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30 October 2020

BY EMAIL: Personal Information

Mr Cameron Warfe
Principal Solicitor
Victorian Commission for Gambling and Liquor Regulation
Level 3, 12 Shelley Street
RICHMOND VIC 3121

Dear Mr Warfe

Notice to Show Cause - Alleged Contravention of s 121 of the *Casino Control Act 1991* (Vic)

I refer to Mr Ross Kennedy's letter to Mr Barry Felstead dated 2 October 2020 enclosing a notice under section 20 of the *Casino Control Act 1991* (Vic) also dated 2 October 2020 (**Notice**).

As the Commission is now aware, the Crown Resorts Limited (**Crown Resorts**) Board has endorsed a proposal to support the retirement of Barry Felstead from his current role from the end of the year. The new structure will instead see the Chief Operating Officers of each business now report directly to me. As the Chief Executive Officer of Crown Resorts, and as a director of Crown Melbourne Limited (**Crown Melbourne**), I am responding to the Notice on behalf of Crown Resorts and Crown Melbourne (together, **Crown**), in place of Mr Felstead.

Set out in **Annexure A** is our formal response to the Notice. We have drafted the response with the assistance of external counsel, given the technical analysis of regulatory arrangements and documents required. It is therefore necessarily somewhat legalistic. If any aspect of this response requires further clarification, or if there is anything else that can be done to assist the Commission, please do not hesitate to ask.

Crown takes receipt of the Notice very seriously and I would genuinely like to emphasise that we will work with the Commission to address the matters raised as efficiently as possible.

Recent steps taken by Crown in relation to junkets

The Notice concerns one former junket agent, one junket operator, and one junket player. It is therefore appropriate to say something, by way of relevant context, about steps taken by Crown throughout the course of this year in relation to junkets. These matters are also relevant to the exercise of the Commission's discretion whether or not to take any disciplinary action, should it consider any grounds for disciplinary action to be established.

Crown is in the process of implementing a broad suite of measures directed to improving governance, compliance, and risk-management processes, including at its subsidiaries. I welcomed the opportunity to present a number of these measures to Ross Kennedy, Catherine Myers and members of the Commission recently, which I have set out below.

Many of the measures are designed to improve the ability of Crown and its subsidiaries to detect circumstances where their services are being used, or are sought to be used, by persons who may be involved in criminal activities. Consistently with that aim, the measures include a range of proposals in relation to junkets.

Crown has in the past had relationships with junkets where media and due diligence reports have referred to allegations of criminal links. I recognise that Crown must improve its due diligence in relation to junkets. Issues that I have identified in relation to Crown's historical approach to junkets include the following:

- (a) the scope of Crown's due diligence has been too focused on the junket operator: it must expand to those who represent, finance, and guarantee the junket;
- (b) Crown needs to improve its ability to recognise patterns and associations and to draw together connective threads;
- (c) Crown's compliance and AML teams need to have a clear role in the approval process for junkets and a right of veto over junket relationships; and
- (d) due diligence in relation to junkets, including as part of the approval process, needs to involve comprehensive analysis assisted by the latest technology, and must include an examination of transaction histories.

Crown is determined to improve its detection of any links between junkets and crime. Crown is determined to ensure that, to the greatest extent possible, its processes for the evaluation of junkets prevent those with links to crime from dealing with Crown. I have set out below the steps that Crown has taken, and is taking, to put these objectives into effect:

- (a) In December 2019, Crown approached Mr Nick Kaldas, the former Deputy Commissioner of the New South Wales Police, to assist Crown in developing relationships and information protocols with law enforcement agencies, so as to facilitate the exchange of information with those agencies. In addition to engaging Mr Kaldas, Crown is also in discussions with law enforcement agencies with a view to enhancing Crown's understanding of the evolving criminal threat environment and obtaining better access to information that may assist in identifying proceeds of crime.
- (b) Shortly after my appointment to the position of CEO of Crown Resorts, at a meeting of the Board on 18 February 2020, I informed the Board that I intended to undertake a review of key business procedures, including the junket approvals process. The Board supported that initiative.
- (c) In late April 2020, I sent a letter to The Star and SkyCity regarding Crown's proposal to establish the Australian Casino Industry Group. Crown's proposal, if implemented, will see the formation of an industry group comprising representatives from each Australian casino operator with senior management experience in legal and regulatory compliance, risk management, and financial crime. These representatives of the casino operators will meet to discuss and consider emerging challenges associated with the operation of Australian casinos. Crown's objective is to facilitate the sharing of intelligence in relation to specific individuals to ensure that integrity, money laundering, and terrorism financing risks are appropriately addressed. The response I have received from The Star is that it is broadly supportive of Crown's proposed objectives, subject to the findings and recommendations of the present Inquiry under the *Casino Control Act 1992* (NSW).
- (d) On or about 3 May 2020, I engaged Deloitte to conduct a review of Crown's decision-making processes as to junket operators (**Deloitte Review**). Given the similarities with Crown's processes for identifying POIs, being those individuals who have come to the attention of Crown as potentially unsuitable to be granted access to Crown's properties, I also asked Deloitte to consider Crown's POI processes. The purpose of the Deloitte Review was to identify opportunities for Crown to improve its junket and POI due diligence and decision-making frameworks.

