML/CTF agenda item. The agenda for the Crown Resorts Board includes a standing AML/CTF agenda item. Detailed AML/CTF updates were provided to the Crown Resorts Board in November 2020 and February 2021. The agenda for the Crown Resorts Risk Management Committee includes a standing AML/CTF agenda item. 		
16.	Riverbank / Southbank and enhanced Patron Account Controls	<ul style="list-style-type: none"> The Riverbank and Southbank bank accounts were closed in December 2019. Since that time, neither Riverbank nor Southbank has operated a bank account. The only patron accounts for Crown Sydney are onshore bank accounts in the name of Crown Sydney Gaming. 	<ul style="list-style-type: none"> Crown is undertaking a 'lookback' of the transactions identified in the reviews of the Riverbank and Southbank accounts 	Noted.

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		<ul style="list-style-type: none"> A direction was issued to relevant Crown staff in Perth on 24 September 2020, and in Melbourne on 12 November 2020, that under no circumstances should transactions be aggregated in Crown's casino management system. This direction was also incorporated into Crown Melbourne and Crown Perth SOPs in October 2020. Additional controls have been implemented over Crown's patron bank accounts to mitigate the risk of criminal exploitation (the Patron Account Controls), including: <ul style="list-style-type: none"> On 8 April 2020, an Executive Office Memorandum was circulated to relevant Crown employees informing them that Crown will no longer make or receive payments to or from third parties without prior written approval from the property CEO or equivalent and the AML/CTF Compliance Officer. This direction was further memorialised in another Executive Office Memorandum on 31 July 2020 with further instructions on the ban on all third party transfers and a Q&A for staff on what they are to do if a customer approaches Crown requesting to transfer funds to a third party, or requesting that a third-party be able to transfer funds to Crown. On 16 November 2020 (pursuant to cl 7.5(i) of the Part A Program and cl 6.2.3 of the AML/CTF Policies and Procedures) Crown introduced a manual rule for bank statement monitoring, which requires bank statements be monitored weekly and cash deposits reviewed to identify suspicious transactions. On 16 November 2020, Crown adopted the Third Party Transfers and Money Remitters Policy (the 	<ul style="list-style-type: none"> undertaken by Grant Thornton and Initialism to identify whether there is any further reporting to AUSTRAC required. There are challenges in eliminating cash deposits by patrons at ANZ branches. Crown and ANZ are discussing the implementation of a reporting mechanism which would enable Crown Resorts to be notified when there is a potential customer cash deposit into a Crown Resorts bank account. In particular, Crown is engaging with ANZ to obtain direct electronic daily feeds of its bank statements in order to automate and facilitate the process of identifying anomalies. Refer also to item 24 below. 	

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		<p>Third Party Policy). The Third Party Policy notes that Crown:</p> <ul style="list-style-type: none"> • does not accept payments from third parties (including money remitters) into its accounts for the benefit of a Crown customer; and • will not make payments to third parties (including money remitters) on behalf of a Crown customer. <p>The Third Party Policy prescribes a detailed procedure to be followed if a departure from the default position of not accepting payments from third parties is to be approved.</p> <ul style="list-style-type: none"> • On 4 January 2021, Crown implemented the Return of Funds Policy, which states that Crown will: <ul style="list-style-type: none"> • only accept payments that are transferred into its bank account from personal bank accounts belonging to the patron seeking to transfer funds to Crown; • return all of the following types of payments: <ul style="list-style-type: none"> (a) cash deposits; (b) funds transferred from a company or trust bank account (unless approved); (c) funds transferred by a third party for the benefit of a Crown patron account (unless approved); 		

