

File note

Matter Crown | China Union Pay

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Subject **Meeting with Kate Cannon**
Wednesday, 21 April 2021 at 9:30 am – 11:20 am

Present: Christopher Carr (**CC**); Christopher Archibald (**CA**); Kate Cannon (**KC**); Harriet Craig

General

- 1 KC started as an auditor in front office area when it was only Crown Towers. She then moved into training and used to be part of the Learning and Development team but moved into Hotel Systems. She is Rooms Division Training Supervisor and her main role is developing training material, training staff and liaising with different departments when a new process is established. If hotel has a system that gaming uses, like a reporting tool, KC might share training material from hotel with gaming.
- 2 KC advised that the Rooms Division is a Division within Hotel which is connected with rooms. As far as she is aware, Hotel isn't a separate corporation, just a separate business unit.
- 3 KC is aware that certain employees have to be licensed, but she isn't one of them. In the past, some employees in reservations had been licensed so that they could access the gaming system, SYCO, to check what type of member hotel guests were. They had basic access but needed a gaming licence for that access. Over time, access has been reduced so much that those employees no longer need to be licensed.
- 4 KC hasn't ever accessed SYCO herself but has seen others access it. She understands that information such as type of member (whether a black member, platinum member or other), gaming spend, turnover and points are recorded there, as well as identifying information like name, address and date of birth.
- 5 KC advised that there are different rate codes, including domestic qualifiers, domestic non-qualifiers, international qualifier and so forth. Qualifier means that a person is qualified for that rate, which is based on turnover. The gaming department determines the rate code.
- 6 KC advised that a receptionist in Hotels would know if someone is there on a junket or is a premium international player as the booking will show the guest's rate code. For example, "international qualifier" means that the guest is an international. Junket players will also be put in a "block" of rooms assigned to them for the purpose of their stay. There may be different blocks set up for different junkets. Based on her time on front desk 20 years ago, KC recalls that they used to have a junket operator who was the main contact person for the junket. The junket operator would come with the junket. There would also be an internal person who would be the contact for that booking.

- 7 Back in 2012-2015, KC's role was in Hotel Systems and involved systems training. Crown has a property management system called Opera – KC would have trained most if not all people in different departments who used Opera. She created the work instructions and was in charge of setting up and testing the systems. She was involved in the design and formulation of the policies and procedures before training was rolled out. She can't recall whether she was involved in testing at that stage (as she presently is). Testing is a practical role of considering, if something is done on a pin pad, what needs to be done in Opera and so forth.
- 8 In her role, KC does liaise with the legal team – for example, she knows that ATMs need to be a certain distance from the gaming floor, as do the pin pads. KC advised that sometimes things are done without involving legal and that it's mostly based on her experience of when she needs to consult with legal.

Creation and review of policies

- 9 KC was involved in the development of the China Union Pay policy. She recalls that there was a separate pin pad and remembers liaising with Finance to set up the payment code for the transaction to happen. She was involved in preparing the procedure not just rolling out the training.
- 10 KC explained that policies will be "created by" and "approved by" someone. Because she writes work instructions, she will often approve the policy. If it's something KC isn't comfortable approving, she will often go to her manager or the relevant department to get secondary approval. There is no rigid policy around who approval is needed from, rather, KC uses her judgement.
- 11 KC advised that work instructions are typically reviewed every year. As work instructions are usually generic across the properties, the responsibility for this is shares. There are, however, many years where work instructions are not reviewed because people are too busy.
- 12 KC advised that previously there were no clear instructions on when a policy number should increase by 1 as compared with .1. Sometimes policies were renumbered just because they had been reviewed. The guidelines were updated last year to provide clarity. The guidelines were also updated because there wasn't clarity around retaining old version of the policies.
- 13 KC expects that the earlier versions of the China Union Pay policy are in her emails. She explained that, last year, they lost a document and IT wasn't able to find it and it appeared that emails weren't backed up. Now, if she creates a work instruction, she saves it to her own folder and expects that others do the same.

Main cage payment policy only in Melbourne

- 14 KC advised that the main cage payment policy was only implemented in Crown Towers because it's where the international guests stay. She advised that the policy was never implemented in Perth and doesn't recall any discussions about implementing it in Perth. She wouldn't have been involved discussion about whether it was necessary in Perth, her role was just to get it ready and support the team. The main people involved in decision-making would have been Finance or IT.

NAB pin pad



- 15 KC advised that Crown uses CBA across the board, but the pin pad used for the China Union Pay transactions was a NAB pin pad that wasn't linked with the operating system. She understood at the time that there were certain rules in the contract with CBA that prohibited these sorts of transactions, which is why a NAB pin pad was used.

