

**Royal Commission into the Casino Operator and Licence****FIRST STATEMENT OF XAVIER WALSH**

**Name:** Xavier Walsh  
**Address:** Level 6, 8 Whiteman Street, SOUTHBANK VIC 3006  
**Occupation:** Chief Executive Officer, Crown Melbourne Limited  
**Date:** 16 April 2021

1. I make this statement in response to the Royal Commission's Request for Statement – 003.
2. This statement is true and correct to the best of my knowledge.
3. I have been employed as the Chief Executive Officer of Crown Melbourne Limited since 9 December 2020. On 15 February 2021, I was appointed as a Director of Crown Melbourne Limited and I am also a director of a number of other subsidiary companies within the Crown group.
4. I hold a Casino Special Employee Licence in Victoria and am an Approved Associate of Crown Melbourne Limited. I also hold a Casino Key Employee Licence in Western Australia. I have previously held a Casino Special Employee Licence in New South Wales, a Casino Key Employee licence in Queensland, a Principal Casino Licence in Pennsylvania, a Key Employee Licence in Nevada and received approval as a suitable supplier in California (which was required to provide consulting services to a casino in that jurisdiction).
5. I hold a Bachelor of Economics degree from Monash University.
6. Prior to joining Crown I was employed by Tabcorp Holdings Limited ('Tabcorp') from September 1995 until August 2008. I held positions in the Corporate and Gaming Divisions, until I was subsequently appointed Chief Financial Officer at Star City Casino upon its acquisition by Tabcorp. A further acquisition by Tabcorp of Jupiters Limited saw me appointed as General Manager of the Brisbane casino, Conrad Treasury, and later Managing Director of Jupiters Limited, responsible for the company's three Queensland casinos. I later relocated back to Sydney to take up a divisional role as Executive Director of Strategy and Commercial Development, before leaving to join Crown Limited (as Crown Resorts Limited was then known).
7. I started my employment with Crown working as a Group Executive in Las Vegas, ahead of Crown's proposed acquisition of Cannery Casino Resorts LLC ('Cannery'). Following the restructure of the proposed full acquisition, in favour of a lesser direct investment in Cannery, I

was seconded to Cannery from Crown Limited in June 2019 by way of a Borrowed Employee Agreement.

8. I served as Chief Operating Officer for Cannery which operated casinos in Nevada and Pennsylvania and for a period provided consultancy services to a casino in California.
9. In October 2013, I returned to Melbourne to take up the role as Chief Operating Officer at Crown Melbourne, responsible for Table Games, Gaming Machines, Security and Surveillance and Property Services (engineering and cleaning).
10. On 9 December 2020, I was appointed Chief Executive Officer of Crown Melbourne Limited ('Crown Melbourne'), responsible for the day to day operations of the Melbourne Casino.
11. This statement has been prepared on the basis of material that I have read and enquiries I have made with various employees of Crown Melbourne and Crown Perth ('the Crown Group'). I have not had any direct dealings with either Kim Teng Jong or Simon Pan. To the best of my knowledge, I believe that Mr Pan first came to my attention shortly after he had been issued a temporary ban from Crown Melbourne as a result of poor behaviour at the Mahogany Room entrance in February 2019.

**1. Was there any arrangement or agreement between a Crown company and the Kim Teng Jong junket?**

12. Yes, Crown Melbourne ('Crown Melbourne') entered into a Non-Exclusive Overseas Gaming Promotion Agreement ('Junket Agreement') with Mr Jong on 21 June 2012 (CRW.512.009.1299). The Junket Agreement, being a standard form agreement used by Crown Melbourne, established the overarching terms and conditions upon which Crown entered into a junket arrangement with Mr Jong.
13. The specific terms of the relationship with Mr Jong are contained within the Junket Program Agreements which are generally agreed at the beginning of each Junket Program.
14. The Junket Program Agreement articulates the terms of each junket visit including:
  - Name(s) of the Junket Representative,
  - Names of the Junket Players (if known at the time the agreement is executed, alternatively the names are supplied subsequently),
  - Type of Junket Program,
  - The rate of commission to be paid by Crown Melbourne,
  - The amount of Front Money, being the amount of money made available for gaming with the casino by the Junket Operator (whether via a drawdown of credit or advanced from the Junket Operator's own funds),

- The types of the casino games to which the program applies, and
  - Any additional benefits to be paid over and above standard Junket Program Agreement terms e.g. incentives for higher turnover etc. Mr Jong was the beneficiary of such incentives as described in question 3 below.
15. Crown Melbourne's records indicate that it entered into sixty five Junket Program Agreements with Mr Jong between July 2012 and October 2015.
  16. Mr Jong signed a Junket Agreement in Perth on 25 November 2013, but has not operated Junkets at Crown Perth (**CRW.512.029.0001**).
  17. Mr Jong applied for and was granted a Deposit Account at Crown Melbourne, to which monies could be deposited or withdrawn (**CRW.512.029.0015**). He did not have a Deposit Account in Perth.
  18. Mr Jong applied for and was granted a credit facility with Crown Melbourne on 31 December 2012. The initial facility was \$500,000, however it was periodically increased over time to a permanent credit line of \$3m (with an approval for a temporary increase on request to \$4m).