#	Area	Changes already made	Proposed next steps	Comment
		<p>(d) funds transferred when the description or narration is misleading as to purpose; and</p> <p>(e) funds transferred where the patron has not provided a receipt or supporting documentation.</p>		
17.	Transaction Monitoring Program / Sentinel	<ul style="list-style-type: none"> Crown's new Joint AML/CTF Program includes a revised transaction monitoring program (TMP). Crown has rolled out an automated TMP through Sentinel. Sentinel has two features: (i) it automatically monitors and alerts for transactions (the Rules Feature) and (ii) allows Crown to view a 'Customer Intelligence' dashboard which provides a summary of the customer's profile and their gaming and transaction activity. The Rules Feature is a risk-based TMP which contains rules designed to detect unusual transactions, patterns of transactions or behaviours, including transactions on accounts which are not consistent with rated play. Although the Rules Feature is currently live with a large number of standalone transaction monitoring rules in operation, other transaction monitoring rules are still being calibrated. Further aspects of the risk-based Rules Feature in Sentinel are also being developed. On 3 February 2021 the Financial Crime Team for Crown Melbourne and Crown Perth commenced monitoring and dispositioning of Sentinel alerts in the Rules Feature. There are currently 15 Sentinel rules, which cover two key risk areas, being cash transactions and high risk alerts. The alerts are automated in Sentinel, but the dispositioning and triage process is manual. Crown is working towards this becoming a digitised process. 	<ul style="list-style-type: none"> Continued rollout of Crown's automated transaction monitoring program with oversight and guidance of Mr Blackburn. Initialism has been engaged to conduct a transaction monitoring source information review. This is a review of Crown's transaction monitoring program focusing on the source data being ingested into the TMP from the various Crown systems, a review of the TMP testing documentation, the appropriateness of the 15 Sentinel rules, and whether the 2019 Initialism TMP recommendations have 	Noted.

#	Area	Changes already made	Proposed next steps	Comment
			<p>been implemented.</p> <p>Initialism are due to provide their findings by Friday 19 March.</p> <p>Crown will address Initialism's recommendations for improvements to Crown's TMP process.</p>	
18.	Regulatory Reporting (IFTIs/ SMR/ UARs and TTRs)	<ul style="list-style-type: none"> As noted above at item 14, Crown has developed a new UAR process as a way to systematise internal reporting of unusual activity for a determination by the Financial Crime team as to whether a SMR should be filed with AUSTRAC. The current UAR process is manual. On 25 February 2021 the Financial Crime Team commenced a pilot of the digitised UAR process. While the digitised system will still be subject to a range of future enhancements, the following components are currently functional: <ul style="list-style-type: none"> UAR form; UAR review and triage fields; Investigation report; and SMR decisioning fields. 	<ul style="list-style-type: none"> Crown has initiated external reviews of its international funds transfer instruction reports (<i>IFTI</i>), SMR, and threshold transaction reports (<i>TTR</i>) reporting processes to ensure it is complying with the requirements of Chapters 17, 18 and 19 of the AML/CTF Rules when submitting these reports. Crown will address any recommendations arising from those reviews. Crown has also set up a test reporting account 	Noted.

#	Area	Changes already made	Proposed next steps	Comment
			with AUSTRAC for Crown Sydney to test the bulk upload process for TTR and IFTI files is working. Further testing of this account is planned with AUSTRAC.	
19.	ECDD / KYC	<ul style="list-style-type: none"> Enhanced customer due diligence process has been adopted in Crown's AML/CTF Policies and Procedures (as part of the new Joint AML/CTF Program). The AML/CTF Policies and Procedures provide for a process in clause 3 regarding customer risk assessments, and how those customers who are high or critical risk are to be escalated. On 12 November 2020 Crown also introduced its Escalation of Critical Risk Customer Policy, which requires specific matters to be addressed to determine whether a critical risk customer should be retained; Crown has also introduced a new Persons of Interest (POI) Group Committee. This became active on 14 October 2020, with a decisioning tool developed and in operation (see items 35 – 38 below for further details on further patron specific controls implemented by Crown.) 	<ul style="list-style-type: none"> Crown will review its Escalation of Critical Risk Customer Policy to address comments made in the Bergin Report as to the definition of critical risk customers and the process for considering whether they should be retained. 	Noted.
20.	AML/CTF Training	<ul style="list-style-type: none"> Revised online "Awareness" training module has been released. As at 28 February 2021: <ul style="list-style-type: none"> 11,470 Crown employees (88%) have completed the AML/CTF Awareness Training; 2,695 Crown Melbourne Contractors have also completed the training. 	<ul style="list-style-type: none"> Crown will conduct refresher AML/CTF training for moderate and high-risk employees and contractors on an annual basis. 	Noted.

