

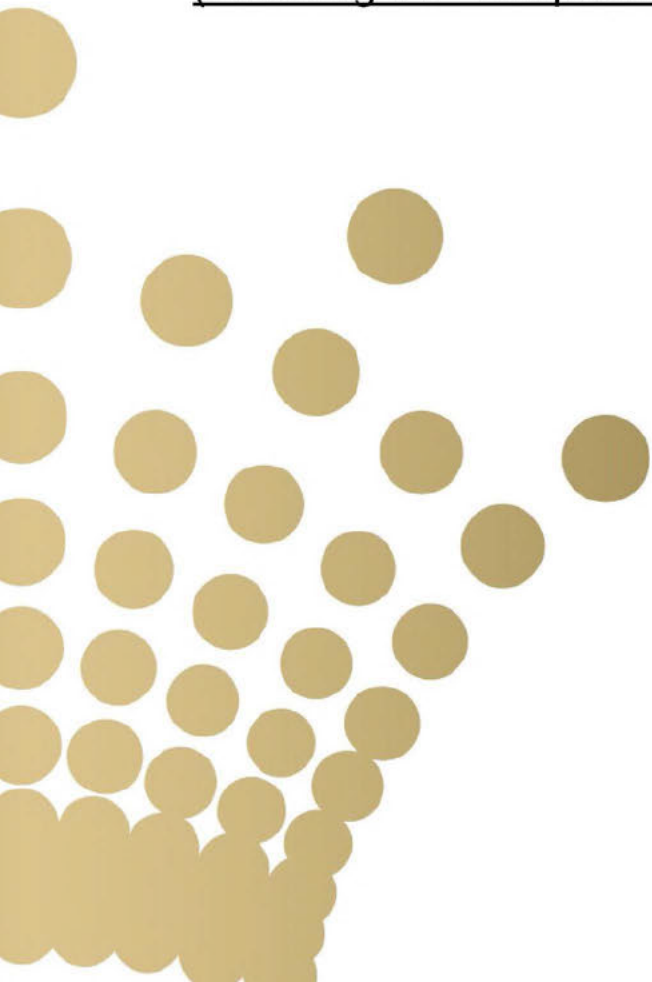


Crown
Melbourne
Limited

Internal Control Statement

Junket and Premium Player Programs

(Including VIP Telephone Betting and the Introduction of Players)





Internal Control Statement
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This document must be read in conjunction with Crown Melbourne Limited's (Crown) Internal Control Statement - Introductory Chapter (Introductory Chapter).

1. Core Principle

The objective of this Internal Control Statement is to ensure that Crown remains free from criminal influence and exploitation through:

- (a) the application of effective processes; and
- (b) the maintenance of detailed and accurate documentation

relating to Junket and Premium Player Program activity, the introduction of players and VIP International Telephone betting (VIPTB).

2. Minimum Standards and Controls

Minimum standards and controls are intended to manage the risks identified in the Risk Assessment Matrix and support the above-mentioned core principle.

Implementation of the minimum standards and controls will be expressed through documented procedures as described in the Introductory Chapter.

In respect of this Internal Control Statement, the Minimum Standards and Controls are:

2.1 The maintenance of structured documented processes for:

- 2.1.1 The conduct of Junket and Premium Player Programs;
- 2.1.2 The conduct of VIPTB; and
- 2.1.3 The introduction of players and the payment of related commissions (where applicable).

2.2 The creation and maintenance of an audit trail for the monitoring and recording of Junket and Premium Player Programs, the Introduction of Players and VIPTB. The establishment of an audit trail will be achieved as follows:

2.2.1 Junket and Premium Player Programs:

- (a) Prior to commencement of program play, the completion (and subsequent retention) of a Program Agreement which will document at a minimum:
 - (i) The name of the Junket Operator (or Agent) or Premium Player;
 - (ii) The Program type;



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- (iii) For Junket programs, the names of the Junket Players;
 - (iv) The amount of front money;
 - (v) Any commission payable to the Junket Operator (as applicable);
 - (vi) Approval of the terms and conditions by the Junket Operator (or Agent) or the Premium Player and the authorised Crown representatives; and
 - (vii) Any subsequent changes to the agreed terms and conditions.
- (ii) The retention of copies of identification obtained in accordance with **the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)***.
 - (iii) Completion (and subsequent retention) of Junket Program or Premium Player Settlement Sheets, including the payment of related commissions (**except for standard complimentary programs**).
 - (iv) Logging of verbal instructions received in respect of a Junket Program Agreement or a Premium Player Program. Such instructions will be forwarded to the Junket Operator or Junket Program Player (as applicable) or Premium Player, within 48 hours of receipt.