- (e) At a meeting of the Crown Resorts Board on 10 August 2020, the Board resolved, subject to the approval of the Chair, to suspend all junket relationships. The Chair provided that approval on 25 August 2020.
- (f) At that same 10 August 2020 Board meeting, I proposed an organisational restructure that would result in the creation of a specific Financial Crime Department within Crown (incorporating AML and Compliance) separated from the operational structure. This department would be provided with ultimate power to approve new junket operator relationships and terminate existing relationships with junket operators (and, for that matter, junket agents and premium players). The Board has resolved to implement these changes, and Crown is currently in an advanced stage in the recruitment process for the Head of the Financial Crime Department.
- (g) On or about 11 August 2020, Berkeley Research Group (Hong Kong) Ltd was engaged to undertake an investigation of certain persons connected with existing junkets to assist Crown in determining whether its relationships should continue in the future. The persons the subject of the investigation are Mr Song, Zhang Peiliang, Pang Ngok Hei, Chan Yan To, and Cheok Wa (Alvin) Chau. Crown has now received that report (a copy of which is annexed), and the information it contains will be used to re-evaluate Crown's ongoing relationships with each of these persons.
- (h) On 18 August 2020, a draft of the Deloitte Review was presented to the Crown Resorts Board. The Crown Resorts Board resolved to adopt and implement each of its 20 recommendations. The final report was completed on 26 August 2020. Anne Siegers, Crown's Group General Manager of Risk & Audit, is responsible for leading a team that is implementing each of the recommendations. I have prepared a detailed work plan for implementing the recommendations in the Deloitte Review as well as a number of other changes (beyond those recommended by Deloitte) that I consider are important in further enhancing Crown's processes.
- (i) In a presentation to the Crown Resorts Board on 10 September 2020, I proposed that Crown commit to extending the suspension of all relationships with junket operators until June 2021. The Board endorsed this proposal. All dealings with junkets are suspended until that time. Prior to any further dealings with any junket, they will be subjected to fresh review through the newly established process.

Each of the documents referred to in this correspondence, and in the submission contained in Annexure A, are set out in **Annexure B**. Copies of each of the documents are also enclosed, for the Commission's consideration (subject to some redactions for legal professional privilege).

I would welcome an opportunity to meet with the Commission to discuss this correspondence and the matters contained in the Notice more generally. Again, I would like to emphasise that Crown views the matters raised very seriously, and we will work with the Commission to address them as efficiently as possible.

In the meantime, if you would like to discuss any aspect of this response, please contact me.

Yours sincerely,



Ken Barton
Director, Crown Melbourne Limited
Managing Director and Chief Executive Officer, Crown Resorts Limited

Annexure A | Submissions

Protected information and exploitation risks

The information contained in and referred to in Annexure A relates to the affairs of persons named in the Notice and, accordingly, is protected information for the purposes of the *Gaming Regulation Act 2003* (Vic).

Further, a significant amount of information and materials referred to at Annexure A contains sensitive material regarding internal procedures and controls in relation to money laundering, junket operations, monitoring, security and administrative controls within Crown's casino operations. The documents set out the procedures and controls that have been developed by Crown with the objective of ensuring Crown remains free from criminal influence and exploitation and conducts business in accordance with its AML/CTF obligations.

If this information becomes publicly available it may elevate the risk of the relevant procedures and controls being circumvented. Publication of these documents could provide those wishing to exploit the casino's operations with valuable information in relation to how the controls and procedures operate, particularly those procedures and controls designed to identify, mitigate and manage money laundering risks.

