



**AUSCRIPT AUSTRALASIA PTY LIMITED**

ACN 110 028 825

**T:** 1800 AUSCRIPT (1800 287 274)

**E:** [clientservices@auscript.com.au](mailto:clientservices@auscript.com.au)

**W:** [www.auscript.com.au](http://www.auscript.com.au)

**TRANSCRIPT OF PROCEEDINGS**

---

**TRANSCRIPT IN CONFIDENCE**

---

O/N H-1357760

**VICTORIAN COMMISSION FOR GAMBLING  
AND LIQUOR REGULATION**

**RECORD OF MEETING**

**PARTICIPANTS:**           **HELEN COONAN (CHAIR)**  
                                  **ROSS KENNEDY (CHAIR)**  
                                  **KEN BARTON**  
                                  **XAVIER WALSH**  
                                  **DANIELLE HUNTERSMITH**  
                                  **SCOTT MAJOR**

**DATE:**                       **THURSDAY, 17 DECEMBER 2020**

**TRANSCRIBED BUT NOT RECORDED BY  
AUSCRIPT AUSTRALASIA PTY LIMITED**

**THIS PROCEEDING WAS CONDUCTED BY VIDEO CONFERENCE**

5 MS H. COONAN: Okay. All right then. Thank you very much. Thank you very much for agreeing to this meeting which we very much appreciate. I am very much glad to be able to be on this call and had intended to say hello much earlier since I took over as chair in – earlier this year and, of course, COVID ran over the top of all of us and - - -

10 MR R. KENNEDY: Indeed.

MS COONAN: - - - and we did end up, of course, being shut for quite a long time so I'm really very appreciative of the meeting. So we've got on the line, Ken, are you there? I can't see you.

15 MR K. BARTON: Yes. Here, Helen.

MS COONAN: Good. Thank you. So we've got Ken Barton who I think you probably know some of the commissioners.

20 MR BARTON: Yes. I think we've - - -

MR KENNEDY: Yes. We've met Ken.

25 MR BARTON: Yes.

MS COONAN: Yes. And Xavier Walsh. Xavier, say hello.

30 MR X. WALSH: Good afternoon everyone.

MR KENNEDY: Hi, Xavier.

UNIDENTIFIED FEMALE: Hi Xavier.

35 MS D. HUNTERSMITH: Hello.

MS COONAN: Who you probably now also – so anyway, the purpose of the meeting is that I just wanted to, first of all, acknowledge the announcement from the government and say also how very much I regret and how disappointed I am that there's been any suggestion of the – any reflection at all on the regulator, on the VCGLR. To my knowledge, we've always had a very good and appropriate relationship with the VCGLR and subject to yourselves, that's absolutely how I mean to go on. I think it's absolutely critical that we have lines of communication open and that as we negotiate what I would call perhaps some of our shortcomings we're able to work through them together so that we do get to a good outcome.

40

45

5 The New South Wales inquiry, of course, has now concluded and we're waiting on  
the recommendations to the authority. As far as I'm aware, you have most of the  
documents relating to our statements and other matters from the inquiry and we'd be  
very willing to provide that. We haven't been waiting to see what happens out of the  
inquiry and have a very significant remediation program that we had got underway  
back early in the year and that we've continued to implement and roll out right  
throughout the COVID period. It paused a bit while people were stood down, but  
Ken can take you through some of the upgrades on that program because I know  
there has been some communications in relation to what we're doing right across  
10 governance and processes and risk and transparency and, if you like, I can also talk  
to the board and governance changes that are in prospect.

15 But the main point is to say that you have my absolute personal commitment to work  
with you to see through what we need to do in Victoria, as indeed in any other  
jurisdiction, and I did want you to know that you can pick up the phone to me on any  
occasion and that I'm very much committed, as is indeed, my board and management  
to making the changes and improvements that we know will be appropriate as you  
align, no doubt, with the recommendations from New South Wales and maybe have  
additional ones of your own. So that's it from me just to open up our discussion and  
perhaps, Ken, you might like to talk about how we've ceased dealing with junkets  
20 altogether, taken some pre-emptive steps to think about what we can do better.

MR BARTON: Yes. Thank you.

25 MS COONAN: Sorry, just before Ken comes on, I just acknowledge that we have  
had some correspondence from Ken as recently as the 14<sup>th</sup> of December following  
through on the meeting that we had on the 19<sup>th</sup> of October.