2.2.3 Introduction of Players

- (a) Prior to the arrival of the introduced player(s), completion (and retention) of a signed Letter of Introduction which will document at a minimum:
 - (i) The name of person introducing player(s);



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- (ii) The name of the player(s) introduced to Crown and expected date(s) of their visit;
- (iii) Any commission payable to the person introducing the player(s) (as applicable);
- (iv) Approval of the terms and conditions by person introducing the player(s) and the authorised Crown representatives; and
- (v) Any subsequent changes to agreed terms and conditions.

2.2.4 VIPTB

- (a) Crown must maintain records to support, that for each patron participating in VIPTB, that patron:
 - (i) Is/was subject to a Junket or Premium Player Agreement with Crown;
 - (ii) Has actively participated in Junket and/or Premium Player activity at Crown; and
 - (iii) Is a non-resident of Australia.
- (b) A register of patron representatives who will assist in the conduct of VIPTB activities must also be maintained.
- (c) Voice communications between Crown, International VIPTB patrons and their representatives during the conduct of gaming, must be recorded and made available to Inspectors of the VCGLR on request.
- (d) Recordings made in accordance with 2.2.4 (c) above, must be retained for at least 30 days post settlement of the respective Junket or Premium Player Program.

2.3 Independent Review, Authorisation and Approval

2.3.1 Crown will ensure that appropriate independent review, authorisation and approval processes are in place for:

- (a) Junket Program Agreements;
- (b) Premium Player Program Agreements;



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- (c) Letters of Introduction;
 - (d) VIPTB arrangements; and
 - (e) Verbal instructions logged in accordance with 2.2.1(a)(iv) above (where verbal instructions are received in the presence of two (2) or more Crown representatives).
- 2.3.2 A minimum of two (2) employees will be required to approve:
 - (a) Junket Program Agreements;
 - (b) Premium Player Program Agreements;
 - (c) Letters of Introduction; and
 - (d) Verbal instructions logged in accordance with 2.2.1(a)(iv) above (where verbal instructions are received in the presence of two (2) or more Crown representatives).
- 2.4 Provision of Data and Reporting
 - 2.4.1 Crown will provide the VCGLR with notification of all new non – resident Junket Operators.
 - 2.4.2 Provision of reports and/or data to support the Minimum Standards and Controls must be provided to the Victorian Commission for Gambling and Liquor Regulation as requested.
- 2.5 Audit
 - 2.5.1 Crown will ensure that it has robust processes in place to consider the ongoing probity of its registered Junket Operators, Junket Players & Premium Players.
 - 2.5.2 Crown will cease its relationship with a registered Junket Operator (or agent) or a person introducing players if formally requested to do so by the VCGLR.



Risk Assessment
Junket and Premium Player Programs
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(a) Risk Assessment Matrix

The following matrix identifies and evaluates risks inherent in the conduct of Junkets (accompanied and unaccompanied) and Premium Player Programs as follows:

- H = High
- S = Significant
- M = Moderate
- L = Low

Minimum standards and controls have been identified which address each risk.

Risk	Initial Risk Rating	Minimum Standards and Controls				
		2.1	2.2	2.3	2.4	2.5
Criminal influence and exploitation	S	X	X	X	X	X
Unauthorised / incorrect commission or fee paid to Junket Operator (or agent) or other person introducing players to Crown	S	X	X	X	X	
Unauthorised Junket / Premium Player Program activity	M	X	X	X	X	
Failure to notify the Commission of Junket / Premium Player Program activity or players introduced to Crown	M	X	X		X	



(b) Initial Risk Rating

Using the principles of AS / NZS 31000:2009 the initial risk rating has been determined based upon the likelihood of the event occurring and the impact of the occurrence (in the absence of any controls). The initial risk rating is the product of the likelihood and impact.

