

File note

Matter Crown | China Union Pay

File No. 011916235

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Subject **Meeting with Jacinta Maguire**
Tuesday, 18 May 2021 at 1:30 pm – 3:25 pm

Present: Jacinta Maguire (**JM**), Graydon Dowd (Hall & Wilcox), Pia Rossignuolo (Hall & Wilcox), Christopher Archibald (**CA**), Christopher Carr (**CC**), Anna Dixon (**AD**), Jessica Elliott (**JE**), Harriet Craig

Background

- 1 JM is CPA qualified. She started at Crown in 2004 as a management accountant and started in finance and moved to projects. She moved to part time work when she had children and then took on a more strategic role and became the “Fix It” person if there was a problem. She ended up with 120 staff working underneath her. Her most recent role was Group General Manager International Business Operations prior to which she was General Manager Commercial. She finished at Crown on 31 January 2021.
- 2 During 2013, JM was General Manager Commercial. She was in that role for about a year, and, during that time, she took on the finance, commercial and credit teams. This was the time when she came back full time from maternity leave. The sales team wasn't reporting to JM at that stage.
- 3 JM and everyone in her team were licensed special employees.

Commencement of China Union Pay

- 4 JM doesn't recall how China Union Pay started but thinks it started before or while she was on maternity leave (April to October 2012). After that, JM was working part time. CC noted that Phillip Batsakis (**Phil**) was involved in driving the process and that JM's name appears on some emails when she came back from maternity leave. He asked whether she remembers her first involvement with the process. JM advised that she doesn't. She advised that there was a similar type of process taking place in Macau which she became aware of during her first trip to Macau in 2014.
- 5 JM doesn't know who started the process but thinks it was before Phil. When asked whether it was Matt Sanders (**Matt**), JM thought it was. Matt covered JM's role from October 2009 to March/April 2010 while she was on maternity leave and took on some of her functions. He stayed on full time and JM came back part time 2 days a week. She doesn't recall being involved in the initial stages but became involved when Matt left and Phil started reporting to her. Will Mackay, who may have been involved, left the business in February 2013 and Matt left in April. JM was promoted to Group GM.
- 6 AD asked whether JM recalls that, around June 2013, there was a need for people to approve withdrawals as part of China Union Pay process at which point JM became an approver. JM advised that she does recall this.

- 7 AD asked what JM knew about the process. JM advised that there was a need to get ID from the customer who owned the card and confirm that they were an international customer. AD asked whether this was JM's job as an approver, and JM advised that the staff were doing it. The staff would advise that they had confirmed the relevant details and JM's role was to approve the transaction. JM couldn't recall whether staff sent an email with the customer's ID.
- 8 CC asked whether JM remembers the purpose of having an approver. JM advised that it was to ensure there was a level of governance around the process. It was to ensure the process was being controlled and that the specific requirements were being fulfilled before the transaction took place. Those requirements included that the transaction took place at the Hotel reception desk using a specific machine – JM recalls that requirement being related to the bank.
- 9 When asked about the requirement that guests be international and whether that was clear at the outset or tightened up later, JM couldn't recall. AD asked what "international" referred to, and JM advised that the patron had to be internationally domiciled which meant they lived overseas or could prove that they had a residence overseas and spent time over there.
- 10 JM didn't know whether there were any other limitations on the kind of customers that could make use of China Union Pay withdrawal system.
- 11 AD asked whether JM was involved in discussions about introducing China Union Pay in Perth. JM said she vaguely recalls being involved in that.
- 12 AD asked what the benefit was that the China Union Pay process gave Melbourne clients, and JM advised that it was ease and convenience of obtaining funds to gamble with.

Compliance

AD showed JM document CWN.514.051.0781 – Email from Jacinta Maguire to Jason O'Connor regarding the credit card cash out policy