30 MS COONAN: Yes.

MR KENNEDY: So we have that with us and that we're grateful of that. I should  
also just advise that we are recording the meeting and that we'll certainly make a  
transcript available should you require it tomorrow.

35 MS COONAN: Thank you. That's okay.

MR KENNEDY: Yes.

40 MS COONAN: Of course.

MR BARTON: Thanks very much, Chairman and – Chairman and Chairman.  
Chairman Helen and Chairman Ross. As you said, Chairman, we've provided a bit  
more of an outline of the material that we've been progressing since back in October  
and I wouldn't mind just spending a few minutes just taking you through the things  
45 that we've doing and some of the improvements we've already been making and, as  
Helen said, these are the sorts of reforms and improvements we think will be very  
helpful as we work through the section 25 review when that commences and, as

5 you've seen from the material, there are four main areas that we're look around the reform agenda and I think back, as you said, Chairman, back in October we took you through all the progress of things up until that point and so from, really, going back to as early as 2017 and taking you through a lot of the reforms that happened in that time and the prospective reforms were sort of set out back in October, but also in the material we've just shared with you and it might be just helpful to give you a bit of a verbal update on the four main areas of reform that we've been working through. That'll probably help provide a bit of colour as you work through the written material that we've just shared with you.

10 So the four main areas, firstly, increasing transparency and accountability through the organisation and particularly transparency and, as we've spoken in the past, one of the major areas of change in that area is the separation of our risk and compliance functions and one of the key moves we've been doing is to lift our compliance and financial crimes capability and also to create a standalone function for that group of activities that reports straight through to the board. We've combined compliance and financial crimes for a few reasons. One is we want to get a real emphasis on financial crimes, but it really spreads across our other compliance areas as well and, as we've seen with some of the recent ICM changes, the financial crimes area does spread into a lot of areas around the appropriateness of our customer base and doing proper reviews of who our customers are and customer due diligence and know your customer.

25 So that's one of the core functions that comes from that financial crimes team and we've been in the market to recruit a leader for that group and we've announced that we've employed a new head of compliance and financial crimes – chief compliance and financial crimes officer in Steven Blackburn. Steven brings with him a couple of really important features that we were focused on. One is technical capability and his background is a longstanding background in AML both leading the National Australia Bank's AML function, but also CIBC in Canada before that and he's got a legal background prior to that in Canada.

30 So one of the key things was having somebody who's got a demonstrated capability around developing and creating some capability around the financial crimes area. The other thing that is really important and I think this comes through from conversations we've had and with other regulators is that it's important to get the culture right around compliance broadly and Steve brings with him a long track record of not just managing the functions but also being very influential across the organisation in reinforcing the culture that compliance has a real motivational factor to the organisation. On the financial crimes side, the key thing that he's been able to do from a cultural perspective is make the connection at the bank between the need from a protection for society perspective as well as the banks compliance perspective to have that strong, frontline focus on managing the risk of any AML or any structuring type transactions and making that really strong connection to say that we've got a role to play in helping to eliminate the risk of any financial crime element finding its way into our transactions.

5 So bringing a strong technical capability around AML and CTF and other financial crimes dimensions plus also bringing that cultural dimension. The other thing we had a real focus on was somebody who's got a track record on managing and building teams in the compliance and financial crimes area and he's done that at the NAB as well. So we've got him charged with looking at both our regulatory compliances broadly as well as looking at compliance on the AML, CTF front. So that group has been formed. Steve will be joining us at the beginning of March next year. The other area we've been elevating in the organisation is other risk and compliance functions and so our chief risk officer now is reporting through to me.

10 So Anne, who's been in that role for some time – about two years – will now come straight through to the risk committee and she will have complete transparency through to risk – me through to the board around the management and identification of risks and we've also elevated the internal function so it sits outside the operating business unit and has a reporting line through to the audit committee. So those are roles that we've either filled previously and have changed but also creating the new roles around financial crimes and compliance which is a new C level role that will have that reporting line. So the – I think the major update since we spoke last in October is the elevation of those roles and also the filling of the financial crimes role.

20 The other area we've been working on is around culture and the main things we've done and some of the things, I think, were in place when we spoke last time around: the restructuring of our remuneration arrangements so that short-term incentives have had a few changes. One is that part of the short-term incentives are deferred and subject to forfeiture in the event of issues around compliance or risk. Another is that the risk function now has a role to play in the approval of any outcomes from a short-term incentive perspective and the other is that we've been across the KMP Group changing the weightings for outcomes to be much more heavily towards achievement of risk and compliance outcomes.