Crown respectfully requests that the information in Annexure A and the documents referred to in Annexure B, be regarded with due sensitivity and confidentiality, and that Crown be consulted prior to any publication of these documents (or the information contained therein).

Introduction and summary

1. This response is made to the Notice to Show Cause dated 2 October 2020 served by the Victorian Commission for Gambling and Liquor Regulation (**Commission**) on Crown Melbourne Limited (**Crown Melbourne**), being a wholly owned subsidiary of Crown Resorts Limited (**Crown Resorts**) (together, **Crown**), under section 20(2) of the *Casino Control Act 1991* (Vic) (the **Act**).
2. In summary, Crown Melbourne's response to the Notice is as follows:
 - (a) This response is made at a time when Crown is in the process of implementing a broad suite of measures directed to improving governance, compliance, and risk-management processes, including at its subsidiaries.
 - (b) Those measures include significant changes in relation to junkets. Crown and its subsidiaries recognise that they must improve their due diligence in relation to junkets. Accordingly, all dealings with junkets have been suspended until June 2021 whilst a comprehensive review of existing junket relationships is undertaken. Additionally:
 - i. Deloitte has conducted a review of Crown's decision-making processes as to junkets and the Crown Board has resolved to adopt and implement each of the 20 recommendations of that review;
 - ii. Berkeley Research Group (Hong Kong) Ltd has undertaken an investigation of certain persons connected with Crown's existing junket relationships to

- assist Crown in determining whether those relationships should continue (if Crown is to continue to engage with junkets at all);
- iii. an organisational restructure has been proposed that would result in the creation of a specific Financial Crime Department within Crown, separated from the operational structure, which department would have the ultimate power to approve new relationships and terminate existing relationships with junket operators (and, for that matter, junket agents and premium players). The Board of Crown has approved these changes;
 - iv. Crown has engaged the former Deputy Commissioner of the New South Wales Police to assist in developing relationships and information protocols with law enforcement agencies; and
 - v. Crown has proposed the establishment of an industry group to facilitate the sharing of intelligence in relation to specific individuals to ensure that integrity and other risks are appropriately addressed.
- (c) The Notice alleges contraventions of a provision of the Act as a ground for disciplinary action against Crown. It is therefore incumbent upon Crown to identify instances when it takes a different view of the legal conclusions or factual findings made by the Commission.
- (d) As to the allegation concerning Zhao Yuan (Simon) Pan, a former junket agent, Crown acknowledges it ought to have identified Mr Pan's directorship of Triple 8 International Pty Ltd earlier than it did. However, Crown submits that clause 2.5.1 of the Junket ICS does not extend on its proper construction to junket agents. It follows that the allegation as framed in the Notice is not capable of being a contravention of section 121(4) of the Act. Crown nevertheless accepts that Mr Pan is not a suitable person with whom to do business. It is for that reason that his licence to enter and remain in the casino was and remains withdrawn.
- (e) As to the allegation concerning Zezhai Song, Crown does not accept that it failed to attempt to verify the accuracy of the allegations referred to in the relevant 2003 Chinese media article. Crown acknowledges that it may not have made the position clear in prior correspondence with the Commission. It wishes to make it clear that it did attempt to verify the accuracy of the allegations referred to in the 2003 Chinese media article. It was unable to do so. It follows that Crown cannot accept that it contravened section 121(4) of the Act in the manner put in the Notice. However, Crown notes that the relationship with Mr Song is currently suspended and Mr Song is one of the people the subject of the investigation completed by Berkeley Research Group (Hong Kong) Ltd.

- (f) As to the allegation concerning Yoseph Prawira, whilst Crown acknowledges the Commission's concerns about Mr Prawira, Crown cannot accept that it failed to take into account the purpose of the Junket ICS in considering the licence position of Mr Prawira. There is no evidence that Crown failed to take into account that purpose, and it does not follow from the evaluative judgment formed by Crown as to the licence position of Mr Prawira that Crown must necessarily have failed to do so. Accordingly, Crown does not consider the allegation as put in the Notice to be consistent with the facts. That said, Crown accepts the view of the Commission that Mr Prawira is not a person with whom it should continue to do business, and Crown Melbourne is therefore taking steps to withdraw his licence to enter and remain in its casino.