#	Area	Changes already made	Proposed next steps	Comment
		<ul style="list-style-type: none"> "BU Specific" targeted face-to-face training for Table Games (including VIP International), Gaming Machines, Cage, Security & Surveillance, Hotels and Food and Beverage, is being delivered (typically to supervisors and above, noting a number of Table Games staff have currently been stood down due COVID-19 restrictions). As at 9 March 2021: <ul style="list-style-type: none"> 909 employees (92%) at Crown Perth; 1,258 (77%) at Crown Melbourne; 183 employees (100%) at Crown Sydney. 102 (86%) of the Business Operations Teams (BOT) (senior management) at all properties have also received targeted training. 100% of the Sydney BOT have attended training, and at least 83% of the BOT in Melbourne and Perth have completed training. Those who have missed the training in Melbourne and Perth will have an alternative session arranged. 100% of C-suite executives have also received face-to-face AML/CTF training. A new face-to-face AML/CTF training module was delivered to the Boards and senior management of Crown Resorts, Crown Sydney, Crown Melbourne and Crown Perth on 8 March 2021. 	<ul style="list-style-type: none"> AML training scheduled for late March will cover the roll out of a new digitised UAR and SMR workflow for staff in the Crown Table Games, Gaming Machines and Cage business units. The information sessions will provide relevant Crown employees in the casinos and the cage with an understanding of the UAR and SMR process and how to identify and escalate unusual activity through the new system and workflow. A training calendar is also being prepared. The topics for the training will change depending on relevant trends identified in the business, changes to policy or industry guidance. Business units will also receive further AML training. 	

#	Area	Changes already made	Proposed next steps	Comment
			<ul style="list-style-type: none"> Face-to-face AML/CTF training for board and C-suite executives will be reconducted annually and each new board member and c-suite executive will receive face-to-face AML/CTF training within one month of commencing their role. 	
21.	Employee Due Diligence	<ul style="list-style-type: none"> In accordance with s9 of its Part A Program and s4 of the AML/CTF Policies and Procedures, Crown has allocated all internal Crown roles an AML risk category for the purposes of conducting Employee Due Diligence screening: <ul style="list-style-type: none"> On 20 October 2020, Crown undertook an initial screen of 6,100 employees. During December 2020 all 'moderate' and 'high risk' employees were uploaded to Dow Jones for screening. This was updated again on 26 January 2021. 	<ul style="list-style-type: none"> Automation of the upload process for all moderate and high-risk employees is being developed by the IT Department to ensure any new employees are subject to screening. Further enhancement of the Employee Due Diligence Framework (including additional checks) at onboarding or if transferred to a higher risk role, are being considered. 	Noted.
22.	Additional Crown Sydney AML controls	<ul style="list-style-type: none"> In addition to the controls described at items 12 - 21 above, Crown has implemented the following additional AML controls at Crown Sydney: 	<ul style="list-style-type: none"> Refer to item 37 below. 	Noted.

#	Area	Changes already made	Proposed next steps	Comment
		<ul style="list-style-type: none"> All Crown Sydney members will be subject to a VIP membership onboarding process. Under Crown Sydney's VIP Casino Membership Policy, in order to become a VIP casino member, a person must go through an application process which involves collection of KYC information (if the person is not already a Crown Rewards Member) and separate security checks. The security checks comprise internal screening for persons who are banned or excluded from Crown, as well as external screening against the Dow Jones database and the Casino, Racing and Investigations Unit of NSW Police. Under Crown Sydney's VIP Guest Policy, Guests will be subject to the same security checks as VIP Casino Members. (See submissions, at 782); and As noted at item 37 below, over 500 Sydney based customers have been subject to a Significant Player Review. Of the player's reviewed, 6 have been issued with a Withdrawal of Licence (WOL) and a further 23 have been flagged for POI Committee review. 		
23.	Independent review of the Joint AML/CTF Program		<ul style="list-style-type: none"> In the fourth quarter of 2021, Crown will engage a third party consultancy firm to conduct an independent review of the Joint AML/CTF Program. Crown will share the results of the review and Crown's 	Noted.