30 So those are the key changes that we've made on the remuneration front. We've also – currently in the market to get a new position, being the head of culture and human resources and we're looking at candidates there who have got some strong track record in improving the culture of the organisation. We're not waiting for that role to be filled. We're currently undertaking a series of preliminary tasks around culture. We're doing a baseline assessment of the organisation now from the existing material that supports culture, the material that we've put together in the past around our values and our strategic intent and looking at what currently exists as a documentation of culture.

40 We move from there. We'll be doing some baseline surveys to understand, particularly around the compliance and risk functions, where we are from a cultural perspective around risk. Once we've done that, we'll be able to look at any gaps we see between what we're looking for as a desired culture and where we see the current baselines. We'll then put on top of that a governance structure that will look at how we manage the change in culture from where we are today to the desired culture, a communications strategy and then we'll be looking at how we get the

communication and the message from the board through the senior leadership group right through the organisation.

5 So there's been more work done on the baseline preparation for the cultural change and as we bring the new head of culture on, we'll be looking at long-term sustainable ways of measuring, having a governance framework and having a continuing review of the governance and structure of our – of our culture with continued measurement tools that will see how we're progressing. The third area which is quite an operational area is around AML and apart from the new leadership of that group  
10 that'll be coming on board next year, we've done quite a bit of work around just transactional and operational aspects of AML. Since we spoke last, we have had our joint program both reviewed by external experts, some enhancements imported into that and now it's been rolled across all three of our properties.

15 So we now have an enhanced, improved AML CTF program which has been approved by the respective boards. It's been rolled out through the organisation and it's been backed up by some enhanced and improved training. So we've developed some much more extensive online training for all of our frontline employees, but we're also picking up on some focused training for our key employees who deal with  
20 counterparties on a financial transaction basis. So we want to make that across the entire workforce there's a good understanding of what our requirements are, a good understanding that we all have a role to play in identifying potential AML risk areas and also making sure that there's some targeted and focused training for the key people who deal with financial transactions.

25 The other thing we're doing to help support that – and this reinforcing the idea that we've got – all of our employees have a role to play in working through AML risk – is we've developed some reporting tools that allow people to quite readily, if they see anything which it triggers some concern through the recognition of the matters that  
30 are identified through the training, there's a streamlined process to identify those unusual matters and have those reported through to our AML team who will then do an investigation of those matters and then within the team itself we've been adding capability. We've added six positions. I think some of those were probably either in the process of being filled when we talked back in October and we've added some  
35 new roles since we spoke in October as well.

So we now have six more executives in the AML team and we're drawing from a range of experiences with those executives. We've got some who've come from law enforcement, some who've come from professional services and some who've come  
40 from organisations that are other reporting entities from an AML perspective. So getting a broad perspective of the skillsets and experience and bringing that so that we can make sure we still well and truly on top of what will be a growing type of reporting as we expand the capability to pick up a broad range of unusual transactions. We've been continuing to work on the technology. We talked last time  
45 about our technology around data analytics and data aggregation and having the ability to look at different types of transactions and emerging transaction risks. We've continued to develop that. That's our sentinel product.

5 So we've expanded the sources of data that it can take on board. We're growing the number of alerts and screens that we can run across all of that data. We're building out the dashboards so we've got better transparency on the types of transactions that are occurring across the group. So that technology is continuing to develop as we look to try and get as broad a possible perspective across all the financial transactions that are taking place in the organisation and we're looking to automate the process for collection of those unusual transactions. The other thing we do is we're continually looking to try and reduce the exposure to transaction risk. Some of those exposures existed by having deposits into our bank accounts.

10 Most of our transactions, I think, as you know, are ones that occur within the casino and the typical transactions that are our sort of core designated services is where people come to the casino and exchange cash for chips or cash for vouchers or deposit cash in machines and so for us those transactions are very readily managed from a risk management perspective. People are in the casino. They have to appear in person. We've got surveillance. We can get identification and have that one-on-one interaction. Where we don't have that same ability to manage and control it is where people are depositing money in our bank accounts. So what we've said to all of our customers is we no longer accept cash deposits.

20

25

30 We're also limiting the amount of cash that we'll accept in the casino and having approval processes in place and also eliminating the amount of transactions that occur, transferring funds out of our accounts to other accounts and having very few exceptions where people will be able to transfer money to anyone other than their own bank account.