**2. If yes, what were the terms of that arrangement or agreement?**

19. The Junket Agreement contains a range of provisions including but not limited to the following Junket Operator's obligations (which are to be performed outside of Australia):
  - Conducting offshore marketing activities to attract overseas patrons for gaming,
  - Attending to visa and immigration requirements for the Junket Players,
  - Providing Front Money to facilitate gaming at Crown (an amount not less than A\$500,000),
  - Developing and maintaining trained staff as required,
  - Attending to Junket Players travel itineraries including the purchase of airfares and provide confirmation to Crown of anticipated arrival and departure dates,
  - Attending to airport transfers and hotel accommodation for Junket Players,
  - Meeting with the casino periodically to discuss the operator's promotional activities and to indemnify the casino from any claim in relation to those activities,
  - Notifying Crown immediately of any complaints made by a Junket Player and assist Crown in relation to that complaint, and
  - Nominating whether the junket is accompanied or unaccompanied (which is done via Junket Program Agreement or a Letter of Introduction).

**(Refer clause 4)**

20. Crown is to provide the following services upon the request of the Junket Operator:
- Airport transfers,
  - Remittance to a nominated overseas bank account the Junket Operator's commission or Junket Player's winnings and any surplus front money (although I understand that this obligation wasn't consistently applied for any Junket),
  - Extend hospitality to Junket Players,
  - Ensure the conduct and rules of the games played at Crown are consistently applied, and
  - Provide specific services to a Junket Player as agreed with the Junket Operator.
- (Refer clause 5)**
21. The Junket Agreement also provides for Crown to pay the Junket Operator a commission in respect of each junket arranged by the Junket Operator. The rate of commission to be paid and any other benefits to be provided by Crown is set out in each Junket Program Agreement referred to above.
22. Mr Jong did not conduct any unaccompanied Junkets. For accompanied Junkets, where the Junket Operator or the Junket representative is present, any commission earned is paid by Crown to the Junket Operator and any amounts paid to the Junket Player will be paid by the Junket Operator, not Crown.
23. Kim Teng Jong junkets operated under two variations of the Junket Program Agreements:
- i. Commission based program which is not funded by a line of credit or cheque cashing facility ('Junket Cash'), and
  - ii. Commission based program which is funded by a line of credit or cheque cashing facility ('Junket CCF').
24. The key (financial) terms of the Junket Cash program with Mr Jong were:
- Commission of 0.8% of turnover,
  - Airfare reimbursement to a maximum of \$2,000 if the program turnover exceeds \$6m,
  - Provision of a complimentary hotel room, and
  - Airport transfers to be arranged by Crown.
25. The terms of the Junket CCF program with Mr Jong were the same as for the Junket Cash program except the rate of commission was 0.7% (the same document was used for the Junket Cash and Junket CCF programs). However, an additional 0.1% would be paid if all outstanding amounts in relation to the program were paid at the end of the program or at the discretion of Crown (typically if there was only a small amount outstanding).

26. Some of the Junket Cash and Junket CCF programs had special terms providing additional benefits in the form of extra complimentaries or turnover incentives.
27. A number of Kim Teng Jong Junket Program Agreements provided for an additional incentive of \$10,000 Lucky Money to be paid for each \$100m of turnover (effectively increasing the Commission paid). Lucky Money is a discretionary payment paid in casino chips made to customers that can be gifted (as a goodwill gesture), won as a prize or paid in relation to a service recovery or dispute or paid as an incentive on attainment of certain targets. Those chips can be used by the recipient in the ordinary manner.
28. Examples of Junket Program Agreements are attached (**CRW.512.029.0018; CRW.512.029.0021**).

**3. What payments, if any, were made by or on behalf of a Crown company to the Kim Teng Jong junket pursuant to the arrangement or agreement. Please specify precisely how such payments were made.**

29. Crown's records indicate that a total of \$15,075,595 was paid by Crown Melbourne to the Kim Teng Jong junket over the four financial years ended 30 June 2016. The payments related to turnover by Junket Players (including Mr Jong himself) participating in a Kim Teng Jong Junket at Crown Melbourne.
30. The components of the payments were:
  - \$14,735,595: Commission paid in respect to junket participant turnover. The commission was paid into the Junket Operator's Deposit Account at Crown Melbourne.
  - \$340,000: Lucky Money which was redeemed in gaming chips (I note a discrepancy in Crown Melbourne's records which in some reports reveal a figure of \$310,000, rather than \$340,000, however I have not yet determined which figure is correct).
31. The Lucky Money payment was made in relation to Mr Jong's participation in a number of Junket CCFS programs, where payments were made on attaining certain levels of turnover within a financial year.
32. Complimentary benefits of \$934,385, were extended by Crown Melbourne typically comprising internal charges such as hotel rooms, food and beverage.
33. Crown Melbourne also paid withholding tax of \$485,615 to the Australian Taxation Office on behalf of the Kim Teng Jong Junket in relation to commissions and Lucky Money paid, as well as the value of complimentaries extended to the junket participants.

