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5 February 2021

Mr Scott May  
General Counsel

Mr Cameron Warfe  
Principal Solicitor

Victorian Commission for Gambling and Liquor Regulation  
Level 3, 12 Shelley Street  
RICHMOND VIC 3121

Dear Mr May and Mr Warfe

**Amended Show Cause Notice dated 17 November 2020 | Request for further particulars**

We refer to:

- (a) Ross Kennedy's letter dated 17 November 2020 and its enclosed Amended Notice under section 20 of the *Casino Control Act 1991* (Vic) (**Act**) dated 17 November 2020 (**Amended Notice**);
- (b) the hearing of the Commission in respect of the Amended Notice which took place on 21 January 2021 (**Hearing**); and
- (c) subsequent correspondence between the Commission and Crown regarding clarifications sought by the Commission to assist with its determinations in connection with the Amended Notice (**Clarifications**).

As requested, we have set out in Annexure A our responses to the Clarifications. Additionally, Annexures B, C and D provide additional details in respect of Clarifications 6, 8 and 14 respectively.

There are a number of references to documents made throughout the annexures to this correspondence. MinterEllison will write to you separately to provide you with copies of those documents on Crown's behalf.

For completeness, many of the documents (or identical copies of the documents) referred to have been previously provided to the Commission in response to notices issued under section 26 of the Act. For ease of reference we will arrange for these to be re-provided, and will indicate where a document has not previously been provided to the Commission.

**Non-publication legislation**

As the Commission is aware, Crown is subject to a number of non-disclosure provisions in Commonwealth legislation which preclude it from providing particular kinds of information to the Commission. These include (but are not limited to):

- (d) section 123 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth); and
- (e) section 355-155 of the *Taxation Administration Act 1953* (Cth).

To the extent that any such information is contained in documents otherwise relevant to the submission, it has been redacted or otherwise not produced.

Where a record is subject to a restriction of the kind described, Crown has marked the document with a redaction labelled '*Confidential – NDI*' (Non-Disclosable Information). To the extent that the Commission considers that, by reason of the non-provision of NDI, it is incapable of making a determination on a relevant matter arising on the Amended Notice, Crown would welcome an opportunity to discuss how the Commission's concerns could be ameliorated.

As always, please feel free to contact us if you would like to discuss any aspect of this correspondence.

Yours sincerely



**Ken Barton**  
Director, Crown Melbourne Limited  
Managing Director and Chief Executive  
Officer, Crown Resorts Limited

**Xavier Walsh**  
Chief Executive Officer, Crown Melbourne  
Limited

## Annexure A | Clarifications

### Clarification 1: What is Crown's risk appetite for dealing with junkets and 'persons of interest'? What was it historically? Please detail, by reference to documents if applicable. [P-51.18-19]