35 So those are the main areas we've been working on from a AML perspective: building out the capability of the team, adding on the technology front both on our capability to monitor and screen transactions, visibility and transparency around the underlying transaction data and also to streamline the way we collect information around the organisation where we do see any potential transactions that might cause some concern or suspicion across the casino and all that is backed up by expert advice. We've been working with two organisations. Initialism is an organisation that's been doing work across the banks. It's an approved AUSTRAC auditor. They worked at CBA and at Afterpay. They were part of the review of our – a joint program that we rolled out and they're also now helping us review our capability and looking at potential new transaction typologies that we should be running through our screens and then we've also engaged with another expert firm called Promontory and Promontory is an organisation which has done work – they're currently working at Westpac.

45

They're an expert firm on AML and they're looking at both our – doing a capability assessment plus a strategic review of our products and processes and they will work with us and with Initialism on doing a complete risk review of all of our customers, all of our products which will feed into ongoing enhancements to our AML program.  
5 So those are the major features on the AML front and then more broadly looking at how we can go about preventing potential exposures to criminal elements, we've obviously, as you've – we've talked before – worked on the junket question and we originally suspended junkets and since we spoke we've now indicated that we won't continue to do with junkets or re-engage with junkets until there's a process for those  
10 junkets to either be licensed or otherwise approved or sanctioned in all of the states that we operate.

So we would like to see what recommendations come from the inquiry, but also our ongoing conversations with the Commission around what sort of processes it –  
15 should we have in place before we look to re-engage with junkets. We ourselves have been building out more intense processes for collection and analysis of data and KYC on junkets and that's been reflected in some of the ICMs that we've been developing. But until we make sure we've comfortable, that there's a process that gives us a strong assurance around junkets – because as we've seen in the past,  
20 junkets have elements of opaqueness with the people beyond our direct counterparty.

So our straight counterparty is the junket operator. The players have commercial arrangements between the junkets and the players and there are other parties, reps and others who are involved and so until we can be completely sure we've got  
25 transparency and visibility around all of those relationships, we simply just don't want to deal with junkets any more. One of the other features we've been working on to try and get a better understanding of the individuals is to work with law enforcement agencies. We've had Nick Kaldas, who's the deputy commissioner of the New South Wales Police, or former deputy commissioner of New South Wales  
30 Police. He's been working with us on developing our relationships with state and federal law enforcement agencies and looking at opportunities to work with them around information sharing and helping us understand how we can access additional data to do further due diligence on our customers.

The other person we've been working with is a former head of the ASIC Confiscation Task Force at AFP. That's Nick McTaggart and he's been working with us on looking across the organisation. I mean, his experience has been around basically criminal elements using financial systems and so the AFP ASIC  
35 Confiscation Task Force has spent its time looking at eliminating financial transaction legal risks. So he's doing a vulnerability assessment across the organisation from the perspective of a law enforcement executive with long experience in understanding financial crimes. So he's currently doing a vulnerability assessment for us as well. So I think, Chairman, that's a quick summary of what we've been working through since we last spoke. Again, that material is in a sort of  
40 written form in the submission that we've just made but thought it might be helpful just to do a quick, you know, run across the various areas to take you through what we've done and what our thinking is.  
45



MR KENNEDY: Thanks, Ken. It's certainly a comprehensive body of work that appears in the right direction but I'll just invite any comment or questions that the commissioners may have or the executive from our side.

5 UNIDENTIFIED FEMALE: If I may, Chair. Sorry, Ms Coonan, if I may, just timeframes and priorities in your timeframes I'm wondering of that enormous body of work, as our chair has said, from a board's perspective, I'd be really interested to know what are the areas that you're most keen to see settled outcomes, results and from a senior management perspective as well.

10

MS COONAN: Yes. Thanks for the question. I'm just trying to enlarge everybody there. Thanks very much for that question. Look, from a board's perspective, right at the beginning of this year Ken and I had looked across the areas where we could pretty much see where there had to be changes and improvements and I'll come to the board in a minute because I thought you might be interested in how we're

15

looking at restricting the board.

MR KENNEDY: Yes.

20 MS COONAN: But in terms of the operational matters, we felt that it was critical to get to the nub of what was actually being said last year, what's been said broadly and to get an understanding around what we have to do to response to it. So from the board's perspective we've been very much on this journey with ken and other management to make sure that we understood how you could better deal with

25

compliance and accountability, how it was important to separate out functions from the operational side of the business. So that has been a critical focus, restructuring how we look at risk and we basically want to see how it's going to play, introducing this new head of compliance and financial crimes and the new department separate from the rest of the business with a direct line of sight to and reporting to the board.