- 13 AD noted that the email discusses rolling out the process in Perth and that JM was copied into an earlier email about compliance aspects of the China Union Pay process. AD asked whether JM would have been involved in ensuring the process was compliant. JM thinks everyone had a responsibility to make sure the process was compliant – including the service team, Phil, JM and Jason O'Connor (**Jason**), but this wasn't something JM would audit or check.
- 14 AD asked what JM would be expected to do at the policy level rather than at the actual implementation. JM advised that the policy was reviewed by the legal team who were aware of legal guidelines and legislation around what the banks allowed.
- 15 CC noted that Crown used NAB EFTPOS terminals until 2013 and then transferred to CBA. JM advised that it wasn't her area but that she recalls NAB having different requirements to another bank. She remembers someone saying China Union Pay was permitted under NAB guidelines but doesn't recall changing over.
- 16 CC asked who would have been responsible for the banking relationship within the hotel and JM advised that it was David Stoddart (**David**). CC noted that David didn't think he was responsible for making decisions about which bank they were using within the hotel and asked whether it may have been anyone else. JM said it may have been Travis



Costin in Treasury. However, her conversations about the banks were with David (for example, conversations about passing on merchant fees).

- 17 AD asked, within VIP, whether the question of whether policy was compliant was delegated to someone else to liaise with Legal. JM doesn't recall what occurred before Phil got involved but said that Phil liaised with Legal – meaning Debra Tegoni (**Debra**). JM and Jason were also present at those meetings. JM doesn't recall anyone else (Jan Williamson or Michelle Fielding (**Michelle**)) being involved. JM's impression from the meetings with Legal was just that NAB's rules or guidelines permitted China Union Pay process but another bank didn't. Another compliance risk that was discussed was the 50m requirement.

Perth

AD showed JM document CRW.523.002.0381 at CRW.523.002.0383-4 – Emails regarding introducing China Union Pay in Perth

- 18 AD noted that the emails deal with the possibility of a China Union Pay roll out in Perth. She observed that the emails record that Josh Preston (**Josh**) was of the view that if China Union Pay was rolled out in Perth, then the regulator would need to be involved. JM then wrote an email asking that process not be submitted to Perth regulator and said it was because they were refining process in Melbourne. JM advised that she doesn't remember anything about the email or the roll out process. She can't remember any conversations with Debra or Michelle about the risks of informing the Perth regulator about the China Union Pay process.
- 19 AD asked whether JM has any memory of why the roll out, which seems to have had energy about it, tapered out. JM advised that Perth wasn't officially within her remit at that time, but the sales teams worked across both properties so there was an expectation of consistency across both properties. JM said she couldn't recall but could hypothesise. She advised that Perth always took a long time to roll anything out or get regulatory approval. International was always Perth's last priority – none of the executives in Perth were incentivised for internationals, so they didn't feel the same need to help the international business. JM doesn't recall any issues with China Union Pay beyond just the fact that Perth was slow. JM thought she probably said to "hold off" on going to the regulator because they were refining process in Melbourne and probably wanted to ensure they submitted the most current version of the process in Perth.
- 20 AD asked whether it was possible that JM wanted clearer advice that the process was within the terms of the relevant legislation. JM doesn't recall that being on her radar and advised that it was Legal's interest more than hers.
- 21 JM couldn't recall any refinements being made to the process. She doesn't remember thinking there was anything unsavoury about the process.
- 22 CC noted that there was another email, which he doesn't think JM was party to, which suggests there was some reluctance in Melbourne to have Perth submit it to the regulator because the Perth regulator might speak to the Melbourne regulator. JM doesn't recall a reluctance around this particular initiative, but said she recalls that happening with a game variation called Thai Baccarat which had been approved by the Melbourne regulator and which people were reluctant to bring to the attention of the Perth regulator.

Credit and debit cards



- 23 When asked whether there was any concern over whether debit and credit cards could be used or whether there was one which was preferable, JM couldn't recall.
- 24 AD noted that, around August 2013, an email went to Hotel staff saying credit cards can't be used and that no one seems to be able to work out where the direction came from. Someone then consulted with JM who said she confirmed with Andrew Cairns (**Andrew**) that both credit and debit cards could be accepted. JM doesn't have any memory of this and said it would be unusual for her to discuss that with Andrew.

Work instructions

- 25 JM recalls speaking to Kate Cannon about the Hotel work instructions. AD noted that, in the first work instructions confirmed in August 2013, there was no explicit requirement that a patron be internationally domiciled. She asked whether the work instructions were a work in progress which became more compliant with legal requirements. JM thought the service team would have ensured patrons were internationally domiciled. That is, the VIP side would have confirmed this requirement which wouldn't have been on the radar of Hotel staff who were just processing the transaction.
- 26 AD asked who would have been in charge of ensuring work instructions were rolled out to the service team. JM advised that it would have been Heide who reported to Jason. AD asked what instructions people were working to when going through the checks and JM advised that it wouldn't have been the SOPs – they would have needed to check Phil's policy.
- 27 CC asked whether all JM's emails were sent by her, or whether it was common for more junior people to emails in the names of more senior people. JM advised that all her emails were sent by her, other than announcements which might have been sent by her EA.