**4. Was Simon Pan a representative for the Kim Teng Jong junket?**

34. Yes, Zhao (Simon) Pan was first appointed as a Junket Representative for the Kim Teng Jong junket on 1 March 2013 (**CRL.609.003.0544**). The final Junket Program for Mr Jong concluded on 15 October 2015.

**5. If yes, was there any arrangement or agreement (whether formal or informal, documented or otherwise) between a Crown company (or an entity or person on behalf of Crown Melbourne) and Simon Pan, and if there was, set out the terms of that arrangement or agreement.**

35. There was no arrangement or agreement between Crown and Mr Pan in relation to his activities as a Junket Representative (any arrangement in respect of Mr Pan's activities as a Junket Representative was between the Junket Operator and Mr Pan).

36. However, on 9th June 1996 Mr Pan became a member of Crown's loyalty program, the "Crown Club" (**CRW.512.029.0025**)

37. Crown's loyalty program has changed and evolved over the years, operating under in various names, commencing in 1994 with the Crown Club, then Signature Club (October 2009) and today is known as Crown Rewards (since November 2016).

38. The program is voluntary, and a copy of the Crown Club rules as they applied at the time are attached (**CRW.512.029.0027**).

39. The basic tenet of the loyalty program has been consistent through the years, namely that program members are provided with a variety of benefits according to their tier status. In simple terms, tier status is awarded based on expenditure within the casino and, more recently, participating hospitality and retail venues throughout the Crown Group complexes.

40. Depending upon the tier status, benefits of the program include some or all of the following:

- Generation of loyalty points which can be redeemed for good and services, around the casino complex (including gaming play via chips or poker machine credits),
- Complimentary parking,
- Complimentary food and beverage,
- Access to premium rooms,
- Participation in tier specific promotions and events, and
- Invitations to sporting and other events conducted offsite

41. For much of his time as a loyalty member, Mr Pan held the highest status card, Black, and therefore had access to Crown Melbourne's Teak and Mahogany VIP gaming rooms. However, the benefits Mr Pan received pursuant to his loyalty membership were no different to those afforded to other members of similar tier status, although the amount of discretionary

complimentaries, by their nature of being awarded on an ad hoc basis, would vary patron by patron.

42. Mr Pan also visited Crown Perth. His first visit was in December 2016 where he played under a Standard Program Agreement.
43. A Standard Program Agreement is an entry level program offered to interstate or international patrons. The program provides for complimentaries to be earned based on the level of gaming turnover. Standard Program Agreements do not attract commission payments.
44. Over the period December 2016 until August 2019, Mr Pan played under nine separate programs, none of which attracted commission. Mr Pan also recorded a small amount of gaming activity as a Crown Rewards member during that time.
45. Mr Pan also applied for and was granted a Deposit Account at both Crown Melbourne and Crown Perth, to which monies could be deposited or withdrawn (**CRW.512.029.0029; CRW.512.029.0032**).

**6. Please identify the person or persons within or on behalf of a Crown company who has or have had responsibility for the arrangement or agreement referred to in paragraph 5 above.**

46. In his capacity as a Junket Representative (for one or more junket operators), Mr Pan's relationship was with the Junket Operator.
47. Mr Pan was known to the VIP International Hosting and Sales teams which, via the VIP International structure, ultimately reported to Jason O'Connor, the then Group EGM VIP International. However, there was no single person responsible for dealing with Mr Pan. When on site, at either property, Mr Pan would have interacted with a variety of management and employees.
48. Crown Rewards, as the loyalty program is known today, is overseen by Crown's Marketing team and operationally executed via the Gaming Machine departments at each property.
49. Given Mr Pan held the highest tier of membership at Crown Melbourne, he was assigned a host upon whom he could call to attend to his requests, whether those requests were in relation to restaurant or hotel reservations, tickets to events or like matters. Mr Pan's most recent host was a former employee, Charlene Zheng.