30

We think that that's critical because that's why we've encouraged that structure. So we think that a fearless department with compliance as their function is absolutely our priority but, of course, we also understand that culture is critical. Some of the shortcomings probably couldn't have happened without having, perhaps, some

35

cultural matters that we need to attend to so that's very important. So it's risk, process, compliance and culture. But coming to the board which, obviously, tone has to start from the top, we get it. We understand it and we have some changes in prospect, but I'll just run through what the structure of the board is just to remind you. I'm sorry if I'm repeating things that you're well familiar with, but it just –

40

Crown is an unusual board.

So I just thought I'd run through how it's currently constituted in terms of its directors. So as you know, CPH is the major shareholder and that means that CPH currently have – they did have four, but they've currently got two nominee directors,

45

Guy Jalland and Michael Johnston, and they also had a third, John Poynton, who is based in Perth and who heads up our – the local subsidiary there. Then we've got coming to the independent – sorry, I should say with John Poynton he started life on

the board as a nominee director. Quite recently he has sought to separate himself from CPH, but that's not an easy thing to do in the sense that it doesn't make him automatically independent and we have a three year separation that we require as part of our charter before somebody can be considered to be independent. So let's park those three there for the time being.

Then we've got six independent directors. I am, of course, the chair. In Melbourne we have Andrew Demetriou who heads up the subsidiary. We've got Jane Halton, who heads up the Sydney subsidiary or the Sydney licence holder – associate of the licence holder, I should say, and then we have Toni Korsanos, who's ex-Aristocrat and we also have Harold Mitchell. So there's six independents and late last year and through this year as part of our reform process we embarked on a couple of things: an acknowledgement that the board had to move into a more modern governance structure with an independent chair and a CEO and also to – and better line of sight from each of the subsidiaries to the board. So setting up directors as the chairs of those boards and then to embark on a process of board succession.

So to do that we've had a very extensive process of evaluation and we have looked very carefully at our skills matrix. We've looked at where we think our expertise can be augmented and we've quite recently – I've said all this publicly, but we've quite recently engage Korn Ferry on a search to find up to three new directors and that would be with the view to rolling off some of the longer tenured directors. As you'd appreciate, finding directors for a casino is not a straightforward business mainly because each of them have to be approved as – in each jurisdiction approved as suitable in each jurisdiction. So we've embarked on that process. It's quite well advanced. We have a long list of very well qualified people with public ASX listed expertise for the board to consider.

So that process is well and truly advanced and I'm certainly expecting that we might be able to make some announcements early in the new year, but that's, of course, subject to suitability approvals. But it's a process that we recognise must happen. Crown is doing everything we can in terms of dealing with these current regulatory matters that we can control and in terms of CPH and their – the suggestions as to influence, what we have done is we have terminated the agreement – the controlling shareholders agreement by mutual agreement, I must say, with – that enabled information to be passed to Mr Packer on certain conditions.

We've also by mutual agreement ceased the services agreement with CPH which enabled some information to be provided to enable CPH to provide services to Crown. You might have been aware that in the inquiry there was a suggestion that Mr Johnston was carrying out some roles in respect of Crown that were either of an executory and executive in nature as well as being a non-executive director. So those roles have ceased insofar as they existed or they were informal arrangements or formal arrangements they've ceased and Mr Johnston is now a member of the audit committee only. So he is not on any other board committee. So to the extent that it is within Crown's control, we have, in effect, treated CPH as any other controlling shareholder would be treated on an ASX listed company with two nominee directors.

They are plain, vanilla nominee directors without any special arrangements and that is really the conventional arrangement that obtains in a lot of publicly companies with major shareholding and the right to have nominees. You'd appreciate that Crown does not have any right beyond that to require anything of CPH under the  
5 Corporations Law, but we have done what we can to deal with anything that might have been regarded as some over and above communications with CPH. So I just thought that might be useful to run across how we're approaching the restructure of the board and, obviously, as you'd appreciate, for all sorts of reasons it's not appropriate to pre-empt anything else, but we will see what happens coming out of  
10 early next year.

MR KENNEDY: Thanks for that update. We'll look forward to that early in the new year. Once again, any questions from anybody around those matters?

15 MR S. MAJOR: Ross, I have a - - -

MR KENNEDY: Scott Major, general counsel.