AD showed JM the email from Jacinta Maguire to Jessica Ramsden and Gillian McNairn, copied to Kate Cannon, Andrew Cairns, Phillip Batsakis and Jasmine Gooi dated 23 August 2013 (no document ID – copy provided by Kate Cannon)

- 28 AD referred to the first email in the chain and noted that not all the requirements were present, including the internationally domiciled requirement. JM advised that this is because it's for the Hotel. She assumes the VIP team would do all the checks.
- 29 AD asked whether there's an equivalent document for the VIP team. JM wasn't sure. She said she realised in 2018 that the SOPs in that area were very old and out of date. Heide (SVP International Customer Service) was responsible for the team in 2013 and reported to Jason at the time. SOPs fell within Heide's job description. In May 2014, Heide started reporting to JM and then in 2016 she left Crown.
- 30 JM to check whether there was an SOP in place in 2013-2014 dealing with the China Union Pay process for the VIP team.
- 31 AD asked whether it was part of JM's role to check whether patrons were internationally domiciled and noted there was a requirement for patrons to be on an open program. JM recalls an email with a template for patron details. When asked whether this was something JM would check or whether she would assume it had been checked, JM advised that staff are diligent about confirming patrons are international. She recalls a template table with the patron's name, type of card and other information.

AD showed JM document CWN.502.008.3274



- 32 JM advised that this is the template she recalls.
- 33 AD noted that there's no reference to patrons being internationally domiciled, and JM observed that there's a section for the patron's passport number. JM would assume the service team has checked the passport to ensure the patron is internationally domiciled. Customers had to present ID to be on a program. There is nothing in the template requiring patrons to show ID, but the service team would have made sure they were on a program.
- 34 JM advised that it was possible for someone to be a customer of the VIP International team without being on open program. CC asked, if there wasn't a SOP for them to follow and it was possible that VIP International had customers not on a program, how the process ensured customers using China Union Pay were on a program, noting that responsibility didn't seem to sit with the Hotel side. JM advised that her understanding was that the service team or the Cage would open a program and the Cage would issue commission chips which were program chips. JM wasn't sure whether there was a procedure in the service team or the Cage about this. CC asked, if the Cage didn't do it, whether there was anything in the VIP International side that ensured patrons were on a program. JM advised that there wasn't anything she was aware of.
- 35 AD noted that, in terms of checking that the patron's card matched their identity and taking copy of passport, the responsibility does seem to have been given to the Hotel at some point and asked whether it was a shared responsibility between host and Hotel for passport checking. JM said it possibly was. The host would need to communicate with the customer to get the relevant documents. The host was the person who would email the approvers.

Limit

AD showed JM document CRW.523.002.0028 at 0029 – email from Roland Theiler to various recipients, including Jacinta Maguire, dated 5 December 2013 advising that the limit had been increased from \$200k per day to \$500k per day

- 36 JM doesn't recall any discussions about increasing the limit. She doesn't know why a limit was imposed or what the reasons were for that particular limit. When asked whether the limits would have been scrutinised by legal, JM advised that she didn't have an understanding of the limits but agreed that she had confidence that, if things were in the policy, they would have been checked by legal. If there were departures from the policy, they would have checked with legal.
- 37 AD noted that, by January 2016, a practice emerged whereby transactions of over the \$500k were effectively occurring but they were broken into smaller transactions. JM advised that, as far as she can remember, there was no limit on the number of transactions that could occur for each patron, although in hindsight it doesn't look ideal.
- 38 AD asked whether JM and Jason would have discussed before deciding to approve a large transaction broken down into small ones. JM doesn't think she would have just approved a large transaction and suggested it occur by way of two smaller transactions without consulting someone else or seeing someone else do it prior to her.