1. As to junkets, Crown has permanently ceased dealing with all junket operators. Crown will only recommence dealing with a junket operator if that junket operator is licensed or otherwise approved or sanctioned by all gaming regulators in the States in which Crown operates. It follows that Crown does not presently have any risk appetite for dealing with junkets.
2. A formal risk appetite statement was adopted by the Board of Crown in November 2018. The risk appetite statement establishes the governing principles and overall tolerances for risk appetite pursuant to which the business conducts itself.<sup>1</sup> By its nature, it is broadly defined, as the frequency of developments in risks (or identification of new risks) in Crown's operating business would render a granular risk statement untenable and could result in such a document stagnating or being unresponsive to new or emerging risks. Rather than attempting to codify every possible risk to which the business may be exposed, the risk appetite is designed to guide risk taking activities and tolerances and communicate the Board's expectations of risk culture.
3. Crown's risk appetite defines seven categories of potential consequences any particular event could trigger and sets out a threshold (by reference to both qualitative statements and quantitative metrics), above which matters must be escalated to the Board for consideration.
4. Conceivably, the materialisation of any individual risk might impact multiple categories of potential consequences. As such, the appetite does not confine individual risk elements to a single consequence. Instead, the risk appetite statement is translated into a risk matrix,<sup>2</sup> which is provided to the business, which must then make decisions and assessments by reference to the Board's risk appetite statement and operate within the Board determined tolerances.
5. Dealing with junkets and dealing with persons of interest could give rise to a number of risks including risk to reputation or risk of financial loss, which are matters specifically contemplated and captured by the risk appetite. Prior to 2018, the risk appetite was not formally documented within a Board approved Risk Management Strategy.
6. As a result, to implement and document the factors it considers in assessing a risk in respect of a person of interest, and the weighting attributed to each, Crown has developed a POI Decision Assessment tool.<sup>3</sup> This tool demonstrates the variable features which are capable of being considered regarding any decision to deal with a patron.
7. The policy and standards applied in decision-making around persons of interest are set out in the charter for the POI Committee,<sup>4</sup> which is charged with assessing persons for potential exclusion from the Casino. These are also reflected in the POI Committee Process Document,<sup>5</sup> and in the POI Decision Assessment tool, which calculates a risk rating once all relevant information is input.
8. Over time, the risks which are considered in the POI Committee Process Document and the POI Decision Assessment tool have remained relatively stable. The weighting applied to each risk element has changed in recent times. In particular, the increased risk of Crown being associated with persons who are not of good repute has resulted in the company placing a greater weight on allegations of wrongdoing, where no charge or conviction is recorded.<sup>6</sup>

<sup>1</sup> CRL.787.001.0018, from .0030.

<sup>2</sup> CRL.787.001.0015.

<sup>3</sup> CRL.785.001.0059.

<sup>4</sup> CRL.787.001.0010.

<sup>5</sup> CRL.787.001.0004.

<sup>6</sup> See i.e. Mr Walsh's opening submission in the Hearing, [P-5.25-28 and 35-38].

**Clarification 2: What was the process for reviewing the probity of a junket participant? Please detail, by reference to documents if possible. [P-17.44 to 18.20]**

9. All junket participants are initially subject to Know Your Customer checks, and then using the information obtained through this process, screened daily through Dow Jones (or World Check, prior to November 2018). In addition, junket participants are actively monitored under applicable Crown AML-CTF Programs. As a part of the AML-CTF Program, junket participants were subject to enhanced due diligence checks where material adverse information was identified. Further details regarding AML-CTF Programs are provided in Clarifications 6, 8 and 14. We have also provided a copy of relevant AML-CTF Programs which have assisted us in responding to Clarifications 12 to 14.
10. The process for reviewing the probity of a junket *operator* or a junket *player* was illustrated by the following documents (which have been included with this submission):
  - (a) a summary of the junket operator review process applicable from 13 January 2017;<sup>7</sup>
  - (b) a summary of the junket participant review process applicable as at 7 August 2019;<sup>8</sup>
  - (c) the Credit Control Procedures & Policy Manual, which details processes regarding financial assessment of patrons and potential new customers;<sup>9</sup> and
  - (d) a Credit Request and a Patron Credit Profile training document, which summarise due diligence and credit assessment steps taken when considering providing credit to a patron.<sup>10</sup>

**Clarification 3: Was Mr Pan subjected to searches of the ASIC register at any point prior to 23 June 2019? [P-17.44 to 18.20]**

11. Crown did not conduct a search of the ASIC register in respect of Mr Pan prior to 23 June 2019.

**Clarification 4: Does Crown have any record of the fact that it conducted checks on Mr Pan in its World Check and Dow Jones systems? [P-23.44]**

12. Included in the documents provided with this submission is a daily result for Mr Pan dated 4 February 2020.<sup>11</sup> These records are not retained where there is a nil result – that is, where no adverse material is identified in respect of a person. However, the daily result provided confirms that Mr Pan was included in the daily screening from the commencement of Crown's use of that database on 23 November 2018.
13. Similarly, a record is not retained from World Check when it produces a nil result. Unfortunately, as Crown has ceased to use the World Check service, and no positive results were returned in respect of Mr Pan, there is no document which confirms he was entered into the World Check system.