Main cage purchase policy

CA showed KC document ID CRW.523.002.0001 – Document entitled “How to Process a Main Cage Purchase for a Gaming Guest” version 4.5

- 16 KC thinks she was involved in the development of the policy when it was created in 2013.
- 17 When asked whether the process of using the pin pad for that kind of payment was adopted at the same time as documenting the process in the policy (rather than being a pre-existing way of doing things), KC advised that they wouldn't have been able to do it previously, but that she wasn't sure whether it was always through NAB. She expects that they would have created the payment code to allow this to happen and expects that the payments only started once they got the NAB pin pad but isn't certain. She does, however, recall conversations that the CBA contract didn't permit such payments.
- 18 When asked whether it is possible that transactions were done at the reception desk without having the payment code, KC advised that, because the pin pad wasn't integrated with Opera, it is possible but Finance would have seen a transaction on the pin pad without a corresponding transaction in Opera.
- 19 KC advised that the only other payment code that could have been used was a “paid out” which was generally used for purchasing tickets for guests. She advised that that's why the new payment code was set up – so that the receipt shows that it's for the main cage.
- 20 KC recalled that there is also a “main cage advance” payment code (cf the “main cage payment” payment code in the policy). KC thought that “main cage advance” might have been the original code which changed to “main cage payment – NAB”.

21 KC to:

- (a) check the code “main cage advance” and see what it is used for;
- (b) check the origins of the policy and any discussions about it; and
- (c) generate reports on “main cage payment” and “main cage advance” payment codes.

- 22 CA asked whether KC could also generate a report for “paid out” and folder to remove all amounts less than \$10,000 and whether she would have a degree of confidence that amount greater than \$10,000 would have been for the main cage. KC advised that guests pay a deposit when they arrive. If they don't use the entire deposit before they leave, “paid out” is used to zero off their account. “Paid out” refers to giving the guest money. A “main cage paid out” is giving the guest money at the main cage rather than at the front desk.
- 23 CA asked whether there are other general codes, which someone on the front desk may have adopted before this procedure was implemented or by mistake, which could be searched and filtered to identify main cage payments. KC advised that there are many



large payments for functions so it wouldn't be easy to distinguish. The main difference may be that the majority of main cage purchases would be processed on a guest account rather than a pseudo account. KC reviewed the policy and noted step 2 – “establish guest room number”. However, she also noted that step 2 says “if the guest is staying in CP or CM, verify the guest is currently staying in-house before setting a temporary PM account in CT with the applicable guest profile attached”. She advised that, if the guest was staying in one of the other properties, they would have set up a pseudo account to process the transaction.

- 24 CA asked whether there are others at Crown who were involved in carrying out the process who could provide insight into how it occurred and the extent to which it was done. KC suggested Katrina Murray. She also noted that Step 1 of the policy contains a list of approvers. Of those, Indran Subamaniam and Phillip Batsakis are still at Crown. CA suggested that these people may not have been carrying out the policy on reception. KC agreed and suggested Robyn Broomfield, who she noted updated the policy. KC expects that it is highly likely that Robyn would have processed a payment.
- 25 **KC to include cashiers in report on main cage payment and main cage advance payment codes.**
- 26 KC doesn't have a sense of how the policy was carried out on the ground.
- 27 KC doesn't recall when or why the policy ceased.
- 28 **KC to check when and why the policy ceased.**
- 29 KC advised that David Stoddart is within Hotels and that Finance report to him. Sean Dipris is operational and oversees the Rooms division of all three Melbourne hotels. KC now reports to Sean but expects that back in 2012/2015 she reported to Andrew Cairns. Sean used to be based in Perth but swapped positions with Andrew.
- 30 KC advised that she would have been liaising with Phillip Batsakis, who is in Gaming, to get the information organised for the policy. Back then, Phillip would have reported to Karen Peeris. KC would have liaised with Phillip around who can approve the transactions and possible where the information goes. She recalls going back and forth regarding approvers and recently found an email regarding a change in approvers.
- 31 **KC to provide a copy of the email.**

AML training

- 32 CC noted that certain policies, largely to do with gaming, have to be approved by and/or provided to the regulator and asked whether KC was ever involved in this process. KC advised that the only aspect of that she was involved in was AML.
- 33 KC advised that there has been a lot of AML training over the last few years, particularly regarding suspicious matter reporting (**SMR**). KC has been involved in the development of the training material for SMR.
- 34 KC advised that there are work instructions on how to report suspicious matters. For example, if there's a guest at the front desk trying to hand over \$10,000 or more in cash or money is left in a room. There is also online training on what is considered suspicious.



- 35 KC advised that previously housekeeping would have known to report money left in rooms, but that formal AML training was introduced a few years ago. When asked whether it was before or after the China arrests, KC advised that it was after. She recalls preparing the AML work instructions in early 2020.
- 36 KC advised that the Hotel induction process used to go for 2 days and was very general. It dealt with, for example, brand standards, service standards, receiving gratuities and gifts. Previously it didn't involve much AML training, but it now does. The formalised AML training now deals with when to report and why reporting is required.
- 37 KC prepared the AML work instruction based on documentation provided by the AML team. KC's previous involvement with the AML team was sending foreign currency exchanges over \$1,000 the team. She has dealt with Louise Lane, Kerryn Barbarti and Nick [surname unknown]. KC understands that AML is a separate department within Crown that oversees all other business units. KC advised that Debra Tegoni and Jan Williamson are legal.
- 38 CA referred to step 2 of the policy and noted that customer ID is an AML-type consideration. He asked whether, in developing the procedure, KC or Robyn Broomfield would have known enough about AML to insert this themselves or whether other people were involved in developing the policy. KC wasn't able to say why it was put in there, the reason for it or who told them to include it. KC doesn't recall any interactions with Louise Lane when the policy was developed. She expects she didn't speak to anyone about. She advised that, these days, they sight ID for all guests but that is mainly due to issues with fraudulent credit card use rather than AML.
- 39 KC couldn't recall whether she dealt with anyone else in developing the policy. She referred to the correspondence with Phillip Batsakis about the approvers changing but couldn't remember whether she liaised with him when the policy was being developed or only later.
- 40 KC's gut feel is that the policy would have been a request from Gaming to Hotels but couldn't specifically recall.
- 41 KC to check her emails regarding the origins of the policy – whether a request from Gaming or elsewhere.