CC showed AD document CRW.523.001.0030 – Email from Debra Tegoni to Jason O'Connor, Jacinta Maguire and Phillip Batsakis dated 11 September 2015 containing legal advice



- 39 CC referred to Debra's comment that: "Obviously we may fail in any defence in this manner but the way in which we agreed to undertake these transactions are designed to mitigate these risks". He commented that it seems to identify that the reason for at least some of the limitations in the policy is to mitigate risk because the legal justification may fall over. He asked whether this is a fair reading and whether it suggests that the limits in the policy of \$500k are about minimising the financial or legal risk to Crown. JM advised that she doesn't remember and observed that the email doesn't say Crown is limiting the amount to mitigate risk.
- 40 JM advised that she does recall asking whether what they were doing was acceptable, because her perception at the time was that it didn't pass the smell test.
- 41 CC asked whether JM considered it to be her role to follow up on her concern about the process or whether it was her role to just do what others at Crown seemed to be willing to do and what Debra suggested was acceptable. JM noted that Debra was an EGM and Jason was an EGM. JM was just following their lead. She probably did say that this was a bit on the nose, but Debra had written that it was defensible.
- 42 CC asked what it was about the process that made JM feel it didn't pass the smell test. JM didn't have problem with customer using credit or debit cards but felt that using them at the Hotel was misleading and not transparent because, to the outsider, it looked like the customer was purchasing something from the Hotel. The banks, being both the bank providing the EFTPOS terminal and the bank issuing the card, may have been misled by this.
- 43 CC asked whether JM had any awareness of issues with getting money out of China at this time. JM advised that her understanding at the time was that the currency controls were about \$50k per year. When asked whether she had any understanding about limitations placed by China Union Pay on the use of China Union Pay cards, JM advised that she did not.
- 44 CC asked whether JM recalls talking to Jason or Debra about her unease and JM couldn't say for sure. Jason and JM spoke about a lot of different issues, so it was likely that she mentioned something and asked whether Jason was sure it was ok. JM noted, however, that it wasn't up to her to challenge what the EGM of the department and the EGM of legal put in place. JM wasn't usually involved in discussions between Debra and Jason.

AD showed JM document CRW.523.001.0019 – Email from Kate Cannon (then Pickering) to Phillip Batsakis with subject "VIP International – Pre-approved Bank transactions" dated June 2016

- 45 AD noted that this document was emailed from Phil to VIP International and asked whether it was for the VIP hosting staff. JM noted that this is a Hotel policy which was developed by the Rooms Division manager. JM later noted that Rashmi Tulsiani, by whom the policy was developed, is the Perth Rooms manager and the approvers listed are Perth staff. She therefore thinks that the policy was for Perth.
- 46 AD referred to the 16 June 2016 email from Phil on page 0021 and asked whether it was possible that, even though Hotels produced it, Phil was using it as a guideline for how hosts were to operate. JM commented that it looks like they were using the same SOP.
- 47 AD referred again to the 16 June email from Phil where he says that a key change is a maximum card transaction limit of \$500k per card per day. She observed that this



doesn't seem to have made way clearly into the policy and asked whether JM remembers receiving the email about the limits changing. JM advised that she doesn't recall the detail around the limit, including when or why it changed.

- 48 AD asked whether there's any other way of changes being made to approval limits and JM advised that she would have discussed it with Phillip and Jason.
- 49 AD asked whether JM recalls there being a moment where she became aware that greater degree of caution needed to be exercised, whether to do with NAB or for any other reason. JM doesn't recall.
- 50 AD asked whether JM was ever aware that other casinos were using China Union Pay and allowing transactions of much greater amounts. JM was aware that Star was using the process, as well as casinos in Macau. CC asked how JM knew what was happening at Star and in Macau. JM isn't sure of the Star source but thought customers may have told Crown. In Macau, JM and Carly (marketing) did a site inspection in February 2014 of some of the Macau casinos and there a Cage manager told JM about jewellery shops on floor of casinos processing transactions through credit card machines and issuing chips. CC asked whether JM recalls discussing the purpose of the transactions, and JM advised that it was so that customers who couldn't bring cash or transfer funds could get chips. She said it may also have been convenient for customers who couldn't transfer funds in time. CC asked whether it was to avoid currency controls, and JM advised that this wasn't specifically mentioned.
- 51 CC asked whether this practice was widespread in Macau. JM doesn't know but said it stopped at some point, possibly because of the China crackdown.
- 52 AD noted that there's a suggestion that a reason for the \$500k limit may have been that it's potentially more capable of being passed off as not gambling and asked whether there was any discussion about that. JM recalls having a discussion, sometime before the process ceased in October 2016, about how and why a bank would believe that someone would spend \$500k in the hotel. She can't recall who the conversation was with but remembers thinking it was far-fetched.

