

File note

Matter Crown | China Union Pay

File No. 011916235

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Subject **Meeting with Stephen Hancock**
Wednesday, 5 May 2021 at 10:00 am – 12:10 pm

Present: Stephen Hancock (**SH**); Christopher Archibald (**CA**); Christopher Carr (**CC**); Anna Dixon (**AD**); Jessica Elliott (**JE**); Harriet Craig

General

- 1 SH has been at Crown since it opened and has always been at the Cage. He started at the cashier level and was promoted every 2 or 3 years until being made General Manager of the Cage 5 or 6 years ago.
- 2 CA noted that people describe SH as running the Cage from about 2013. SH advised that at that time he was under the General Manager (then Peter Lim) as Manager – Cage and Counter Operations. Going back further, he was a Cage Operations Manager.

Receipt of funds

- 3 SH explained that the Cage is the banking arm of the Casino. The Cage counts the daily takings and handles anything that involves money. The Cage keeps a working float and everything else gets banked. The Cage is the end place for main floor customers and internationals and controls the initial buy ins for program plays.
- 4 CC asked about SYCO and Deposit Account Balance (**DAB**) accounts and whether SYCO is the operating system in which each patron has an identity. SH confirmed that it is. He advised that customers have membership numbers and can have credit accounts (where they draw down on credits) (local players only) and deposit accounts (when they bring their own funds in and deposit them with the Cage or draw down on a bank cheque). International customers have a credit marker which is like an "IOU".
- 5 SH explained that counter cheques are used when customers apply to set up a facility through Crown's credit control department. Once approved, the credit control department will enter bank account details into the system. When the customer asks for money, Crown draws down a cheque through documentation that the customer signs and Crown banks on their behalf through their bank account. The casino, patron and bank do not need to coordinate beforehand – a counter cheque is something which can, on its face, be sent to the bank. SH advised that this happens in all casinos, but he isn't sure if it happens in other industries.
- 6 Once the cheque is drawn, Crown makes credit available to the customer against the collateral of the counter cheque. Crown then gives customers 5 days to come back and repay the funds. Some customers return to repay the credit and others are happy for the cheque to be sent to the bank. If the customer doesn't repay the funds, Crown sends the cheque to the bank and draws down on it after 3 days. Crown doesn't have

to transfer the money from the customer's account to Crown's – once the cheque is cleared, the money automatically goes into Crown's account. The 5-day period is a credit risk for Crown because it doesn't have visibility over what is in the patron's bank account. This is why the process is set up through the Credit Control Department.

CC showed SH document CWN.514.081.1752 – Email from Jason O'Connor to Matt Sanders and Richard Longhurst, copied to Michael Chen, Stephen Hancock, Eric Liang and Stefan Albouy dated 9 August 2012

- 7 SH explained that this email is part of the early release process. He explained that, if someone sent money which was in Crown's bank account which wasn't cleared, the team could ask the Cage to release the funds in advance before the transfer clears. Money stays in Crown's account but will be made available to the customer. The early release process is available for local and international customers. Management can approve different levels of early release depending on where the customer sits in the matrix.
- 8 CA asked whether, when the Credit team gives credit, it is for the Credit team to chase the customer for repayment. SH confirmed that it is and that the Credit team is different to the Cage.
- 9 CA asked whether the transactions for the different ways of customers bringing funds in (e.g. cash, banking transfers and bank cheques) go through the Cage, noting that it doesn't sound like early release goes through the Cage. SH advised that all funds given to a customer have to go through the Cage at a point in time. Bank cheques, telegraphic transfers (TTs) and the like have to go through the Cage and the Cage gives a voucher to the player. Credit Control monitors the bank accounts and sends notifications if money is deposited in advance, but all money goes through the Cage.
- 10 CA asked whether the Cage is responsible for receiving the TTs and/or bank cheques. SH advised that bank cheques and cash go through the Cage. TTs are a combined process between Credit Control and the Cage. If a customer comes in in person and transfers money to Crown, they might do it at the Cage. If they do it in advance, it will go through Credit Control. SH advised that the Cage also takes other casino cheques and small amounts of foreign currency as cash. At the higher end like the Mahogany Room, funds are received via TT (main method), cash and bank cheques (which were more popular years ago).
- 11 SH advised that Crown doesn't cash personal cheques unless someone has set up a facility. CA asked whether cheque cashing occurs in two stages – Crown accepts the cheque on the basis that the bank will transfer the funds in a few days but, at the time of receipt of the cheque, Crown releases funds to the customer. SH advised that this is correct and that "cheque cashing facility" is the internal name.