#	Area	Changes already made	Proposed next steps	Comment
			<p>response with ILGA. The review will assess:</p> <ul style="list-style-type: none"> the effectiveness of the Joint AML/CTF Program having regard to the ML/TF risk of each reporting entity in the designated business group; whether the Joint AML/CTF Program complies with the AML/CTF Rules; whether the Joint AML/CTF Program has been effectively implemented; and whether each reporting entity in the 	

#	Area	Changes already made	Proposed next steps	Comment
			<p>designated business group has complied with the Joint AML/CTF Program.</p> <ul style="list-style-type: none"> Crown will undertake to have a further independent review conducted twelve months after the independent review. 	
24.	Deloitte Forensic Review	<ul style="list-style-type: none"> Deloitte have been engaged by Crown to conduct a forensic review and controls assessment to address the recommendations in the Bergin report. The review commenced on 22 February 2021 and consists of the following three phases of work: <ul style="list-style-type: none"> Phase 1 will assess the design and operating effectiveness of Crown's current Patron Account Controls. This phase will be completed sooner than Phases 2 and 3 to ensure the Crown Resorts Board and ILGA are provided with comfort as soon as possible that Crown has appropriately mitigated the risk of transactions occurring through Crown's current patron accounts that are similar to those identified in the Grant Thornton and Initialism Reports in relation to the Riverbank and Southbank accounts dated November 2020. Phase 2 will confirm whether there are any transactional patterns or behaviours indicative of 	<ul style="list-style-type: none"> Crown anticipates that Phase 1 of Deloitte's review will be completed on or before the end of March 2021. It will provide a copy of Deloitte's report for Phase 1, Crown's response, and Deloitte's response to Crown's response as soon as possible. The timing for Phases 2 and 3 of Deloitte's review will be determined in early April, and a further status update provided to ILGA. 	<p>While ILGA has previously proposed that the Deloitte Forensic Review extend to 2012 by reason of the ANZ concerns raised during that year, ILGA accepts Crown's counter proposal of 20 March 2021 that the audit extend from 22 February 2014 to 22 February 2021(seven years), subject to the outcome of that review.</p>

#	Area	Changes already made	Proposed next steps	Comment
		<p>any money laundering typologies through historic or current Crown patron accounts, including but not limited to the typologies identified in the Grant Thornton and Initialism Reports. This phase will provide the Crown Resorts Board and ILGA with full visibility as to:</p> <ul style="list-style-type: none"> whether there were other transactional patterns or behaviours indicative of money laundering through the Riverbank or Southbank accounts not identified in the Grant Thornton and Initialism Reports; and the extent to which any other Crown patron accounts (including all historic patron accounts) may also have been infiltrated by criminal elements. <p>Further, Deloitte will undertake a sample review of other Australian or overseas bank accounts held by Crown or other legal entities associated with Crown's Australian casino operations. If it identifies any accounts that were used, or capable of being used, as patron accounts it will add these to the scope of the Phase 2 review.</p> <ul style="list-style-type: none"> Phase 3 will provide comfort to the Crown Resorts Board and ILGA as to whether Crown's broader control framework appropriately mitigates the risk of any transactions similar to those identified in Phase 2 continuing to occur through the Crown's current patron accounts. 		
25.	Steven Blackburn proposals	<ul style="list-style-type: none"> Mr Blackburn's plan is to continue the process of embedment of Crown's new Joint AML/CTF Program, including the roll out of Crown's automated transaction monitoring system, 	<ul style="list-style-type: none"> Informed by Promontory's work, the findings of the Inquiry 	Noted and refer to comments at item 12.