The proper construction of the provisions relevant to the Notice

The obligation imposed by section 121(4) of the Act

3. The Notice alleges that Crown Melbourne contravened section 121(4) of the Act. That section provides as follows:

The casino operator must ensure that the system [of internal controls¹] approved for the time being under this section for the casino is implemented.

4. Section 121(4) imposes an obligation to ensure the implementation of the system of approved controls. It does not go so far as to impose an obligation to ensure that the system of approved controls so implemented, never once fails.
5. Whilst efforts should continuously be made to enhance the system of approved controls, the system is not fail proof. No system of controls is. It follows that a small number of instances of apparent inconsistency with that system does not indicate a failure to ensure that the system was implemented.
6. On the other hand, widespread, repeated instances of apparent inconsistency with the system of approved controls ordinarily would allow the inference to be drawn that there had been a failure to ensure the implementation of the system, contrary to section 121(4) of the Act.
7. Having regard to these observations, it is relevant to note that the allegations in the Notice are few in number, concerning only three individuals. They are narrowly focused. They concern only the Junket ICS. As the Commission notes at [3] of the Notice, the Junket ICS is only "part of the system of internal controls". The allegations concern one clause within the Junket ICS (clause 2.5.1).

¹ The "system" to which section 121(4) refers is the "system of internal controls and administrative and accounting procedures" to which section 121(1) refers. For present purposes, it is only the system of internal controls that is relevant.

The obligation imposed by clause 2.5.1 of the Junket ICS

8. Clause 2.5.1 of the Junket ICS provides as follows:

Crown will ensure that it has robust processes in place to consider the ongoing probity of its registered Junket Operators, Junket Players & Premium Players.

9. As a matter of construction, processes that are “robust” are effective in most cases; they are not processes guaranteed never to fail. That is not to say that Crown should not strive to make them as fail proof as possible. Crown has outlined the steps being taken in that regard. However, the matter presently under discussion is the proper construction of a legal obligation.
10. Clause 2.5.1 does not refer to junket agents. That is despite multiple references to junket agents elsewhere in the Junket ICS. The expression “Junket Operator (or Agent) or Premium Player” appears on five occasions. One of those appearances is in clause 2.5.2, which sits within clause 2.5 alongside clause 2.5.1. In contradistinction to clause 2.5.1, clause 2.5.2 refers to junket agents.
11. A review of the Junket ICS demonstrates that its drafter was clearly alive to the distinction between junket operators, junket agents, junket players, and premium players.
12. Having regard to those matters of context, it is not possible to read “Junket Operator” in clause 2.5.1 as including junket agents. Whatever may have been the intention, the language of clause 2.5.1 is not capable of bearing such a construction. Whilst the object of the Junket ICS is relevant in deciding between constructional choices open on the language used in clause 2.5.1, the object of the Junket ICS cannot be invoked to override that language.
13. As a matter of construction, the legal obligation imposed by clause 2.5.1 does not extend to junket agents presently or retrospectively. Whether clause 2.5.1 *should* refer to junket agents is a separate question. Crown considers that, going forward, it should.

Allegation of contravention in relation to Zhao Yuan Pan

14. As regards Mr Pan, the allegation of failure to comply with clause 2.5.1 of the Junket ICS is put on the basis that Crown did not establish Mr Pan’s business interests earlier than July 2019. Only one business interest is identified: Mr Pan’s directorship of the company Triple 8 International Pty Ltd, the principal place of business of which is 39 Tope Street, described in the Notice at [8], as a licensed brothel.
15. Before addressing the allegation in relation to Mr Pan, it is necessary to note the following by way of context:
- (a) As the Notice observes at [10], it appears that Mr Pan has never been convicted of any offence, or even charged. While Crown accepts that whether someone has been

convicted of a crime is by no means determinative of whether that person ought to be someone with whom Crown does business, the matter is not irrelevant in the present context. That Mr Pan appears never to have been convicted, or even charged, goes to the relative seriousness of the alleged non-compliance with clause 2.5.1 of the Junket ICS. Had that alleged non-compliance resulted from dealings with a convicted criminal, any non-compliance would be more serious.