AML and compliance

- 12 CA asked about prudential compliance, AML protocols and the different ways in which the Cage is responsible for regulating or questioning funds before they are accepted. SH advised that it is transaction specific. Standard Operating Procedures (SOPs) cover a fair portion of how transactions are performed and deal with AUSTRAC requirements such as threshold reporting. SH noted that when TTs come in, Crown needs the patron's full name and reference number and the patron has to have an account. Crown will ask for a bank statement if the name is unclear to ensure the transfer comes from



a personal account. The procedure has been refined in the last few months following the Bergin Inquiry.

- 13 CC asked whether the is Cage always responsible for compliance and AML. SH advised that the Cage doesn't determine what procedures are put in place but is responsible for carrying out the procedures at an operational level for the transactions the Cage conducts.
- 14 SH advised that 5 or 10 years ago, the process was far more liberal. People could send money in from third party accounts and receipts were not required. If money came in with a patron's name on it, the Cage could release it without background checks. Bank cheques would also be accepted without question, whether made out to Crown or to a patron. The rules are tighter now and statements are required, receipts are mandatory, a name is required and there are no third party or company deposits accepted. Crown used to accept a company deposit if the person was the sole owner of the company – this was another function of Credit Control.
- 15 When asked whether there was ever a perception that the controls back then were more liberal as a result of a corporate culture that was resisting change, SH couldn't recall their being any resistance or a meeting where people wanted to change but the top down said no. He advised that there was certainly a push back from certain customers around even some of the controls that were in place 5 or 10 years ago. He advised that there were still protocols back then – Crown had to interact with the customer and if something stood out as not right or if there was something on a receipt to lead Crown to suspect that a transaction was not appropriate it would be reported. Where there was an AML concern (not threshold reporting or suspicious matter reporting), the escalation point was to executive management and they determine whether to report it. The executive management to whom concerns would be escalated to are led by the department. If the issue related to a gaming machine player, it would be escalated to the Gaming Machine side. If it related to the tables and was a local player it would go to the Local senior team, if it was an international player, it would go to the International senior team. At that time, the International senior team was Jacinta Maguire (**Jacinta**), Roland Theiler (**Roland**) and Jason O'Connor (**Jason**) and Barry Fielding (**Barry**) if the others were unavailable.
- 16 SH advised that the Cage needed two people to approve early release and didn't have any say if the transaction was approved by senior management.
- 17 SH advised that the reports he described were different to AML reporting of threshold transactions (which the Cage performs) and suspicious matter reporting (which anyone can perform). If anyone had an issue from a suspect perspective, they could fill out a suspicious matter report. CA queried whether a suspect transaction was a barrier to receiving funds or whether Crown still accepted the funds but reported suspicion to AUSTRAC and asked what was needed to refuse to accept funds in the first place. SH advised that, back then, the things that would be reported were things like not being able to verify a deposit or unusual behaviour (like aggregation or a significant increase in funds gambled).

Cash

CA showed SH document entitled "Cage guide – cash deposits into Crown's bank accounts (ANZ)"