#	Area	Changes already made	Proposed next steps	Comment
		Sentinel. In parallel, Crown will conduct an enterprise-wide ML/TF risk assessment, informed by the results of an ML/TF vulnerability assessment that the external risk management consultancy, Promontory, is due to complete into Crown's vulnerability to criminal exploitation.	<p>and his assessment of the Joint AML/CTF Program, Mr Blackburn will table with the Board a detailed report that sets out his assessment of Crown's current maturity across all elements of financial crime risk management and his plan as to:</p> <ul style="list-style-type: none"> • the Financial Crime team's structure, resourcing and capabilities; • financial crime governance and oversight; • additional controls that may be necessary or desirable to address financial crime risks in the casinos' operations; and 	

#	Area	Changes already made	Proposed next steps	Comment
			<ul style="list-style-type: none"> further steps that may be necessary or desirable to build and embed a positive culture of financial crime risk awareness and compliance. This report will be presented to the Board on or before 31 May 2021. Upon approval by the Board, the report will be shared with ILGA. 	
Risk management				
26.	Risk team changes	<ul style="list-style-type: none"> In December 2017, a new Group Manager, Risk and Audit role was created, reporting to the CEO of Australian Resorts. Ms Anne Siegers was recruited for that role. In December 2020, the new role of Chief Risk Officer (CRO) was created, reporting directly to the CEO of Crown Resorts (or equivalent) with a reporting line to the Risk Management Committee. Ms Siegers was appointed in this role. The CRO is also a member of the Executive Team for each property. Since her arrival at Crown, Ms Siegers has built up the risk team from one full time equivalent to seven. This includes four risk managers who have been embedded in the 	<ul style="list-style-type: none"> Three additional roles for the risk team are in recruitment (taking the team to ten FTE). 	Noted. ILGA will require the proposed Independent Monitor to review the adequacy and implementation of the initiatives at items 26-30.

#	Area	Changes already made	Proposed next steps	Comment
		business. These risk managers sit with the business and attend operational meetings to facilitate the consideration of risk management as part of decision-making and ensure greater knowledge of the business by the risk department.		
27.	Risk management policies and procedures	<ul style="list-style-type: none"> On joining in 2017, Ms Siegers reviewed the existing risk matrix and significantly reduced the materiality threshold so that more risk information was provided to the Board. She also introduced escalation requirements for each level of risk to specify when risks were required to be escalated and to whom. A formal risk appetite was approved by the Board in November 2018. A risk management strategy (which incorporated the risk appetite statement) was approved by the Board in June 2019. The risk management strategy is reviewed annually and was updated in June 2020 to include a section on risk culture. When Ms Siegers joined Crown, there were existing Corporate Risk Profiles but there were gaps in individual risk profiles below that for each specific business area. The risk department commenced a program of work to prepare these risk profiles for each business area in 2018 and now has risk profiles for the majority of business areas, including VIP Operations. Each risk profile identifies a specific individual who is responsible for risk in that area, including escalation of those risks. A first draft of the Risk and Compliance Culture Framework was provided to the Risk Management Committee (RMC) in November 2020. Feedback was also received from Deloitte on the Framework. 	<ul style="list-style-type: none"> Risk and Compliance Culture Framework to be provided to the RMC at its next meeting for further discussion and approval. 	Noted.