Application of policy to Australian guests

- 42 KC expects that the policy applied to Australian guests as well as international guests. She noted that the policy states that it applies to all types of credit / debit cards, not just China Union Pay. She also thinks that the ID requirement would say "international ID" if it was only intended for international guests.

Location of NAB pin pad

- 43 KC noted that the policy says that when processing transaction it must be done on 2nd / 3rd terminal from the right. She advised that the NAB pin pad sat between the 2nd and 3rd terminals from the right and was plugged in so it couldn't be easily moved.

CBA pin pads

- 44 CC asked whether, if someone wasn't paying attention, they could process the payment on a CBA pin pad. KC doesn't know if there's a maximum charge limit on the CBA pin pads so said it may be possible.



- 45 CC asked whether it is possible to prepare a report which shows whether there were any such transactions on the CBA pin pads. KC advised that every single transaction for guests checking out is on the CBA pin pads and that CBA transactions are just a charge. Because the NAB pin pad isn't integrated with Opera, it requires a manual payment code. However, the CBA pin pad is integrated with Opera so there's no manual payment code.
- 46 CC asked whether there's any process of reconciliation between the Opera report and the NAB transaction record. KC advised that Income Audit in the Finance Department are responsible for credit card reconciliations. Andrew Anu is the Income Audit supervisor – he took over role from KC and would be able to advise on reconciliation process. KC expects that Income Audit would have a reconciliation spreadsheet of everything processed in Opera compared with the bank records. If there was a main cage payment processed on the NAB pin pad and not put through Opera, or if a main cage payment was processed on a CBA pin pad, these should show as discrepancies.

CA showed KC document CRW.523.002.0121 – email chain dated 17 to 30 September regarding China Union Pay legal advice from Debra Tegoni

- 47 KC advised that she only discovered yesterday that the receipts from Hotel were being exchanges for chips at the cage. At the time, she understood they were being exchanged for cash.
- 48 KC noted after reading the earlier emails dated 17 September that she expects that "Main Cage Paid Out" is the same payment code as "Main Cage Payment – NAB" but that the name changed to make clear that the payment can only be put through the NAB pin pad.
- 49 KC doesn't know Catherine Young or Josh Preston. KC has dealt with Jacinta Maguire but isn't sure whether it was in relation to the China Union Pay issue. She knows of Roland Theiler but hasn't dealt with him. KC advised that, in 2013, she would have reported to Karen Peeris who was part of Hotel Systems at that stage. Karen would have reported to David Stoddart.

Physical process

- 50 CA asked KC about the physical process once a main cage payment was taken. KC advised that she doesn't have any separate recollection, so could only answer based on the policy document. She never saw the process happen. She recommended speaking with Robyn Broomfield and noted that the payment code report will show the other cashiers that processed payments using the main cage payment codes.

Policy sign off

- 51 CA asked whether a process of this kind would ordinarily go through some check or sign off and be sent to AML, Legal and / or Finance to ensure fits with their responsibilities. KC advised that it was probably only the contractual agreement with NAB that was checked to ensure Hotels was allowed to process the transactions on the pin pad.
- 52 CA noted that version 4.5 made its way to legal at some point. KC advised that the only time she deals directly with legal is regarding terms and conditions. She deals with Beau Detrick and Scott Cutler of legal.

Patron to patron transfers



Arnold Bloch Leibler

Doc id: ABL/8656188v1

- 53 CA noted that there has been a suggestion of a process that some people in Crown knew about whereby international patrons would transfer money between themselves, for example, one patron would transfer to another in China and then a corresponding transaction would occur in Australia whereby the person who received money in China made money available by putting into other person's account in Australia or to Crown. He asked whether KC was aware of this. KC advised that she hadn't heard of transfers between patrons. She noted that money going into Crown's account occurs in relation to junkets.

Preference that main cage payment not be used for Australians

- 54 CC noted that has been a suggestion that it was preferable that the main cage payment not be used for Australians and asked whether KC was aware of this. KC noted that the fact that the approvers are mostly international customer service shows that there's a lean towards international guests. She advised that customers wouldn't know this process was an option unless they were provided with that information. Someone in the Gaming department would have had to tell the guest that this was an option. When asked whether there was a policy which determined when this was offered by Gaming, KC advised that she has seen a Gaming memorandum which may have this information.

- 55 KC to provide a copy of the Gaming memorandum.