- 18 SH advised that the document is new and is just a quick reference guide for the operational staff to look at rather than an SOP.
- 19 CA noted that the document says that when a patron deposits cash it is not to be accepted. SH advised that they are not accepting cash at all. Customers can only transfer funds from their personal account to Crown's account. However, the issue is that Crown can't stop people from depositing cash because the bank accepts it. Crown only knows this has occurred if customer turns up and says they deposited cash.
- 20 SH advised that cash is still accepted at the Cage up to a maximum of \$200,000 for a calendar day. That limit is about to change. In early years, there was no limit, so customers could theoretically show up with \$1m cash. The largest amount SH ever saw was \$1-2m. He noted that a lot of the cash is recycled – customers will play cash out and then bring it back in a few days. Several years ago, a limit was introduced. AD asked whether customers would be paid out \$1m. SH advised that historically, yes. He can't recall paying out more than \$1m but it might have happened.
- 21 SH advised that credit and debit cards have never been accepted at the Cage because the Cage has never had an EFTPOS machine in Melbourne because it is prohibited under the Casino Control Act. There was one in Perth years ago, but it was taken out. There is currently a trial of EFTPOS at the table. SH isn't responsible for Perth.
- 22 AD asked how much cash was generally kept at the Cage to be paid out to customers. SH advised that it was \$10-15m and that the Cage kept cash for the whole property which was used to restock food and beverage outlets and the like. The amount could go up depending on peak times. If, however, someone asked for \$1m cash but it wasn't available, the Cage would just say no and the customer could receive the money via gaming cheque, TT or other. The Cage wouldn't order in money just to cash someone out. A gaming cheque is a cheque the Cage issues to customers if they win which is drawn on Crown's bank account. A customer can take it to another casino or put it in their own bank account.
- 23 CC asked about the ways that the Cage can give value to customers. SH confirmed that the Cage issues chips and chip purchase vouchers (**CPV**), credit in SYCO or deposit account and chip exchange vouchers (**CEV**) (the only difference to a CPV being that if a customer has a deposit account, they will receive a CPV whereas if they don't have a deposit account then they'll receive a CEV). CC asked whether, if the Cage gives someone a CPV for \$100k, the customer has a balance in their deposit account for \$100k. SH explained that the customer would put \$100k into their deposit account and the Cage would draw a CPV for \$100k to zero out the account. SH advised that a customer can use a CPV at the table to receive chips. They can also ask for money at the table and receive a CPV.
- 24 CC asked whether there is any other way the Cage gives funds to customers. SH advised that the Cage does TTs to bank accounts. The Cage doesn't sell foreign currency but if a customer gives the Cage foreign currency then they can redeem it.

Cage AML / compliance controls

- 25 CA asked whether there are, at the point of giving money out, any controls or restrictions for AML or other compliance controls. SH advised that, for amounts of \$10k and over, the Cage will ask for the customer's membership card and will also check their play to make sure they should have those chips. This is to ensure that it's not just a random person from the street who walks in to cash the chips. The main control is ensuring the



person who has the chips owns the chips. 5-10 years ago, the controls weren't as stringent. The Cage would just pay out anything under \$10k, whereas now the staff will check to make sure the customer should have the chips. This is particularly when the customer asks for a gaming cheque, so that someone doesn't deposit cash and then immediately ask for a cheque. SH advised that the Cage checks things like how long the customer has played for and what the average bet is. If, for example, the Cage considers that the customer hasn't been playing for a long enough time, the Cage will escalate it through appropriate means through the senior management team according to where the player is situated.

- 26 CA asked whether Legal and Compliance come in on a day-to-day operational decision-making basis or whether they're contributing behind the scenes. SH advised that, 5-10 years ago, it was the former. Michelle Fielding (**Michelle**) and Debra Tegoni (**Debra**) didn't have anything to do with the day-to-day. They would approve a process or an initiative and then whoever instituted the process would put it in place. At that time, Crown didn't really have an AML team – those functions were run through Compliance. There was a Cash Transaction Report Manager who reported to Compliance. Now Crown has an AML team who can stop transactions and who get involved day-to-day.

China Union Pay

- 27 SH advised that someone in International would have come up with the China Union Pay idea. Matt Sanders (**Matt**) was involved from the International end and SH was involved from the Cage end. Other than noting the date of old emails, SH doesn't recall when China Union Pay was proposed. He wasn't involved in the conceptual / set up part and just got involved because they needed to be able to give the money out at the Cage. He expects a lot probably happened before he was involved.
- 28 CC asked whether SH just dealt with Matt at the start. SH advised that he wouldn't be surprised if Jacinta was involved as she was heavy on the initiative side back then and Matt reported to her. SH doesn't recall when Matt left – SH is physically located in the middle of the gaming floor whereas Matt and the International team were at the other end in the offices. SH noted that Phil Batsakis seemed to have taken it over after Matt left. This would have been in conjunction with his seniors like Roland and Jacinta.