**7. What payments, if any, were made by or on behalf of a Crown company to Simon Pan pursuant to any arrangement or agreement. Please specify precisely how such payments were made.**

50. No payments were made to Mr Pan in his capacity as a Junket Representative.
51. As a local gaming patron and participant in Crown's loyalty program from the period 1 January 2010 until 16 August 2019 ('the Period'), Mr Pan received the following payments and benefits:

**Crown Melbourne**

- Mr Pan was paid the winnings from the successful bets he placed in the ordinary way. Winnings were paid by way of gaming chips from the gaming table and deposited into Mr Pan's account with Crown Melbourne or alternatively redeemed for cash (or cheque, if requested).
  - Lucky Money totalling \$6,000 in the form of gaming chips. The first payment was made on 4th December 2012 (\$1,000) and the second payment was made on 3rd May 2015 (\$5,000).
  - I have not been able to locate supporting documentation pertaining to initial payment of \$1,000, so I cannot provide the rationale for the \$1,000 payment in December 2012.
  - The second payment of \$5,000 Lucky Money in October 2015 was paid to settle a gaming dispute with Mr Pan.
52. For completeness, Mr Pan also received complimentary benefits totalling \$770,310, comprising benefits in exchange for redemption of accrued loyalty points to the equivalent value of the complimentary benefit provided, as well as benefits that are afforded to Black tier loyalty members such as valet parking, a daily dining entitlement, hotel rooms and additional complimentary (typically hotel rooms and meals) provided at the discretion of gaming management. I am not aware that Mr Pan received complimentary benefits that were not available to other loyalty members of the same tier status.

**Crown Perth**

53. Mr Pan was paid the winnings from the successful bets he placed in the ordinary way. Winnings were paid by way of gaming chips from the gaming table and deposited into Mr Pan's account with Crown Perth or alternatively redeemed for cash (or cheque, if requested).
54. Mr Pan also received complimentary benefits totalling \$13,975, the majority of which were earned on account of his gaming turnover.

**8. Please identify the person or persons within or on behalf of a Crown company who is or was responsible for making the payments referred to in paragraph 7 above.**

55. The payment of winnings from gaming at Crown Melbourne and Crown Perth were made by the table game dealers in the case of winning bets and the cage cashiers when chips were redeemed at the Cage.



56. Complimentary benefits were provided by hospitality employees, or cage employees in the case of redemption for gaming chips, in consideration for the redemption of loyalty points or Lucky Money to the value of the benefit provided. Complimentary benefits have also been provided by hospitality employees at the direction, discretion and authorisation of gaming management (e.g. a meal or hotel stay).
57. Both Lucky Money payments were co-authorised by Peter Lawrence, currently Crown Melbourne's General Manager of VIP Customer Service for Table Games.
58. The first payment of \$1,000 was co-authorised by Crown Melbourne's former General Manager of Table Games Premium and VIP, Scott Milburn and the second \$5,000 payment was co-authorised by Crown's former Group General Manager VIP International Business, Jacinta Maguire.

**9. How many times did Simon Pan attend at the Crown Casino in the last 10 years?**

59. Crown Melbourne's gaming records indicate that Mr Pan gambled at Crown Melbourne on 2,306 days between 1 January 2010 and 16 August 2019.
60. Mr Pan may have attended Crown Melbourne on additional days when fulfilling duties as a Junket Representative or as a general patron that are not included in the above total if he did not participate in gaming. Any such visits are not recorded and therefore not included in the above figures.
61. Crown's records indicate that Mr Pan attended Crown Perth 64 times between 1 January 2010 and 15 January 2021 (he was not a Junket Representative at Crown Perth).

**10. Has a Crown company (or an entity or person on behalf of a Crown company) ever conducted an investigation into, or a probity check of, the Kim Teng Jong junket or Simon Pan.**

**Kim Teng Jong**

62. Mr Jong had previously been an employee of Crown Melbourne (from the period April 1995 until October 2006) and during that time held a casino employee licence issued by the Victorian Commission for Gambling and Liquor Regulation (VCGLR) or its predecessors. Mr Jong's initial licence was renewed a number of times, with the initial licence and each renewal necessitating a police background check.
63. Upon Mr Jong's application to become a Junket Operator at Crown, a World Check search (World-Check is a subscription database of Politically Exposed Persons and heightened risk individuals and organizations, used around the world to help to identify and manage financial, regulatory and reputational risk), and primary identification was obtained.

64. Subsequent to the initial information obtained in relation to Mr Jong's approval to be a Junket Operator at Crown, the probity checks on Mr Jong comprised regular World Check reviews.
65. The majority of the enquiries after this time related to his credit worthiness. These enquiries included:
- Australian Bankruptcy Searches (the result was 'no match')
  - Australia ASIC Personal Name Searches (the result was 'no match'),
  - Central Credit searches (which revealed Mr Jong had approved credit facilities at The Star, Resorts World Manila and Star Cruise lines), and
  - Obtaining up to date identification documents including a Macau ID Card and an Australian passport.
66. During that time the credit facility was increased a number of times. The last increase was in September 2015 to a permanent credit line of \$3.0m (with an approval for a temporary increase on request to \$4m).
67. Mr Jong's last junket program at Crown concluded on 15 October 2015. A debt of \$1m in relation to this program remains outstanding.
68. In December 2016 as part of a broader review of Junkets, Credit Control completed a probity check on Mr Jong including the following searches:
- World Check,
  - AGA Information Limited search (AGA Information Limited is a Hong Kong on line database that is used to complete Credit Bureau Checks for Hong Kong based individuals and companies).
  - Australian Personal Names Search, and
  - Australian Business Name Search.