Event	Likelihood¹	Impact²	Initial Risk Rating³
Criminal influence and exploitation	3	3	S
Unauthorised / incorrect commission or fee paid to Junket Operator (or agent) or other person introducing players to Crown	3	3	S
Unauthorised Junket / Premium Player Program activity	3	2	M
Failure to notify the Commission of Junket / Premium Player Program activity or players introduced to Crown	3	2	M

Notes

1. Refer Table A below
2. Refer Table B below
3. Refer Table C below



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Table A – Measure of Likelihood

For each risk identified the likelihood of the risk occurring must be determined in the context of existing controls. In determining risk likelihood, the frequency of the underlying activity must also be taken into account.

Rare 1	Unlikely 2	Possible 3	Likely 4	Almost Certain 5
The problem or situation may occur only in exceptional circumstances	The problem or situation could occur at some time	The problem or situation might occur at some time	The problem or situation will probably occur in most circumstances	The problem or situation is expected to occur in most circumstances



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Table B – Measure of Impact

For each risk identified the consequence(s) of the risk occurring must be determined in the context of Crown Melbourne’s Key Result Areas as follows:

	Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5
Financial Objectives Contribution	Financial loss up to \$5M	Financial loss between \$5M and up to \$18M	Financial loss between \$18M and up to \$45M	Financial loss between \$45M and up to \$200M	Financial loss in excess of \$200M
Reputation Investor Confidence /Brand	No impact on Investor Confidence / Brand	Isolated impact on Investor Confidence / Brand	Some impact on Investor Confidence / Brand	General impact on Investor Confidence/ Brand	Widespread impact on Investor Confidence/ Brand
Customer Objectives Our Customers Marketing	An event, the impact of which can be absorbed through normal activity , confined to very small number of products, services or customers, no adverse external criticism or publicity	An event, the consequences of which can be absorbed but management effort is required to minimise the impact, confined to a substantial minority of products services or customers, criticism by directly affected customers or managers	A significant event which can be managed under normal circumstances, many products and services affected, some external criticism by customers , key stakeholders, low key media directed at company / Chief Executive Officer / Board	A critical event which with proper management can be endured, products and services curtailed due to failure to deliver, serious external criticism by key stakeholders, high profile media	A disaster with potential to lead to collapse of the business, significant irreparable impact on customers' prospects
Business Processes Compliance Process Improvement	No measurable operational impact to the business, issues of individual significance, no adverse external criticism or publicity	Impact limited to single area of the business, management intervention required, minor degradation of service, issues of company significance, criticism by directly affected customers or managers	Impact to multiple areas of the business, can be managed with significant management intervention, significant degradation of service, issues of local area significance, some external criticism (by customers , key stakeholders, low key media) directed at company / Chief Executive Officer / Board	Impact to widespread areas of business, significant mobilisation of resources and significant management intervention required, major degradation of service, issues of nationwide significance, serious external criticism (by key stakeholders, high profile media)	Threatens long term viability of the business, issues of international significance
Our People	Minor injury, issues of individual significance, no impact on staff morale, no loss of staff	Significant injury, issues of company significance, minimal impact on staff or overall morale, no or minimal loss of staff	Serious injury or fatality, issues of local area significance, impact on staff noticeable, degree of change in morale, some loss of staff	Serious injury or fatality, issues of nationwide significance, substantial impact on overall staff and morale with performance affected, measurable increase in stress related issues, some loss of staff including key management	Multiple fatality, issues of international significance, impact on staff and morale severe, widespread loss of staff and key management



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Table C – Risk Analysis – Level of Relative Risk

Likelihood / Impact		Insignificant	Minor	Moderate	Major	Severe
		1	2	3	4	5
Almost Certain	5	S	S	H	H	H
Likely	4	M	S	S	H	H
Possible	3	L	M	S	H	H
Unlikely	2	L	L	M	S	H
Rare	1	L	L	M	S	S

H = High
 S = Significant
 M = Moderate
 L = Low