VIP International credit access facility policy

CC showed SH document entitled "VIP International credit access facility" dated 14 June 2012 prepared by Matt Sanders and SH

- 29 CC asked how much of the document was prepared by Matt and how much was prepared by SH. SH expects that Matt would have put the entire document together and sent it to SH to review.
- 30 SH always had a perception that people couldn't gamble on credit. By "credit", he meant credit cards, not credit facilities. He doesn't recall receiving specific training on this, but thinks it was just mentioned in meetings over the years. He noted that it doesn't really affect him because the Cage doesn't have the facilities to do it anyway. If credit card use was approved, it would have been through Legal and Compliance. If there was any issue with the transaction, the process would be stopped before a Cage process was established.
- 31 CC noted that the document is dated June 2012 and there were some transactions later in 2012, perhaps in July – September. He asked whether SH remembers any



transactions on credit cards through the Hotel before this proposal came about. SH said no, people probably paid for hotels on credit cards but not in this manner.

- 32 CA asked what aspects of the proposal SH considered. SH advised that he would have looked at it to see what, if any, involvement the Cage had. He noted that this document doesn't really go into that particular process (i.e. the matrix considered in the Cage).
- 33 CA noted the executive summary section which says that the process proposed is a "credit access facility which allows Crown to extend a credit line to International program patrons from A\$10,000 to a maximum of \$200,000. This credit facility is pre-registered against the patron's credit card, with any outstanding credit balance charged to the patron's card upon settlement". CA asked whether this process was contemplated at the end of gambling as a means to settle up using a credit card. SH wasn't sure as he never saw the credit transaction – the Cage just received the receipt to say the transaction was done. He's not sure what happened at the Hotel end.
- 34 CA asked whether it might not involve the Hotel, and whether it's really just a matter of establishing a credit facility and, instead of chasing people overseas, using credit cards to pay for the credit line. SH didn't think that was what was intended. He noted that a credit facility doesn't have a limit, whereas this has a \$200k limit. He thinks that this process involved pre-authorisation of credit card transactions of up to \$200k. He takes "pre-authorise" to mean approval of a transaction on someone's credit card prior to them arriving and then allowing the person to draw down when they want to. The transaction is "pre-authorised" but the person doesn't have to take the \$200k at the time. Crown didn't extend these customers a line of credit – when the customer arrived, they could go to the Hotel, do the transaction and then go to the Cage. "Settlement" to SH means when the customer physically puts the transaction through on the credit card.
- 35 CC noted that the proposal only seems to contemplate the Cage and that there is no mention in this initial proposal of the Hotel. He asked whether SH recalls Kate Cannon / Pickering, the procedures person for the Hotel, including for China Union Pay. SH advised that he doesn't know her and noted that there is also no mention of the Cage in the document other than SH's name on it. The Cage was obviously involved, by SH doesn't think this is a final document.

CC showed SH an email from Matt Sanders to Stephen Hancock, copied to William Mackay, dated 25 July 2012

- 36 William Mackay (**Will**) was in the International team and sat alongside Jacinta and Roland.
- 37 CC noted that it seems that it was initially envisaged that the transitions occur at the Cage, but Debra and Michelle gave advice that it can't happen at the Cage and has to be at the Hotel due to the 50m rule. SH thought this sounded right. CC noted that Matt says he will send SH an invitation to chat about it before final sign off by Michelle. SH doesn't remember the discussions but expects that, if there was an invite, there would have been a meeting.

Legal advice

CC showed SH an email from Matt Sanders to Stephen Hancock dated 9 August 2012

- 38 CC noted that, in an earlier email in the chain, Michelle told Matt and Debra what the law is as she understands it and how the China Union Pay process has to work. He



asked whether SH remembers whether he would have scrolled down to read what Michelle said about the restrictions. SH couldn't say whether or not he read down the email but said that it was more than likely that he would have done so.