#### **Simon Pan**

69. The investigations and probity checks pertaining to Mr Pan occurred in three stages. The three stages were:
- Initial probity and business as usual monitoring of Mr Pan ('Business Monitoring'),
  - An internal investigation that followed the allegations about Mr Pan made by the Nine Entertainment Corporation ('Nine') in 2019 ('Internal Investigation'), and
  - An investigation by Minter Ellison into a number of patrons who were referred to in the media or during the Bergin Inquiry ('Minter Ellison Investigation').

#### **Business Monitoring**

70. Crown obtained a copy of Mr Pan's Victorian Driver's licence at the time he joined the Crown Club Program in 1996 along with the subsequently issued Victorian Drivers Licences that had expiry dates of 8 July 2012 and 8 July 2022. World Check searches were performed a number of times each week. World Check searches were replaced by Dow Jones searches in November 2018. Dow Jones searches are performed daily.

#### **Internal Investigation**

71. In response to an email from Nine journalist Nick McKenzie on 23 July 2019, containing sixty three questions and allegations, many of which were subsequently aired in the Nine '60 Minutes' program on 28 July 2019, Crown commenced an internal investigation into Mr Pan.
72. A brief summary of Mr Pan's history at Crown was included (together with a number of other individuals) in a paper presented to the Crown Resorts Board meeting on 30 July 2019 (**CRL.506.007.8870**).
73. A memo was sent by Jan Williamson, then Crown Melbourne's Senior Legal Counsel, to the Person of Interest Committee on 1 August 2019 proposing that Mr Pan be banned from entering Crown's premises and seeking the committee's support for this proposal which was subsequently provided (**CRL.500.006.8488**).
74. On 1 August 2019, a memo was also sent by then Crown's Chief Legal Officer, Joshua Preston to Barry Felstead, then Australian Resorts CEO and myself seeking approval to ban Mr Pan which we provided (**CRW.008.029.9467; CRW.008.029.9469**).
75. The Crown Resorts Board was provided with an updated paper on 16 August 2020.
76. The updated Crown Resorts Board paper generally stated that:
- Between 30 July and 1 August 2019 Crown conducted Factiva searches using keywords on matters described in the media allegations and obtained no relevant results (Factiva is a subscription based business information and research tool owned by Dow Jones & Company. Factiva aggregates content from both licensed and free sources, and provides organizations with search, alerting, dissemination, and other information management capabilities).
  - Crown also conducted Dow Jones searches for known aliases of Mr Pan on 30 July 2019 and obtained no relevant results (Dow Jones is a subscription based online tool for conducting due diligence on potential customers as well as ongoing monitoring and sanctions screening).
  - On 31 July 2019 Crown obtained an ASIC extract on Triple 8 International Pty Ltd, listing Zhao Yuan Pan as a Director and the Principal Place of Business address as 39 Tope Street, South Melbourne.

- Crown obtained decisions of the following County Court decisions in:
  - DPP v Lam (2015) VCC 1576 (9 November 2015) and
  - DPP v Kim & Ors (2015) VCC 1849 (15 December 2015)

77. On 21 August 2019 an updated profile was prepared by Jan Williamson in respect of Mr Pan (**CRW.008.026.3025**)

#### **Minter Ellison Investigation**

78. On 9 December 2020, I was appointed as Chief Executive Officer of Crown Melbourne, with responsibility for the International team. On 10 December 2020, Mr Ken Barton, then CEO Crown Resorts, provided me with a number of memos that Mr Joshua Preston provided to Mr Barry Felstead in early 2020 in relation to the persons upon whom the Berkeley Group subsequently conducted due diligence. Around that time, I had a conversation with Mary Manos, then General Counsel of Crown Resorts, regarding the issues that had come out in the Bergin Inquiry regarding Junket Operators. Ms Manos had previously provided me with a copy of the Berkeley Report (18 November 2020) and recommended that I speak to Minter Ellison to find out more.

79. I had a number of telephone conversations with Minter Ellison during December 2020. Minter Ellison advised that that they had background material on a number of persons (or their associates) who had been referred to in the Bergin Inquiry and the media. REDACTED - PRIVILEGE

REDACTED - PRIVILEGE

80. On 30 December 2020 Minter Ellison provided a draft memo to me containing background information on a number of patrons including Mr Pan (**CRW.510.001.1298**).

81. I thought it appropriate to recommend to the Person of Interest ('POI') Committee that the persons named in the 30 December 2020 be issued WOLs as I did not consider them to be suitable persons with whom Crown should be dealing. However, I was concerned regarding the length of the memo and content as it had been provided under privilege.

82. Consequently, I requested a summarised version of the 30 December memo which was provided to Michelle Fielding, Group EGM Regulatory and Compliance, and I on 19 January 2021 for inclusion in the POI Committee papers ahead of the committee's meeting on 20 January 2021 (**CRW.510.001.0769**).