MR MAJOR: Good afternoon.

20

MS COONAN: Hi.

MR MAJOR: Hello.

25 MS COONAN: Good afternoon.

MR MAJOR: Quick question. Probably more for Ken. Ken, in your 19 October presentation to the Commission you indicated there was a significant player review about your top end players, whether to continue to deal with them. I was just  
30 wanting to get an update, whether that's still continuing.

MR BARTON: Yes, yes. Thanks, Scott. We have been working through our top players and I know – actually, I probably should have mentioned that one of the key people who's been helping us on the AML front around both the rollout of the  
35 program, the extensive training material and also looking beyond the VIP and the junket sector and looking more thoroughly through our player database and doing some KYC on that, Xavier's been leading a lot of that so – and probably should have mentioned that Andrew was in apology because he's sort of evacuating New South Wales before border closure. So he was .....

40

MR KENNEDY: Yes, yes. We got that message. Thanks, Ken. Yes .....

MR BARTON: Yes. But Xavier's come along and, Xavier, if you perhaps want to give an update on how we're progressing through that significant player review.

45

MR WALSH: Yes. Thanks, Ken. So we embarked on a process to look at our top players in a more structured manner as part of our obligations under the AML joint

program that Ken mentioned earlier that was approved by the board only a matter of  
– I think it was November that it was approved and it requires – there’s an ongoing  
know your customer piece and we thought that we could improve in that area in  
terms of a more formalised review of our top local and domestic customers and so far  
5 we’ve targeted a little over 2000 customers for that review. That’s across Melbourne  
and Sydney and Perth. In Melbourne, that number’s about 1100 of the total  
population. Of that 1100, there’s been 729 that we’ve completed the reviews on. Of  
those that have gone to the person of interest committee, approximately 22 of those  
have been issued with a withdrawal of licence.

10 There were others that we’ve withdrawn their licence for different reasons, but 22  
that came out of that review. We have another 19 going to the person of interest  
committee in January. Those – so the people that we review out of the 1100 fall into  
four categories. They are either low risk or moderate risk and we judge that risk  
15 based on the information we gather from initially Google, Factiva, a Dow Jones  
search, we do a director search, we do a property search. We look at the address that  
we have on file and determine whether the customer owns that or their spouse may  
own it or a company they’re associated with owns it. So we try and establish based  
on the information provided there’s nothing negative in publicly available  
20 information that we can get and if they have assets and what we can establish is  
income to support their level of play with us, they might not necessarily go to the  
person of interest committee. So we’ll build that dossier and put that to one side.

25 The ones that go to the person of interest committee are typically those that either we  
can’t establish their source of wealth for their level of play or, indeed, there’s been  
law enforcement inquiries made of them or we’ve found things that have come up  
via the searches that we do that would indicate we have questions. The file then goes  
to our security investigation unit for them to run their eye over it. So the initial work  
is done by the operational teams, but then it’s handed to the security investigation  
30 unit. They then add to that file and then it goes to the person of interest committee.  
The person of interest committee, just for the benefit of the Commission, is the heads  
of each of the three properties – so it’s a group committee – the heads of security and  
surveillance of the three properties, the head of AML and the customer investigation  
from AML, a gentleman called John Yates. The head of risk sits on that, the head of  
35 compliance and responsible – the group head of responsible gambling.

So we still have quite a number of reviews to complete here in Melbourne. A lot of  
them – as I say, we’ve probably done more than half the ones that we have embarked  
upon and then there is a number that are coming out of the other properties as well.  
40 So those that come back that we need a source of wealth statement from and there  
was a recent article in The Age this week where, obviously, one of our forms that we  
use found its way into the press. Not that that bothers us. We don’t resile from the  
process we’re going through. We give the customers a couple of weeks to fill that in.  
If they do not complete it to our satisfaction, then we put stop codes on them and  
45 they are not allowed to enter any of our premium rooms or participate in the Crown  
award program.

5 If they happen to wander onto the gaming floor and play in an unrated manner like a  
typical retail customer, that's fine, but they don't have access to the premium areas  
of the casino. If they do provide the information and it's – it then goes through a  
review process. So we need to establish if they've listed properties that might be in a  
10 family trust, for example, or assets that we didn't identify when we did our review,  
we will then validate that and then send that information to the – back to the person  
of interest committee to say, look, is the committee now satisfied that we continue to  
do – to deal with this customer. If the answer's yes, then that completes the dossier  
for the time being. If the answer's now, we go back and ask for additional  
15 information and, again, the process begins again.