- (b) As the Notice observes at [17], Crown did conduct periodic searches in respect of Mr Pan using World Check (or Dow Jones post World Check). That is, due diligence was conducted in relation to Mr Pan. This due diligence is conducted on all active persons in Crown's patron management system on a regular basis, the frequency of which is determined by Crown's risk rating of that patron. In addition to active persons, Crown reviews *all* junket operators and agents daily (as a result of the accepted increased risks inherent in dealing with junkets).
16. As the Notice observes at [3], Mr Pan is a former junket agent. Crown has noted above, and reiterates, that it is not Crown's desire to be legalistic in this response. Nevertheless, the allegation in relation to Mr Pan is an allegation of contravention of a provision of the Act, attracting potentially serious consequences. It is therefore incumbent upon Crown to say that it does not consider the obligation in clause 2.5.1 to extend to junket agents. The reasons for that conclusion have been set out at paragraphs 10 to 12 above. It follows that Crown does not consider that the allegation as put in the Notice discloses a contravention of section 121(4) of the Act.
17. Crown accepts that it could have identified Mr Pan's *directorship* of Triple 8 International Pty Ltd (the principal place of business of which was recorded as 39 Tope Street, South Melbourne, the site of a licensed brothel) earlier than it did. Whether identification of this matter would have enabled Crown to establish that the conduct of that licensed brothel posed reputational risks to Crown is another matter. The suite of measures outlined in the covering correspondence to this submission are designed to ensure, to the greatest extent possible, that reputational risks such as with Mr Pan are addressed in a timely way in the future.
18. Crown also accepts that Mr Pan is not a suitable person with whom to do business. It is for that reason that his licence to enter and remain in the casino was and remains withdrawn.

Allegation of contravention in relation to Zezhai Song

19. As regards Mr Song, the allegation of non-compliance with clause 2.5.1 of the Junket ICS is put on the basis that Crown failed to make attempts to verify the accuracy of allegations concerning Mr Song referred to in a Chinese media article published on 16 July 2003.
20. The 2003 Chinese media article indicated that a person with the same name as Mr Song was allegedly involved, between September 2001 and January 2002, in the operation of gambling centres in China. It indicated that this allegation was the subject of a case against a person

with the same name as Mr Song (and others) apparently then under consideration by the Huishan District Court.

21. Before addressing the allegation in relation to Mr Song, it is necessary to note the following by way of context:
 - (a) As the Notice observes at [3], no judgment in the Huishan District Court case mentioned in the 2003 Chinese media article appears to be available.
 - (b) As the Notice observes at [7], Crown “conducted ongoing probity checks on Zezhai Song, which involved various wealth, risk and compliance checks conducted throughout 2016 to 2019 on various databases”. As the Notice further observes at [12], Crown “obtained a range of information and conducted frequent due diligence searches regarding Zezhai Song”. That is, due diligence was carried out in relation to Mr Song.
22. The Commission appears to accept that the allegations referred to in the 2003 Chinese media article and what became of the case referred to in that article are matters that may not be capable of verification (see at [13] of the Notice). But the Commission says that Crown was obliged at least to attempt to verify the accuracy of those matters, and that Crown did not do so.
23. Crown agrees that it was obliged to attempt to verify the accuracy of the allegations referred to in the 2003 Chinese media article. Crown did attempt to verify the accuracy of those allegations. Crown acknowledges that previous correspondence with the Commission may not have made this clear.
24. Enclosed with this response is a bundle of notes in relation to meetings of the VIP Operations team (CRL.509.017.4594). Red items in the notes are “actions” and green items are “outcomes”.
25. At pinpoint .4638, there are notes in relation to a VIP Operations team meeting held on 20 December 2016. Under the heading “Junket Due Diligence”, and under the subheading “Song Zezhai”, the following “action” is recorded: “Obtain further information from C6 in relation to imprisonment in 2003”. The following corresponding “outcome” is recorded: “No further information available”.
26. The same notes go on to record as another action: “Ask Ishan/Veng² about imprisonment issue”.
27. At pinpoint .4636, notes in relation to a subsequent meeting on 4 January 2017 record, under the heading “Song Zezhai”: “We haven’t been able to obtain further information regarding 2003 imprisonment report”. An action is recorded as: “Ishan/Veng to speak to Song/ZPL”.³

² "Ishan" refers to Mr Ishan Kunaratnam, President, VIP Business Development at Crown Resorts Limited. "Veng" refers to Mr Veng Anh, Vice President, International Business Operations at Crown Melbourne Limited.