#### **11. If yes, what was the result of that investigation or probity check?**

#### **Kim Teng Jong**

83. Mr Jong was approved as a Junket Operator on 21 June 2012 and continued in that capacity

until 15 October 2015, the conclusion of the last junket program operated by Mr Jong at Crown.

### **Simon Pan**

#### Business Monitoring

84. On the basis of Business Monitoring, no action was deemed necessary in relation to Mr Pan.

#### Internal Investigation

85. Mr Pan was issued a Withdrawal of Licence ('WOL') to enter Crown Melbourne on 16 August 2019 (**CRW.008.035.3239**).
86. A Notice Revoking Licence ('NRL'), the equivalent of WOL, to enter Crown Perth was served on Mr Pan on 15 January 2021 (**CRW.512.029.0039**). I note that 'stop codes' were placed on one of his accounts, effectively disabling it on 29 June 2020. The stop codes were intended to prompt staff to issue Mr Pan with an NRL when he next visited. However, Mr Pan had multiple accounts and the stop codes were not universally applied.
87. I became aware of the delay in issuing Mr Pan a NRL in Perth when reviewing material for this statement. An investigation as to how this occurred is currently in progress.
88. Mr Pan entered Crown Perth's Pearl Room 29 times post 16 August 2019 :
- 7 times between 21<sup>st</sup> and 29<sup>th</sup> August 2019 as an interstate program player,
  - On 13<sup>th</sup> February 2020 as a guest of another player, and
  - 21 times as a guest of another player between 26 December 2020 and 15 January 2021.

#### Minter Ellison Investigation

89. As the decision to issue Mr Pan a WOL and an NRL had been made by the time I received the findings of the Minter Ellison Investigation, no further action specific to Mr Pan was taken as a result.

**12. On 29 July 2019 The Age published an article titled "Brothel owner and alleged money launderer is Crown casino's business partner" alleging that Crown Resorts paid a brothel owner with suspected links to human sex trafficking and money laundering to lure high rollers to its Australian casinos (the allegation). Did a Crown company (or an entity or person on behalf of a Crown company):**

- a. conduct any investigation into the allegation? If so:**
- i. Who directed the investigation be conducted and when was this direction given?**

#### Internal Investigation

90. I understand that the Internal Investigation was commenced by Mr Joshua Preston immediately after receipt of the questions by journalist Nick McKenzie on 23 July 2019.

Minter Ellison Investigation

91. As I explained above, I directed that the Minter Ellison Investigation take place during December 2020 drawing from material they had compiled during the Bergin Inquiry.

**ii. Over what time period was the investigation conducted?**

Internal Investigation

92. The Internal Investigation and various enquiries were conducted over the course of July to August 2019.

Minter Ellison Investigation

93. The Minter Ellison Investigation took place between December 2020 and January 2021. However, I understand that Minter Ellison had been reviewing this matter in connection with the Bergin Inquiry and that the findings of the Minter Ellison Investigation drew on this previous work.

**iii. What was the scope of that investigation?**

Internal Investigation

94. The various searches undertaken in relation to Mr Pan which are referred to in question 10 (above).

Minter Ellison Investigation

95. The Minter Ellison Investigation considered material and information identified in the course of advising Crown in connection with the Bergin inquiry.

**iv. What were the findings of that investigation?**

Internal Investigation

96. The findings of the Internal Investigation were best summarised in Mr Preston's memorandum to the Crown Resorts Board on 16 August 2019 (CRW.008.040.2363), which makes findings including:

- Mr Pan had never been a Junket Operator at Crown, however, he first became a Junket Representative at Crown on 29 December 2012 and had acted as a representative for the following Junkets:

- Zou Jifeng (appointed 29 December 2012),
- Jong Kim Teng (appointed 1 March 2013), and
- Ngok Hei Peng (appointed 5 September 2017).
- Mr Pan had not been an active Junket Representative since March 2018.
- Mr Pan had previously been issued a WOL on 21 February 2019 for a three month period as a result of several attempts to bring excluded patrons into the Mahogany Room and a history of abusing employees when asked to produce his membership card upon entry or when signing guests. I became aware of the WOL on 22 February 2019 when a senior member of VIP International brought it to my attention. I understand that Mr Pan believed the WOL was excessive and wanted it reviewed. Consequently, I asked the VIP International team member to discuss the request with senior representatives of Table Games and Security and come to a decision, which they subsequently did after meeting with Mr Pan on 8 March 2019. I was advised of their decision and the WOL was revoked on 8 March 2019. This may not have been known by Mr Preston when he drafted his 16 August 2019 memo to the Crown Resorts Board.
- State and National law enforcement agencies had made requests for information on Mr Pan in relation to:
  - 2013: sex offences,
  - 2012, 2014: Sex Work Act and Crimes Act, possible operation of illegal brothels and using Crown for money laundering, and
  - 2017: unknown reasons.
- A company director search revealed Mr Pan to be the sole director and shareholder of the company Triple 8 International Pty Ltd, whose principal place of residence was 39 Tope Street, South Melbourne, a registered brothel.
- Two County Court decisions, neither of which name Mr Pan as a party, indicate Mr Pan was a witness or referred to by the parties subject to the proceedings. One of the matters related to Mr Pan as the victim of Obtaining Property by Deception. The other matter related to several individuals who worked at or otherwise involved with the 39 Tope Street brothel being involved in and convicted of money laundering in 2015 (not Mr Pan). Some of the persons convicted were Crown patrons. When Crown became aware of the charges against those people in 2013, it issued a WOL to each of them, preventing those persons from entering Crown Melbourne, and if they could not be served, placed stop codes against their accounts to disable them so that Crown Melbourne could identify them and serve the WOL in the event they came to Crown Melbourne in future.
- Prior to the above searches the business was not aware of Mr Pan's connection to 39 Tope Street.
- Crown had not received any information regarding the outcome of the law enforcement

and other requests for information.

- Crown was not aware of Mr Pan having been charged with any offence.

#### Minter Ellison Investigation

97. The findings of the Minter Ellison Investigation were summarised in the 19 January 2021 memo in relation to Mr Pan as follows:

- Mr Pan was a patron, playing as a local (premium) patron and operating as a Junket Representative.
- Pan was involved in a legal brothel in South Melbourne. Mr Pan was the sole shareholder of Triple 8 International Pty Ltd, which listed its principal place of business as 39 Tope Street, South Melbourne – the site of the brothel
- In 2015, four associates of Mr Pan were convicted of dealing with the proceeds of crime in respect of the operations of 39 Tope. Mr Pan was not named in the judgement (or the media surrounding the judgement), but was one of the defendant's allegedly identified as being complicit in the affair during an interview with the AFP which was not made public.
- Crown did however receive a law enforcement request on 25 November 2014 which requested records in respect of Mt Pan in connection with the Sex Work Act 1994 (Vic) and the Crimes Act 1958 (Vic) which referred to possible human trafficking, operation of illegal brothels and using Crown for money laundering
- In addition, Mr Pan had a history of poor behaviour in his dealings with Crown. Crown has, on several occasions, investigated his conduct for providing international chips to domestic players, and attempting to poach players to junkets for which he was a representative. There are also at least two incidents in which Mr Pan was abusive to casino staff at the Mahogany Room and where he tried to gain entrance for players who were not permitted to be in the room.
- After the allegations were made by Nine, Crown reviewed its relationship with Mr Pan and determined to issue him a WOL.
- Mr Pan was the subject of a Show Cause notice issued by the VCGLR in October 2020. The notice made a series of conclusions regarding Mr Pan, most of which were not known to Crown at the time of dealing with Mr Pan, including court proceedings to which Mr Pan was not a party and administrative proceedings commenced against Mr Pan by Victorian regulators.
- The VCGLR has expressed the view that Mr Pan is not a suitable person with who Crown ought to do business. This view was expressed after Crown ceased to do business with Pan.

#### **v. Who were the findings of that investigation given to?**



Internal Investigation

98. The findings were progressively and in various forms given to the following persons/groups:
- Barry Felstead,
  - Myself,
  - Richard Murphy from Minter Ellison,
  - Persons of Interest Committee members,
  - Crown Resorts Board, and
  - The VCGLR in response to a number of letters it sent Crown requesting information in relation to various persons, including Mr Pan.

Minter Ellison Investigation

99. The findings of the Minter Ellison Investigation were provided to me on 30 December 2020 and to the Group POI Committee on 19 January 2021.

- b. seek any legal advice in relation to the allegation? If it did, please provide a copy of the advice, any written record of the advice communicated or describe the advice if it was not communicated in writing, including who provided the advice.**

Internal Investigation

100. Richard Murphy from Minter Ellison addressed the Crown Resorts Board on 30 July 2019 in relation to the 60 Minutes program which aired Sunday 28 July 2019. The minutes do not record Mr Murphy addressing the Mr Pan allegations directly however, I believe he was still present when summaries relating to the person who were the subjects of the media report were communicated to the Crown Resorts Board (CRL.506.007.8870).
101. I am not aware of any legal advice received in relation to the allegation, however, Joshua Preston was in communication with Minter Ellison, regarding the outcome of the due diligence undertaken on Mr Pan and the decision to issue him with a Withdrawal of Licence (CRW.008.024.4505).