- 39 CC took SH to the following sentence: "In summary ... [t]he law further prevents the provision of cash or chips as part of a transaction involving a credit card or debit card (s 68(2) CCA)". He asked whether SH remembers there being a distinction between credit / debit card transactions in relation to chips and giving credit to international patrons. SH couldn't point to a particular meeting where this was discussed but said that that was the general feel and was his understanding. CC asked whether his understanding was that Michelle was saying that, because Crown was providing chips on credit to an International player, it was ok if it was on credit. SH said that, at the time, he would have taken it on the back of what Michelle said. If Debra and Michelle approved it, then he would have considered it to be ok.
- 40 CC noted that Matt then asked "[f]or the sake of clarity, if we comply with the 4 points below, we would be able to process the transactions within the cage?" He noted that, at some stage in the China Union Pay process it morphed from something about credit cards to something about debit and credit cards and asked whether SH remembers this happening. SH advised that he didn't because the Cage never saw the China Union Pay transactions take place. The Cage didn't check whether the cards were from and just assumed they were coming off any credit card.
- 41 CC noted that there's a distinction between credit and debit cards and that the process expanded from credit cards only to debit and credit cards. He asked whether SH recalls when, how and who was involved in the expansion. SH doesn't know and could only assume it was International. The transactions never happened at the Cage. There may have been a concept or proposal for them to occur at the Cage, but it never eventuated.
- 42 CC asked whether SH recalls any discussion with Michelle or Debra about the proposal to put an EFTPOS machine in the Cage for these transactions. SH doesn't recall a conversation, but he knew customers couldn't gamble on credit and assumes that's why it didn't eventuate. He thinks the 50m rule stopped the Cage from processing debit cards.
- 43 CC noted Matt's comment in the 9 August email: "FYI – good timing" and asked SH what this was about. SH couldn't recall and noted it wasn't a time of year when Crown would have had an international event on. He may be able to access his old calendar.

First transaction

CC showed SH document CWN.514.061.8246 – email chain with the most recent email from Neil de Lima to William MacKay, Eric Liang and Stefan Albouy, copied to Jason O'Connor and Michael Chen

- 44 CC noted that this is the first transaction he has been able to identify.
- 45 CC referred to an earlier email in the chain from Eric Liang (**Eric**) to Will, copied to Stefan Albouy (**Stefan**) and Michael Chen (**Michael**) which states: "Cld u pls advise if the creditcard facility is in place". He noted that it seemed to be common knowledge that there would be a credit card facility in place and asked whether SH remembers it being widely discussed. SH noted that this might have been before he was involved as the email is between people who are all part of the International team. The Cage doesn't deal with International on a day-to-day basis.



- 46 CC referred to the email from Matt to Will and Eric, copied to Stefan, Michael, SH and Andrew Cairns (**Andrew**) which says that “Richard and Jason will need to pre-approve a max \$200k pay out from the cage”. He asked whether SH remembers this transaction at all. SH advised that he doesn’t and said that the Cage might have received 10 TTs of \$200k per day.
- 47 CC noted that, at that stage, Matt had got the “OK” from Legal and asked whether that was Matt’s area rather than SH’s. SH confirmed that it was Matt’s area.
- 48 CC observed that the “good timing” email was the day before the first transaction and that the “good timing” email was probably a reference to this transaction. SH said it could be as the dates line up. The emails don’t trigger any memory and SH doesn’t recognise the name of the patron. In the context of the number and size of the transactions done at the Cage, this was a relatively small amount. SH did have more familiarity with patrons when he was an Operations Manager in 2008-2010 but he now has almost no interaction with customers.

VIP International credit card facility – key steps

CC showed SH an email from Matt Sanders to Stephen Hancock and Andrew Cairns dated 3 September 2012 subject “RE: VIP International Patron Credit Card Facility”