³ "ZPL" refers to Mr Zhang Peiliang, a junket agent for the Song junket.

The corresponding outcome is recorded as: "Ishan/Philip⁴ meeting ZPL at 15:00 on 12 January 2017".

28. At pinpoint .4633, notes in relation to a further meeting on 12 January 2017 again record, under the heading "Song Zezhai": "We haven't been able to obtain further information regarding 2003 imprisonment report". The notes go on to record: "IR/PL/JM⁵ meeting ZPL at 14:30 on 12 Jan 17".
29. In light of these notes, Crown has caused inquiries to be made with Mr Ishan Kunaratnam, Mr Veng Anh, Ms Jacinta Maguire and Mr Roland Theiler to ascertain what was gleaned from those conversations. Mr Leong left the employ of Crown earlier this year to return to Singapore.
30. Of these:
 - (a) Mr Kunaratnam advised that he recalled a meeting with Mr Zhang Peiliang at which this matter was discussed, but not in great detail;
 - (b) Mr Theiler and Ms Maguire recall hearing the allegation regarding Mr Song, but do not have an independent recollection of the matter being considered;
 - (c) Mr Anh does not recall participating in a meeting, and is of the firm belief that he did not participate in such a meeting. He was not aware of the allegation regarding Mr Song.
31. Mr Zhang does not speak English. In contrast, Mr Kunaratnam does not speak any Chinese languages. The relevant conversations between the two were translated, possibly by Mr Leong, who is fluent in both English and Mandarin.
32. Mr Kunaratnam advised that he recalls:
 - (a) that he was asked by Mr Theiler to approach Mr Zhang to discuss the allegation, amongst other matters, which he so did; and
 - (b) through a translator, Mr Zhang did not advise him either way as to whether or not Mr Song had ever been convicted, detained or incarcerated in respect of the matter;
33. Mr Kunaratnam believes that, in a subsequent discussion with Mr Theiler, he relayed the substance of his conversation with Mr Zhang.
34. It follows from the aforementioned documents and the information contained in paragraphs 29 to 32 that Crown sought to verify the accuracy of the allegations referred to in the 2003 Chinese media article. Crown then considered the information it had obtained, together with the balance of information available in respect of Mr Song (including his extensive

⁴ "Philip" refers to Mr Philip Leong, formerly Vice President, International Business Operations at Crown Melbourne Limited.

⁵ "IR" refers to Mr Ishan Kunaratnam. "PL" refers to Mr Philip Leong. "JM" refers to Ms Jacinta Maguire, Group General Manager, International Business Operations at Crown Melbourne Limited.

relationships with other casino operators domestically and overseas, and the fact that he was regularly granted a visa to enter into Australia). Accordingly, Crown considers the allegation of contravention of section 121(4) of the Act, as put in the Notice, is inconsistent with the facts.

35. Crown notes that, as with all junket operator relationships, the relationship with Mr Song has been suspended until June 2021. It repeats that Mr Song is one of the people the subject of the investigation by Berkeley Research Group (Hong Kong) Ltd. In this regard, Crown notes that a confidential source consulted by the Berkeley Research Group appears to suggest that Mr Song was incarcerated in China for a period of 2 years and 8 months (CRL.703.001.0001, at .0045). This information is being considered by Crown, and will be highly relevant to any decision regarding whether or not Mr Song is a suitable person with whom it should deal in the future.

Allegation of contravention in relation to Yoseph Prawira

36. At the outset, we note that there has been some naming confusion regarding the patron formerly known as Mr Joseph Wong Kiia Tai. At all relevant times for the purpose of the Notice, this patron was known as Mr Yoseph Prawira, and this was reflected on all of his original identification records. For the purpose of this response and hereafter, Crown proposes to refer to this patron by his name, Mr Prawira.
37. The allegation in relation to Mr Prawira is put on a basis different from the allegations in relation to Messrs Pan and Song. The Commission appears to accept that Crown obtained all relevant information in relation to Mr Prawira. It is not said that the due diligence carried out was in any way inadequate.
38. Instead, the allegation of contravention is put on the basis that Crown failed to have regard to the purpose of the Junket ICS in determining whether to reinstate Mr Prawira's licence to enter and remain in the casino. As a result, it is alleged, Crown failed to exercise appropriate discretion in determining whether to reinstate Mr Prawira's licence.
39. Before addressing this allegation, it is necessary to note the following by way of context:
- (a) As the Notice observes at [16], there appears to be no information that Mr Prawira has been charged with or convicted of a crime.
 - (b) As already alluded to, the Notice observes at [29] that Crown "requested all reasonable information regarding Joseph Wong, including conducting due diligence checks on a frequent basis".
40. The decision to reinstate Mr Prawira's licence was an evaluative judgment. For reasons Crown understands, the Commission disagrees with that evaluative judgment. From there, the Commission appears to have reasoned that Crown must have failed to have regard to the purpose of the Junket ICS.