Minter Ellison Investigation

102. In addition to the two advices from Minter Ellison from 30 December 2020 and 19 January 2021, Crown also received a memo from Minter Ellison on 17 December 2020,

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE

103. As I described earlier, I had a number of discussions with Minter Ellison in December 2020. On two occasions, I received verbal advice regarding the Minter Ellison Investigation:

REDACTED - PRIVILEGE



- c. **make any enquiries of Simon Pan regarding the allegation? If so:**
- i. **Who directed those enquiries be made and when was that direction given?**
  - ii. **Who made those enquiries and when?**
  - iii. **What was the nature of those enquiries?**
  - iv. **What was the result of those enquiries?**

104. I am not aware of any enquiries made of Mr Pan in relation to the allegations.
105. Mr Pan was spoken to by Crown Melbourne's General Manager of Table Games VIP Customer Service, Mr Peter Lawrence when Mr Pan was enquiring as to why the WOL was issued on 16 August 2019.
106. I understand Mr Lawrence advised Mr Pan that the WOL was issued following an investigation after the media allegations became known to Crown. Mr Lawrence did not go into the substance of the investigation or ask Mr Pan for an explanation.

**13. Has a Crown company made any, and if so, what changes to any of its procedures or policies as a result of the allegation? Please identify the specific procedures or policies to which changes were made and explain the purpose of the changes.**

107. The intended application of the recommendations made by the August 2020 Deloitte report on Crown's Junket due diligence process and its application to Junket Representatives and Financiers, was suspended when the Crown Resorts Board announced on 17 November 2020 the company's decision to cease dealing with Junket Operators.
108. However, the business has sought to incorporate a number of Deloitte recommendations into the processes for the ongoing gaming business' practices. These include the recommendations regarding:
- revising and implementing the POI Committee Charter,
  - finalisation and implementation of a Patron Decision Assessment ('PDA') form,
  - enhanced documentation of decision making,
  - communication of POI Committee decisions to Crown's Risk Management Committee.
109. A Group POI Committee was established in October 2020 with membership comprising:
- The CEO's of Crown's Melbourne, Sydney, Perth and London properties,
  - The Heads of Security and Surveillance at each of the four properties,
  - The Group Chief Compliance and Financial Crime Officer,
  - The Group General Manager Anti Money Laundering,
  - Group Chief Risk Officer,
  - Group Executive General Regulatory and Compliance, and
  - Group General Manager Responsible Gaming.
110. Typically, there are a number of other managers who attend as invitees from the Anti Money Laundering, Gaming Operation and Security or Surveillance departments.
111. The Group POI Committee is administered by Crown's Regulatory and Compliance department and meets monthly in person. It also considers cases on an ad hoc basis (when the PDA is completed and returns a rating risk of 'high') as well with the relevant information circulated to the POI Committee via email for an out of meeting decision by the POI Committee. The ad hoc requests usually stem from concerns raised pursuant to Dow Jones Risk and Compliance database alerts, law enforcement requests, adverse media or concerns regarding identified behaviour on Crown premises.
112. Crown implemented the Significant Player Review ('SPR') process in July 2020 which is applied

to customers identified for review given their level of gaming activity at Crown. The SPR process is commenced by either the Table Games or Gaming Machines business units who are seeking information on source of funds. Additional information from the Regulatory and Compliance, Financial Crimes, Surveillance, Security Investigation and Credit departments is used to build a profile of the individual. The types of information used to initially assess the patron may include:

- Director searches,
- Property searches,
- Law enforcement and Australian Taxation Office requests for information,
- Behaviour on site (whether related to transactions or interaction with employees or other patrons),
- Open source searches, and
- External searches to assist in identifying any concerns regarding probity and help establish source of funds (Factiva news searches and WealthX searches).

113. If the above enquiries do not provide sufficient comfort regarding the patron, further searches are undertaken utilising the external databases including C6 Global Data and/or enquiries regarding source of wealth are directed to the patrons themselves.
114. If the SPR identifies flags to warrant consideration by the Group POI Committee, the information obtained is input into the PDA tool. The PDA tool endeavours to provide objectivity of decision making as it requires answers to a pre-determined set of questions to arrive at a risk assessment for review by the Person of Interest Committee to guide decision making.
115. Historically in relation to concerns regarding the suitability of a patron, the stance taken by Crown was to take note of allegations, but rely more heavily on whether charges were laid or a conviction recorded. The more contemporary attitude, as reflected in the SPR, is that allegations or unconfirmed media reports or law enforcement requests for information may by themselves or in combination with other information obtained be sufficient for a WOL to be issued.
116. Approximately 500 international Premium Players who have been identified as most likely to visit when international border restrictions are lifted are currently being assessed via the SPR process.
117. As the SPR and development of the PDA are relatively recent initiatives they are subject to ongoing refinement. Steven Blackburn who commenced as Crown's Group Chief Compliance and Financial Crimes Officer on 1 March 2021, is currently reviewing SPR Framework and the Group POI Committee process, looking for improvement opportunities.

118. I have requested that review of the implementation of the SPR Framework be included in the internal audit plan for the year ended 30 June 2022.

Signed:

\_\_\_\_\_  \_\_\_\_\_

Date: 16 April 2021