- 49 CC took SH to the last two pages (an email from Matt to Andrew and SH, copied to Will) and noted that SH’s input to the proposed process is in red. He asked what Andrew’s role was and SH’s best guess was that he was potentially General Manager of Crown Towers on the Hotel side.
- 50 CC noted that 4(VII) on the final page says: “Hotel to provide patron with copy of approved credit card transaction receipt and Opera invoice to present to Mahogany Room (MR) cage staff”. He noted that later documents specify that a staff member must accompany the patron and receipt to the Cage and asked why the change was made. SH didn’t think there was a change – he thinks a staff member was always involved. The transaction happened at the Hotel and the customer wouldn’t have known where to go so the staff member was involved for customer service.
- 51 CC asked what the physical process at the Cage involved – was it a matter of getting the voucher, making an entry on the computer system at the Cage and crediting the account with the funds. SH advised that the Cage staff manually fill out an internal form called a “payout voucher”. The Cage staff then go into the patron’s account and deposit the funds. The Cage works on a banking platform so if they do a deposit there’s something needed on the other side to balance it out – that’s what the payout voucher is for. The Cage uses SYCO and doesn’t have access to Opera. The payout voucher is the Cage’s internal accounting process and the Opera receipt is the supporting documentation to show that the transaction has occurred.
- 52 CC asked whether the customer could then ask for that amount in chips or cash. SH advised that it was always chips, not cash. These customers were on the International play program and would always receive CPVs.
- 53 JE asked if SH could explain the difference between redeemable and non-redeemable chips. SH explained that there are three types of chips – cash, commission and non-negotiable. All chips are redeemable but non-negotiable chips are used for tracking for the sake of a player program. SH advised that it says on a CPV what kind of chips the player will get. If the player is in a program, it will say so on the voucher. If they are not



on a program, they would get cash chips, meaning they could receive chips and 5 minutes later exchange them for cash. SH noted, however, that Crown only did these transactions to put people on a program to gamble.

Cage payout voucher

CC showed SH document CWN.514.050.8996

- 54 SH noted that this document is a Cage payout voucher and a receipt from the Hotel. The Cage would receive the Opera and EFTPOS receipts from the Hotel and complete the Cage payout voucher.
- 55 CC referred to the “approved by” section, and SH advised that there was an approval matrix and approval could be obtained verbally over the phone or by email. CC asked whether it’s a reference to the person who approves the drawing up of the payout voucher or the person from International who approves the transaction. SH advised that it’s the person from International – the Cage would only draw up a voucher if it’s approved by someone from International. The “authorised by” section might say that there’s an email attached. This was possible a verbal one.

CPV not through patron’s account

CC showed SH document CRW.523.002.0146 – Email from Debra Tegoni to Roland Theiler discussing an earlier email from Stephen Hancock to Roland Theiler

- 56 CC noted that it appears SH has come up with a process to issue a commission based CPV without having to run it through the patron’s account. SH advised that he would have to check the system as it might be that they can do a CPV without commission-based chips. Commission-based chips are chips which allow gaming staff to track the player’s bets (not a commission paid to staff).
- 57 CC asked whether “without having to run through the patron’s account” means that the Cage just receives the Opera receipt and gives a CPV in return without going through the patron’s DAB account. SH responded “yes”, the Cage wouldn’t have to deposit and withdraw it but just issue a CPV. The transaction wouldn’t show in DAB but would still show up under the patron’s name and number as a CPV. SH doesn’t know whether the process eventuated.
- 58 CC asked about the internal documents the Cage would have if it went through the commission based CPV process and asked whether the Cage would still need a payout voucher. SH confirmed that it would – the process would be the same, but the transaction just wouldn’t go through DAB.
- 59 SH wasn’t sure why anyone would want the process. He noted that the Cage would have received a request to process the transaction without going through the patron’s DAB account. He expects there was a conversation about whether SH could do it, but can’t specifically recall it.

Misuse

CC showed SH document CRW.528.003.0010 – Email from Debra Tegoni to Philip Batsakis dated 22 March 2016



- 60 CC asked SH about Scott Howell's role. SH advised that he was probably the cash transaction report manager who basically reported through to AUSTRAC any cash transactions \$10k and over.
- 61 CC asked about the reference to "pre-approved bank transactions for hotel guests" and asked whether that was the China Union Pay process. SH confirmed that it was.
- 62 CC noted the email from Debra dated 21 March 2016 which says that "[w]e need to be vigilant that the players using this service are truly international (ir no perm residents and no interstaters) and if any suspicions in instructions we escalate and report for AML please – as per usual". SH can't remember what prompted this email and doesn't recall any discussion about concerns that China Union Pay was being misused.