#	Area	Changes already made	Proposed next steps	Comment
28.	Risk governance and reporting	<ul style="list-style-type: none"> A number of changes have been made to the RMC process: <ul style="list-style-type: none"> meetings increased from two per annum to four in November 2017 and then from four to six meetings per annum in October 2020; meeting time has increased to three hours for each meeting; emerging risk, compliance and AML issues have all been added as standing items to the RMC agenda; Reporting to the RMC has been enhanced and the RMC now receives the following at each meeting: <ul style="list-style-type: none"> an executive summary of emerging risks around the business; risk appetite dashboards which report against the seven risk categories in the risk appetite statement; proposed adjustments to risk profile based on the key events discussed; an update on material risks; a summary of key risk indicators divided into the seven risk categories. This is based on operational data that assists with identifying where there might be emerging risks, for example, the number of data breach events reported the Compliance. The minutes from each RMC are provided to the full Board of Crown Resorts, and the Chair of the RMC provides an update to the Board on key matters considered during the RMC meeting. The ERCC was established in July 2018 in Melbourne (it was already in existence in Perth). ERCC meetings coincide with 	<ul style="list-style-type: none"> Updated reporting format to include reporting in relation to risk and compliance culture to be provided to the RMC for approval in March 2021. 	Noted.

#	Area	Changes already made	Proposed next steps	Comment
		Risk Management Committee meetings. This ensures that Executives are aware of what is going to the RMC and can ensure that all relevant information for each property is being escalated.		
29.	Additional risk management enhancements	<ul style="list-style-type: none"> An Enterprise Risk Management system was introduced in Melbourne (it was already in use in Perth) to collate risk information and facilitate reporting. Monthly meetings of compliance officers have been rolled out. All business units escalate any issues that have been identified during the month at these meetings. The CRO attends all of these meetings to ensure that the risk department is fully informed of compliance issues and can identify systemic issues if they arise. The Risk team has commenced a review of the training programs provided to staff to consider whether there is adequate coverage of relevant risks in the training program. 	<ul style="list-style-type: none"> Review of training is ongoing. 	Noted.
30.	Deloitte review	<ul style="list-style-type: none"> Deloitte was retained to review the risk management program in February 2019. Deloitte's report was provided in June 2019 and the majority of the recommendations provided by Deloitte have now been implemented. The remaining recommendations will be adopted in due course or are recommendations which Crown has determined not to adopt at this stage but will reconsider at a later stage. 	<ul style="list-style-type: none"> Crown to consider additional recommendations at an appropriate time in the future. 	Noted.
Culture				
31.	Crown values	<ul style="list-style-type: none"> For performance year FY20, Crown rolled out its new values, which are: <ul style="list-style-type: none"> We act respectfully; 		ILGA will require review of the adequacy and implementation of the Culture Reform initiatives at items 31

#	Area	Changes already made	Proposed next steps	Comment
		<ul style="list-style-type: none"> We are passionate; We work together; and We do the right thing. The values were introduced in Melbourne and Perth at briefings provided to all staff to formally launch the values. After the formal launch, the values were promoted with extensive signage in back of house areas which included explanations and interviews with employees about what each of the values mean to them. The values have also been incorporated into other relevant policies and documents like the Crown Code of Conduct and the Risk and Compliance Culture Framework. 		to 33 by the proposed Independent Monitor.
32.	Culture Reform Program	<ul style="list-style-type: none"> An overarching culture reform plan to assess current culture and to address any necessary cultural reform has been developed, broken into the following key areas: <ul style="list-style-type: none"> Laying the foundations and tone from the top Reviewing and refining Crown's strategic intent Clarifying Crown's Purpose and Values Assessing Crown's current culture Assessing the gaps and planning remediation Implementing a governance structure Developing and implementing a measurement process Audit and information sharing The plan was presented to and endorsed by the Board in December 2020. 	<ul style="list-style-type: none"> The Culture Reform Program will be under the direction of the Chief People and Culture Officer (who is expected to commence on 7 June 2021). 	Noted.

#	Area	Changes already made	Proposed next steps	Comment
33.	Deloitte culture review	<ul style="list-style-type: none"> Deloitte has been engaged to conduct an organisational culture review, broken into four discrete phases of work. To date, Deloitte has been engaged to undertake the first three phases of work. Phase 1 was completed in February 2021 and involved the development of a framework to assess Crown's existing culture and its maturity. 	<ul style="list-style-type: none"> In Phase 2, Deloitte will carry out a more detailed analysis to gain a deeper understanding of Crown's culture and identify levers for change. This will involve surveys, focus groups and interviews and is expected to be delivered in May/June 2021. In Phase 3, Deloitte will use both quantitative and qualitative analysis to prepare a report and recommendations for presentation to senior management and the Board. This is also expected in May/June 2021. Phase 4 would involve using the insights from the other phases to define a target culture state for Crown and build a road map to achieve cultural change. This part of the process will take further 	Noted. The proposed Independent Monitor may need to assess the work done up to Phase 3 and again after Phase 4.

