

File note

Matter Crown | China UnionPay

File No. 011916235

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Subject **Meeting with David Stoddart**
Thursday, 22 April 2021 at 10:00 am – 11:10 am

Present: David Stoddart (**DS**); Christopher Carr (**CC**); Anna Dixon (**AD**); Jess Elliott; Harriet Craig

General

- 1 DS is a Certified Practicing Accountant. He was previously General Manager Commercial for hotels and retail for the three Melbourne hotels. That role encompassed oversight of the finance team for hotels and retail, which included everything in the hotel other than food and beverage (for example, rooms and spa). Food and beverage were later added to the role.
- 2 DS explained that gaming was a separate business unit within the same company which had its own finance teams, operational teams and senior management.
- 3 DS advised that he is aware that people within gaming are “special employees” who are licensed. He is, and always has been, licensed. DS expects that senior management within hotels would need to be licensed but isn't sure about people lower down the chain. He accepted that Kate Cannon's explanation that some people within hotels needed to be licensed to access SYCO sounds sensible.
- 4 DS is aware that Opera is the hotel reservation system and SYCO is the gaming system. He has not ever had any need to use SYCO. He advised that the restaurant reservation system has their own version of Opera but isn't aware of any other financial or system which identifies customers. He expects that one would only exist if it was a specialised system that hung off SYCO. He advised that, on the hotel side, they tend to look at the purpose of customer's stay, such as whether it is for leisure, corporate or other.
- 5 DS advised that he mainly interacts with gaming at an operational level rather than on commercial issues. For example, gaming would provide hotel with an estimate of how many rooms they need for high end gamblers and hotel would set aside a block of rooms at Crown Towers. From a finance perspective, he didn't need to know who was in those rooms. The key operational people would have a better understanding of who those people were – including the VIP Host who would be the key contact for high end gamblers.

China Union Pay cards

- 6 DS is aware that Crown changes EFTPOS terminals but couldn't recall specifically whether they changed from CBA to NAB in late 2012 / 2013.

- 7 DS is aware of the China Union Pay card. He recalls that it previously wasn't widely accepted and that some banks wouldn't accept China Union Pay cards. He has a broad understanding that there are restrictions on Chinese customers getting funds out of China but isn't aware of the specifics of those restrictions.
- 8 When asked about a request from gaming to hotel to help facilitate customers getting funds out of China Union Pay accounts, DS couldn't recall the specific conversation but thought that would have been the general desire around the policy. He expects there would have been conversations about whether Crown could get a terminal to allow people to access their money. He doesn't recall who was involved in the conversation, but expects it would have been someone from VIP, possibly Jason O'Connor, then the Head of VIP. The only other person DS dealt with in VIP was Jacinta Maguire who was a commercial person in VIP with an operations focus. DS recalled having only limited interactions with Debra Tegoni and couldn't recall any interaction on the China Union Pay issue. DS knows Jan Williamson (but thought her role was mostly to do with liquor licenses), Scott Cutler and Josh Preston but advised that Josh Preston was Perth-based at that stage and DS wouldn't have had dealings with him.
- 9 DS is aware that a process was introduced whereby gaming would ask hotels to process a transaction as a purchase / room charge through Opera and credit would be made available for the customer to purchase chips for gambling. DS expects that someone would have made contact with him to find out how China Union Pay cards could be processed. He understood that, at that time, the existing merchant terminals wouldn't allow it which is why a standalone terminal was used for those transactions.

CC showed DS document CRW.523.002.0121

- 10 CC walked DS through the emails, starting at the earliest email on the final page. The emails did not help to jog DS's memory.
- 11 CC referred to the email which discusses purchasing CPV. DS couldn't recall what CPV stood for, but accepted it may stand for Chip Purchase Voucher, and wasn't aware of any other process by which hotel sold vouchers for chips. He advised that hotel doesn't get involved in the gaming side of the business. DS understood that the terminal set up in 2012 / 2013 was to allow people to get access to their funds – in effect, a cash out.
- 12 CC referred to the email from Kate Cannon regarding notice of PM accounts set up for guests. DS thought that PM stood for "posti master" and explained that it is a temporary account which is charged if there is no room booking – for example, if there is a wedding held at the casino.
- 13 DS had some recollection of the email referring to "conversations with anyone external suggesting it is not an acceptable practice". He didn't know whether it is a reference to correspondence with people from the banks. He wasn't responsible for contacting banks but thought that finance accountants underneath him might have had operational contact with banks.
- 14 Regarding the email about Aus cash transactions envisaged and allowed under NAB merchant terms, DS expects that it would have been a reference to the conditions that each bank has about how terminals can be used. He advised that these conditions are standard whether the terminal is at Crown or at a café. He advised that it would have been his and Roland's job to see whether there had been any change to these since 2012.



- 15 DS doesn't recall whether there were any declined or disputed transactions on China Union Pay cards.
- 16 Regarding the last email, DS advised that he didn't often get legal advice from Debra Tegoni so this was unusual. Advice was normally from Scott. He didn't recall whether he discussed the email with Kate Cannon (then Pickering). He thought it would have been a question of whether anything required them to modify the procedure or follow certain work instructions. As to who would have been responsible for liaising with Kate about the policy, DS thought it would depend on whether there was anything dependent on making changes. DS couldn't recall discussing the email with anyone or going back to Debra with any questions. Based on his read of the email, he thought it was more information other than the last part which talks about program play and hotel guests. He thought the limits were more relevant to VIP gaming.
- 17 CC asked DS about Debra's reference to s 68 of the Casino Control Act and the exemption when purchases are put through on credit, rather than debit, and whether DS thought about the fact that the payments were being put through on debit cards. DS didn't think he would have thought about that. He explained that, in his mind, if people have money, they could access then they should be able to access that money. He accepted that it was a simplistic view but said that's what the process was about. He advised that he would only have thought about it further if Debra said "we need to check this" or "we need to do this". DS explained that he has such little knowledge in that space that he wouldn't have questioned what a lawyer told him.
- 18 DS expects that he would have reviewed the terms and conditions of the NAB terminal and that they would have been reasonably standard. Regarding the decision to use the NAB terminal for this process, DS expects that they would have used the normal terminal but assumes that China Union Pay wasn't accepted through CBA.
- 19 DS advised that the process ended in 2016 around the time of the China Arrests. He said that 6 months ago, he would have thought that the process was still going, but that at some stage he found out that it ceased. He can't recall the conversation or who it was with. He assumed that the decision to cease the process was related to the China Arrests.
- 20 DS doesn't recall any specific AML training but thought that there might have been programs for people more connected with gaming.
- 21 DS is aware there's a general requirement for certain policies and procedures to be approved by or brought to the attention of the Regulator but hasn't been involved in the process.
- 22 DS doesn't recall any conversation about the process being introduced in Perth but expects that if it was working in Melbourne then it would have made sense to introduce it in Perth if the state legislation allowed.
- 23 CC asked whether DS is aware of any process by which someone overseas, perhaps in China, transfers money from their bank account in China to someone else's account in China and, in return, the recipient either transfers money from their Australian bank account to the transferor's Australian bank account, or to Crown on behalf of the transferor. DS hasn't heard of this before.



AD showed DS document CRW.523.002.0133

- 24 When asked about the change in terminology from “main cage paid out”, DS thought that it may have been to remove the gaming reference. He advised that, from the hotel’s perspective, that wasn’t what it represented to the hotel.

CC showed DS document CRW 523.002.0368

- 25 CC asked whether there is any issue, from an accounting perspective, in describing the transaction as “paid out”. DS advised that there is no revenue implication and no impact on results as there is just a transaction in and a transaction out.