15 If we don't get information to our satisfaction then, essentially, the customer would  
be issued with a withdrawal of licence and, as I say, so far out of the process we've  
had 22. There'll be a number more – they're just from Melbourne. There'll be a  
number more coming in the January review and we would expect – I think there's 71  
files that are going to the person of interest committee from Crown Perth and there's  
a number coming in from Sydney. Obviously, a lot of those customers we have at  
one time or another had visit Melbourne and so it's crucial that we have a Australia-  
20 wide view of those individual customers. So that's where we're at, Scott. I mean,  
the process will continue. We started with the top couple of thousand.

25 Once we get through those we'll continue to trawl down into the database and then  
we will put in motion a review process that we can then, you know, assess those  
customers again, you know, possibly on an annual basis at least a broad level to see  
if there's any change in their risk profile as was originally assessed. We also – it  
would be worth mentioning, we do run a Dow Jones screen over the customers in our  
database. I think there's 250-odd thousand Dow Jones screens that are done pretty  
much daily and so if anything pops up, that's the investigated by the AML team and  
if they are concerned at all then they – and, again, it's a formal part of the program –  
30 they will conduct what they call enhanced customer due diligence.

35 That will often involve not only their own investigations, but they will send requests  
to operations to say we need this information from this particular customer, you  
know, please go and access that and then the only other piece that I would mention,  
if we have a customer that we can't get satisfied even though it appears that there's  
nothing untoward but we – you know, we can't, you know, establish with sufficient  
comfort their source of wealth or source of income, then we will often engage an  
external third party to do that review for us. So that's sort of where we're at Scott.

40 MR MAJOR: Thank you. Thank you.

MR WALSH: It's a bit of an ongoing process.

45 MR MAJOR: Yes. That's what I was probably coming to, is it right to say that  
rather than a review with, say, a start and a end date, it seems to be an ongoing  
review process that's going to continue over the forward period.

MR MAJOR: Yes, it is, and by nature it has to be. You know, we believe we know a lot about our customers. I must say, we have learned things as we've formalised this and taken information from different areas and henceforth there are some customers that when we've done a more fulsome review with a different risk appetite  
5 that we've said, look, we just can't get satisfied here. It's always open to the customer if we do issue a withdrawal of licence for them to come back at us and say, look, we think you're being hard. Here's all my information. Please reconsider. But the approach we're taking is the onus is on the customer. It's not necessarily on us in that instance, you know. They've got to demonstrate to us why we should reconsider.

10

MR MAJOR: Thank you. Chair, if I may, I have another brief question.

MS COONAN: Yes.

15 MR MAJOR: The query is in relation to third-party transfers. So I understand from looking at the attached documents that the intent is Crown will not make third-party transfers unless there's the prior written approval for the – from, I think, your COO or AML CTF compliance officer. Was there any thought given to simply removing the ability to make payments – third-party transfer payments?

20

MS COONAN: Yes. Good question. It was. Ken.

MR BARTON: Yes. Thanks, Scott. It is very unusual for it to happen, but there may be instances, for example, where it's a junket who was looking to settle a  
25 payment to a customer. So provided we can get an appropriate level of diligence and an appropriate level of confirmation about the relationship between the parties but, essentially, we've said this will not occur. We don't want it to happen. It's unlikely we're going to see any of those types of transactions. But rather than a complete blanket elimination we didn't want to say that there may be some instances where  
30 it's actually through all of the due diligence processes we can undertake through the AML team that we can say that there is a legitimate reason for a party to be looking at transferring funds that they have in their account to a third party.

MR MAJOR: Yes, look, my only observation in relation to that, Ken, would be, for  
35 the example you provided, well, make the payment to the – you know, the entity and then it's up to them to arrange a payment between themselves.

MR BARTON: Absolutely.

40 MR MAJOR: But I take your point. Obviously, you want to retain some kind of flexibility for circumstances you may not have thought about.

MR BARTON: Yes.

45 MS HUNTERSMTIH: Can I ask question to the Chair Helen Coonan, just to – I'm Danielle Huntersmith, by the way. We haven't met before, but just to - - -

MS COONAN: ..... meet you.

5 MS HUNTERSMITH: - - - follow up on a question earlier, in terms of timetable – so we've heard a lot about priorities and there's lots and lots of initiatives, is it possible to share with us sort of what your view is on the timetabling of each of these sort of developments or programs, implementation of tools, reviews that are happening so that we have an understanding of timeframe around what's happening.