#	Area	Changes already made	Proposed next steps	Comment
			time to achieve but will give Crown a clear path forward to achieve effective and long-lasting cultural change. Crown will assess the output of Phases 2 and 3 before it formally engages Deloitte for phase 4.	
34.	Remuneration	<ul style="list-style-type: none"> Revised STI structures implemented for each member of Crown's key management personnel (KMP) eligible to receive an STI including partial deferral and forfeiture in the event of any adverse compliance or regulatory events. A deferral and forfeiture mechanism will apply to the new CEO once a candidate is identified. Introduction of mandatory Compliance and Risk KPOs for all salaried staff in FY20. Introduction of values based 'hurdles' as part of performance management framework in FY20. Engagement of the University of Queensland in 2019 to assist with developing a new performance management framework. 	<ul style="list-style-type: none"> University of Queensland framework to be piloted with employees in Table Games for FY22. 	Noted.
Junkets/POI/Significant player review				
35.	Cessation of dealing with junket operators	<ul style="list-style-type: none"> On 17 November 2020, the Crown Board determined that Crown will permanently cease dealing with all junket operators, subject to consultation with gaming regulators in Victoria, Western Australia and New South Wales. Crown informed all recently active junket operators of this decision by early December 2020. 	<ul style="list-style-type: none"> Complete. Should it be required, Crown is willing to provide the Authority with an undertaking in a form suitable to the 	Noted.

#	Area	Changes already made	Proposed next steps	Comment
			Authority to the effect that Crown will not deal with junket operators in the future without regulatory approval.	
36.	POI review	<ul style="list-style-type: none"> In April 2020, Crown commissioned Deloitte to undertake a review of its junket due diligence and POI process. The final report was received from Deloitte in August 2020. The Crown Resorts Board resolved to adopt the recommendations on 18 August 2020. A workplan to implement the Deloitte recommendations was endorsed by the Board on 10 September 2020. Recommendations in relation to customer due diligence have been implemented, including expansion of the POI Committee to a group-wide committee, implementation of a POI Decision Assessment tool, and providing the Crown Melbourne Compliance Committee and the Crown Resorts Board Risk Management Committee with oversight of POI process. 	<ul style="list-style-type: none"> Complete 	ILGA seeks a timely update on this important initiative and would anticipate review by the proposed Independent Monitor.
37.	Significant Player Review	<ul style="list-style-type: none"> A new process was implemented in 2020 (and subsequently further refined) to assist with customer due diligence and identification of individuals with whom Crown should cease dealing. A Significant Player Review Policy (<i>SPR Policy</i>) to support the process is in development. The Significant Player Review involves a review (on an ongoing basis) of top-end local and domestic players (determined by certain theoretical or actual revenue spend thresholds during defined periods) across all three of Crown's properties to determine whether (i) to continue to 	<ul style="list-style-type: none"> Finalisation of SPR Policy. Reviews will be undertaken on an ongoing basis as new customers reach certain trigger thresholds and as periodic re-assessments are undertaken. 	Noted and refer to comments at item 36 above.