41. Reasoning of that kind might be available if Mr Prawira were a convicted criminal. Given the purpose of the Junket ICS is to ensure that the casino remains free from criminal influence or criminal exploitation (clause 1), it might legitimately be reasoned that a decision to reinstate the licence of a person convicted of a crime must have involved a failure to take account of the purpose of the Junket ICS, at least where the conviction was recent. But as the Notice itself acknowledges at [16], it does not appear that Mr Prawira has been charged with or convicted of a crime. That being the case, it is not right, with respect, to say that “Joseph Wong’s situation is comparable to a person who has served a criminal sentence for committing an offence”, as is said at [21] of the Notice.
42. That is not to say, of course, that whether someone is a convicted criminal is the touchstone of whether that person ought to be allowed to enter and remain in the casino. It is not. But the point to emphasise for present purposes is that, in circumstances where Mr Prawira has not been charged with a crime, it by no means necessarily follows from the formation of an evaluative judgment to reinstate his licence that Crown cannot have had regard to the purpose of ensuring that the casino remains free from criminal influence or criminal exploitation.
43. It follows that Crown Melbourne does not accept that it contravened section 121(4) by failing to have regard to the purpose of the Junket ICS, as alleged in the Notice.
44. Nevertheless, consistently with the spirit of the measures outlined in the covering letter to this submission, Crown has reflected upon the concerns raised by the Commission in relation to Mr Prawira. Crown accepts the concerns of the Commission that Mr Prawira is not a person with whom Crown should continue to do business. For that reason Crown is taking steps to withdraw his licence to enter and remain in its casinos, and will advise the Commission once this has been effected.

Further information

45. Should the Commission require any further information about any of the matters discussed in this response, Crown would be pleased to provide it.

30 October 2020

Annexure B | Documents referred to in this correspondence

(a)Tab	(b)Document ID	(c)Document Description	(d)Date
2.	(a)CRL.509.017.4594	(b)Bundle of minutes of VIP Operations meetings	(c)2016 - 2017
3.	(a)CRL.689.001.0021	(b)Minutes of a meeting of the Board of Crown Resorts Limited	(c)18 February 2020
4.	(a)CRL.691.001.0001	(b)Letter from Ken Barton to Mr Graeme Stephens, SkyCity Entertainment Group	(c)29 April 2020
5.	(a)CRL.691.001.0003	(b)Letter from Ken Barton to Mr Matt Bekier, The Star Entertainment Group	(c)30 April 2020
6.	(a)CRL.693.001.0120	(b)Letter from Matt Bekier to Ken Barton	(c)28 May 2020
7.	(a)CRL.693.001.0091	(b)Letter from Ken Barton to Matt Bekier	(c)26 June 2020
8.	(a)CRL.689.001.0001	(b)Minutes of a meeting of the Board of Crown Resorts Limited	(c)10 August 2020
9.	(a)CRL.684.001.0021	(b)Memorandum from Ken Barton entitled <i>Strategic Plan</i>	(c)10 August 2020
10.	(a)CRL.689.001.0005	(b)Minutes of a meeting of the Board of Crown Resorts Limited	(c)18 August 2020
11.	(a)CRL.658.001.0122	(b)Deloitte Report entitled <i>Junket Due Diligence and Persons of Interest Process Review</i>	(c)26 August 2020
12.	(a)CRL.711.001.0001	(b)Draft minutes of a meeting of the Board of Crown Resorts Limited	(c)10 September 2020
13.	(a)CRL.685.001.0001	(b)Memorandum from Ken Barton entitled <i>Update on Enhancements to Compliance and Governance Processes</i>	(c)10 September 2020
14.	(a)CRL.703.001.0001	(b)Berkeley Research Group report entitled <i>Chau Cheok Wa et al</i>	(c)12 September 2020