Adherence to policies

CC showed SH document CRW.523.002.0001 – Document entitled "How to process a main cage purchase for a gaming guest"

- 63 SH doesn't think he's ever seen the document.
- 64 CC asked whether the Cage had an equivalent document. SH thinks he saw something similar which might have been from Phillip Batsakis.
- 65 SH advised that he would have sent the "key steps" to the Cage team (within the 3 September 2012 email).
- 66 CC noted the document entitled "How to process a main cage purchase for a gaming guest" contains a reference to an approval matrix and asked the largest numbers SH remembers being involved in the China Union Pay process. SH wouldn't be surprised if it went up to \$500k per day per customer. CC asked whether SH recalls \$500k being a hard ceiling and SH advised that he did. He thought initially it was \$200k which was increased to \$500k but couldn't recall anyone going above that. CC noted that some documents suggest there were transactions of \$800k and one transaction of \$2.8m and he asked whether SH remembers it not being a hard limit. SH advised that the Cage always followed the limits, but they could be overridden. If the executive management wanted to approve something outside of the matrix that they approved in the first place, they could do that.
- 67 CA asked whether the Cage process involved any reconsideration or reassessment if the transaction had already gone through at the Hotel. SH advised that the only thing the Cage staff would have done is make sure the transaction was approved by people well above them. CA noted that the process contemplates that approval being obtained before the Hotel transaction and asked whether it was just a matter of checking that there was approval. SH advised that, if there was a transaction above \$500k, the person arranging it would have gone to International. If the transaction went through Hotel and the Cage had confirmation either by email or verbally then the transaction would be processed.
- 68 CC asked whether it was the case that policies within the Cage weren't necessarily rigidly enforced. SH said not with regard to policies, but it seems more likely when it came to limits that people could go above. The same process would be followed so the policy regarding doing the transaction would be the same but executive management could approve a higher amount they wanted to. The staff in the Cage wouldn't have



argued with the CEO or the COO. So, if someone higher up told the Cage staff to set aside the limit, it would have gone through, although this would happen anymore.

- 69 CC asked what would have happened if someone said “this customer is very important. I know you have to put it through the DAB account, but don’t do it for this customer. SH advised that people higher up wouldn’t have known about the finer details of what the Cage did. Assuming they did, it probably would have come from Michelle’s end because she was involved in Compliance, rather than Jason’s end. It would have gone to the Cage’s General Manager at the time, who would have called Michelle to ask whether it was ok.
- 70 CC noted that there seems to be a suggestion that, in relation to the China Union Pay process, cash would be handed out at the Cage rather than a CPV or a CPV would be issued and then immediately exchanged for cash. He asked whether this is the sort of thing that, even if the policy didn’t allow for it, if someone higher up directed it, it would occur. SH said possibly, depending on who the person was. If it was from the lower end it wouldn’t have happened but if it came from Jason or Barry it could possibly have happened. It wouldn’t happen now.

Customer AML validation

- 71 AD took SH to dot point 5 which says that the Cage is to validate the customer for AML purposes. SH advised that this means ensuring there is appropriate ID on the system and ensuring the person doing the transaction is the person at the Cage.
- 72 CC asked whether there is a document setting out what is required to validate a customer for AML purposes. SH advised that there probably isn’t. Back then, AML wasn’t what it is today. There wasn’t a specific document which said what the Cage has to do for AML purposes. CC asked about the training when someone started at the Cage. SH advised that the training evolved over the years. There is a management training manual which has AML sections, but which doesn’t always explain what has to be done for every transaction. If someone is validated and an account opened, that AML verification exists forever. SH takes “Cage to validate customer” to mean ensuring they have a photo, signature and copy of the customer’s ID.

Patron to patron transfers

- 73 CC noted that there has been a suggestion that a process would take place whereby a customer in another country, say China, wanted to gamble money at Crown. They would transfer money to another patron in China and, in return, the second patron would transfer the same amount of money from their bank account in Australia to Crown or to the first patron’s bank account in Australia to allow the customer in China to avoid money leaving China. SH isn’t aware of that happening.