#	Area	Changes already made	Proposed next steps	Comment
		<p>deal with the patron; (ii) further investigation is required; or (iii) cease to do business with the patron. The review also assesses players based overseas who play Gaming Machines.</p> <ul style="list-style-type: none"> Reviews have been undertaken across all three of Crown's Australian properties: The SPR Policy outlines a framework for completing further Know Your Customer (<i>KYC</i>) in accordance with the AML/CTF Rules on customers who trigger certain theoretical or actual revenue spend thresholds at Crown during defined periods: <ul style="list-style-type: none"> Reviews completed for in excess of 1,250 top customers in Melbourne and in excess of 500 Sydney based customers who are expected to become Crown Sydney customers. Of the customers referred to the POI Committee, 90 have been issued with a Withdrawal of Licence (<i>WOL</i>) either at the meeting or subsequently for failure to provide sufficient source of wealth information. A further 93 customers are awaiting decision by the POI Committee. Perth's review of its top customers continues with in excess of 250 customers currently subject to reviews. As part of the top locals review, a new workstream for approximately 54 formerly international customers now domiciled in Melbourne has been initiated. Of the patrons reviewed, 16 have now been approved to continue as customers, and 6 have been issued with a <i>WOL</i>. 		
38.	Credit approval process	<ul style="list-style-type: none"> The credit decision making process has been separated from the Premium Player due diligence and approval process. 	<ul style="list-style-type: none"> Complete. 	Noted.

#	Area	Changes already made	Proposed next steps	Comment
39.	Information sharing protocols with relevant law enforcement agencies	<ul style="list-style-type: none"> Nick Kaldas engaged to assist with developing information sharing protocols with law enforcement agencies. A Memorandum of Understanding (MoU) has been discussed with the Australian Crime and Intelligence Commission (ACIC). However, implementation of the MoU is currently on hold pending resolution of various regulatory matters. MoUs are also being pursued with the police forces in NSW, Victoria and Western Australia. 	<ul style="list-style-type: none"> Continued engagement with relevant law enforcement agencies for the development and implementation of information sharing arrangements. 	ILGA will require the proposed Independent Monitor to review progress and outcomes of this work.
Audit and assurance				
40.	Audit enhancement	<ul style="list-style-type: none"> Quality Assessment of the Internal Audit Department was obtained from the Institute of Internal Auditors Australia in October 2020. The review concluded that the Crown Internal Audit Department is operating professionally and generally conforms with the Internal Audit Standards. This is the highest rating that can be achieved. The risk and audit functions have been separated as part of the recent organisational restructure as an enhancement to the Three Lines of Defence model. A new Group General Manager – Internal Audit has been appointed and will commence on 10 May 2021. The appointment of a new independent auditor. 	<ul style="list-style-type: none"> New Group General Manager – Internal Audit to commence on 10 May 2021. 	ILGA will require the proposed Independent Monitor to review the adequacy of this work.
41.	Enhanced information sharing with the Authority	<ul style="list-style-type: none"> In the course of the Inquiry, Crown proposed enhanced information sharing and oversight by the Authority as set out in a proposed Internal Control Manual (ICM): "Information Sharing, Regulator Supervision and Audit". Pursuant to the proposed ICM, Crown will provide the following reports to the Authority: 	<ul style="list-style-type: none"> Crown would be happy to discuss the merits of the proposed ICM with the Authority so that an approach can be agreed. 	ILGA will seek input from LGNSW Compliance and may need a protocol on review of ICMs.

#	Area	Changes already made	Proposed next steps	Comment
		<ul style="list-style-type: none"> regular reporting on all new member who have joined Crown Sydney; regular reporting on all guests who have entered the Restricted Gaming Facility; making gaming records and related reports available to the Authority upon request; compliance AML and risk reports available to the Authority upon request; reports produced for meetings of the POI committee, along with the decisions of that committee, to be made available to the Authority upon request. 		
42.	Interim Review by the Authority	<ul style="list-style-type: none"> In the course of the Inquiry, Crown proposed that the Authority conduct an interim review of the Restricted Gaming Licence on the first anniversary of full gaming operations commencing at Crown Sydney (and prior to the first formal review under the Casino Control Act. 	<ul style="list-style-type: none"> Crown would be happy to discuss the scope of this review further with the Authority so that an approach can be agreed. 	ILGA agrees to an interim review, likely by the proposed Independent Monitor. ILGA is considering whether it will also require an initial, more focused review of priority concerns 6 months after the commencement of gaming, tied to completion of the Remediation Action Plan.