10 MS COONAN: Yes. Well, the matters that Ken has talked about are all either implemented or are in imminent prospect of being implemented. For example, the joint AML program is now operating across three properties and, of course, in Sydney it's not yet operating but it's ready to go. So the things that haven't yet been actioned are more in the line of making sure that there are backsides on seats, if that's a colloquial way of putting it, in respect of the AML team. You've heard that 15 we've had an enormous ramp up in capability and so there's a couple of positions there, I think, that – Ken will correct me if I'm not right – that are yet to be filled and in respect of the culture, that's a much longer viewed project that we've got onboard.

20 But the benchmarking is in – I think has been done through Deloitte and, Ken, correct me if that's not correct. I'm talking about operational matters here. But we're getting very regular updates at board level on the implementation of all of these matters across the organisation broadly speaking and in respect of the board, we're in a position where I'm hoping to be making announcements on new directorships early in the new year. We're getting the – obviously, the inquiry report 25 on or about the 1<sup>st</sup> of February. I've got no control over that, but we'll be in a position to do some pretty immediate and urgent actions in response to it and I think the New South Wales inquiry – the New South Wales regulator meets on or about the 17<sup>th</sup> of February and we'll be in a position where we can see whether anything we haven't yet either actioned or implemented affects our ongoing suitability.

30 So I think it's fair to say that all of this program we've talked about is pretty much actioned apart from the longer term things like culture which does take a longer period of time. All of the fundamental steps have been taken to do culture review and to get a new head of people and culture and all of the other more machinery steps 35 on AML are already implemented, as you may have heard, during the inquiry. The rundown was so that we'd be ready in December. So all of that's effectively been done apart from, as I say, a bit of populating of positions and reviews. There's still a review to be had by Promontory, I think, of all of our systems just to make sure there are no gaps. But I think that's right unless Ken tells me I'm wrong on any of those 40 timeframes.

I think I'm correct in telling you that early January is the kind of timeframe we're looking at to be talking about new directorships and we're expecting to be in a position to look critically at the recommendations coming out of the inquiry and to 45 be able to action responses.

MR BARTON: And, Danielle, perhaps, to supplement that a bit, I think we've provided sort of dynamic updates on progress across each of the major initiatives in the material we've provided. There's a more detailed work program that sits behind that. So one thing we can do is, if you like, tick off the completed tasks, as Helen  
5 said, and then perhaps give you some timing on when we see the further developments being completed.

MS HUNTERSMITH: That'd be great. Thanks very much. Yes.

10 MR KENNEDY: And I'm conscious of the time, but there is one other thing I'd like to raise briefly while we have the opportunity and that's the completion of the Commission's report into its inquiries into the events in China which you've received, I think, last year you received our draft report. Subsequent to that, the ILGA inquiry was announced and we've necessarily had to put it aside in case there  
15 was more evidence that was elicited in that process of which we weren't aware. I think all the evidence is now out and so we're pretty keen to finalise that report. I think we'll be in a position – and Scott will correct me if I'm wrong – to put a series of propositions to Crown that I think we can agree on as having arisen out of the evidence in the next few days and in a position to finalise our report and provide it to  
20 Crown for its feedback early in the new year. We would like to get it completed by the end of January if at all possible. So I just put you on notice that that's something that's coming and I hope you'll be able to respond to it in a timely fashion.

MR BARTON: Great. Thank you, Chair.  
25

MS COONAN: Yes. We'll be able to do that and there's also the – I think we owe each other an interview to finish off the section 25 report. We – I think my understanding is anyway that we've implemented all of the recommendations except a couple of ones that were longer dated but there has to be a formal interview, as I  
30 understand it, and that was, I think, postponed because of the ILGA inquiry and needs to be rescheduled in the first part of the new year.

MR KENNEDY: Yes. We'll turn our minds to how best to equip that – recommend that final recommendation and we'll work with you on that.  
35

MS COONAN: Thank you very much for that and thank you very much for engaging with us in the way you have. We do appreciate it and I do hope that we can continue to have open and constructive dialogue as we work through these issues.

40 MR KENNEDY: Thank you on behalf of the Commission.

UNIDENTIFIED FEMALE: Thanks everyone.

MS COONAN: Bye.  
45

MR MAJOR: ..... thank you.

## **RECORDING CONCLUDED**