Perth

AD showed JM document CWN.514.038.5029 – email from Jason O'Connor to Phillip Batsakis, copied to Jacinta Maguire, dated 6 October 2016

- 53 AD noted that the proposed to roll China Union Pay out in Perth seems to have been taken up again in 2016. The first email in the chain is from Phil to Jason saying the roll out is happening, and Jason tell Phil not to forget to let the sales team know but be careful with what he says and "just say something like 'customers can now use their CUP cards in Perth in the same way as Melbourne'". AD asked why Phil needed to be careful with the way he framed the email. JM advised that she doesn't know why he said that. When asked, she said she doesn't recall there being any scrutiny from China. She suggested that it might have been because Jason wanted to be careful about the details of the policy recorded in email so that sales staff couldn't share it with colleagues at other casinos. JM recalls trying to make sure sales staff couldn't forward things on and give away Crown's commercial secrets.
- 54 AD asked whether JM has any awareness or memory of whether there were ever any disputed transactions regarding China Union Pay. JM doesn't recall and advised that Phil would know more.



- 55 AD asked whether there was any awareness in VIP team that there were tightening of currency controls from China. JM advised that there was a tightening from China. At least one, possibly two, business plans prior to this time reported that tightening. When asked whether she would have seen China Union Pay through that lens – i.e., money being taken out of China, JM advised that she didn't look at it that way.
- 56 AD asked whether JM knew the specifics of China's currency controls. JM advised that she didn't but that she thought the limit was \$50k. AD asked whether it occurred to JM that it might be problematic that China Union Pay transactions caused the removal of in some instances \$1m from China. JM advised that she didn't think of it like that. When someone said you're couldn't transfer more than \$50k out of China, JM took that at face value as meaning telegraphic transfers not credit card use. She accepted that, in hindsight, she should have realised this could be an issue.
- 57 CC noted that there were some moves to assist customers to get money out of China through other means, including Ezybonds and Regal Crown. JM hadn't heard of Ezybonds but she knew of Regal Crown and that Gordon Mcintosh started the business and met with Roland Theiler (**Roland**) to discuss it. At the time, Roland was involved in those discussions, he was reporting to Jason and wasn't in JM's work area. JM had some awareness about the Regal Crown process by virtue of discussions in the corridor. JM remembers Roland saying Regal Crown was too expensive.
- 58 CC asked whether JM knew that Regal Crown was designed to allow people to use their China Union Pay cards to get money out of China. JM didn't know it had anything to do with China Union Pay.

AML

- 59 CC asked whether AML was within JM's area. JM advised that the "know your customer" requirements were within her area – the service team was required to get customer details. JM was back of house so didn't have any direct involvement in that. She only had customer contact if an issue was escalated to her.

Patron to patron transfers

- 60 CC noted that there has been a suggestion that there was a process taking place whereby one patron in another country would transfer money in that country to a second patron. There would then be a corresponding transfer in Australia which would avoid money crossing international borders. JM has heard of this occurring – she was told about this from the service team. Patrons with money in Australia would get paid in China and then issue money in Australia. Some customers would issue credit and then collect money in China.
- 61 JM doesn't recall how often she would hear about this. She advised that, with a junket, it's just how they operated. CC noted that the concern isn't around junket customers as junket arrangements were different. JM doesn't recall it happening with premium players, just with junkets. CC asked whether there were transfers between junket patrons, and JM advised that the only examples she could think of were junket patron to junket operator or between different junkets.
- 62 CC explained that he was inquiring about different process pursuant to which there would be an arrangement between two patrons that might have been facilitated by sales staff. JM doesn't recall it happening with individual patrons, only with junkets.

Transactions exceeding the limit



AD showed JM document CWN.514.014.7853 – Approval by Jason O’Connor of \$2.8m drawdown

- 63 JM doesn’t recall this transaction.
- 64 AD asked whether JM has any memory of a discussion with Jason that \$500k is the limit but larger amounts can be transacted. JM doesn’t recall the conversation but thinks it probably would have happened.