**Clarification 5: Was the failure to commission a report in 2016-2017 such as the Berkeley Group Report, to obtain further information regarding the alleged imprisonment of Mr Song indicative of an insufficiently robust process being adopted in respect of Mr Song? [P28.36-42]**

14. To clarify the position, Crown did commission and obtain a report from C6 Intelligence, a independent intelligence provider, on Mr Song on 12 December 2016 (**Song C6 Report**).<sup>12</sup>
15. As Mr Loxley informed the Commission at the Hearing, the reference in the Berkeley Group report to Mr Song being sentenced to two years and eight months in prison is a reference expressly sourced from 'client supplied information'. The client-supplied information in question was the Song C6 Report which was supplied to Berkeley Group by Crown.

<sup>7</sup> CRL.784.001.0302.

<sup>8</sup> Email from Michelle Fielding to Stuart McClelland dated 7 August 2019.

<sup>9</sup> CRL.785.001.0030.

<sup>10</sup> CRL.785.001.0003 and CRL.785.001.0009 respectively.

<sup>11</sup> CRL.787.001.0039.

<sup>12</sup> CRL.500.002.5639.

16. C6 Intelligence (now Acuris Risk Intelligence) is an independent intelligence provider, which draws upon a combination of human intelligence and data analysis to conduct assessments of persons, for the purpose of enabling its clients to identify potential third party risks to their business. C6 Intelligence was specifically engaged in 2016 to conduct an independent assessment of Mr Song, and the C6 Song Report is the product of that engagement.

17. The Song C6 Report relevantly observes:<sup>13</sup>

*Adverse media reports about the subject [Song] and his associated individuals and businesses were identified and are presented below:*

- *According to an article dating from 16 July 2003 in News Sina, the subject was involved in a court case together with a criminal gang he took part in. The court case took place on 15 July 2003, at the Huishan District Court, Wuxi City, Jiangsu Province, China.*
- *According to the article SONG Zezhai, Tang Shengming and Wu Zhengfang were engaged in an illegal gambling criminal gang. The gang began operating on September 2001 in Wuxi City.*
- *The court found that the criminal group had held a total of 300 instances of illegal gambling from September 2001 to December 2002, and it had acquired a total of RMB 2,400,000 (GBP 276,497) worth of illegal gambling winnings.*
- *On 1 August 2003, Song Zezhai was sentenced to 2 years and 8 months of prison and had RMB 300,000 (GBP 34,562) confiscated. Further to this, all illegal gambling winnings of the group were confiscated by the authorities.*

18. This information, in a report obtained in 2016, was not materially expanded upon by the Berkeley Group Report, other than information obtained from a discreet source, which matched the information provided by Crown to the Berkeley Group. Additionally, Crown enquired further of C6 Intelligence in 2016 as to the provenance of its information, and did not uncover any further material information.<sup>14</sup>

19. Accordingly, Crown respectfully submits that it cannot be found that it did not conduct appropriate investigations into the matter in 2016, in circumstances where its robust and appropriate investigation into Mr Song (by the engagement of C6 Intelligence) led to the identification of the alleged imprisonment of Mr Song in the first instance.

**Clarification 6: Who at Crown was responsible for the decision to revoke the withdrawal of licence issued to Mr Prawira (Prawira Decision). Please also reference any contemporaneous documents recording the consideration of and basis for the Prawira Decision. [P- 32.15 to 33.34]**

20. The decision to issue a withdrawal of licence (**WOL**) to Mr Prawira was made by Mr Joshua Preston on 24 February 2015, in response to Crown receiving a World Check result which confirmed that Mr Prawira was subject to UN Security Council sanctions.<sup>15</sup>

21. The decision to revoke the WOL issued to Mr Prawira occurred on 8 August 2017. A number of senior Crown executives were involved in obtaining relevant information for the purpose of making this decision, including Mr Michael Chen, Mr Michael Neilson and Mr Preston. However, the ultimate decision to revoke Mr Prawira's WOL was made by Mr Barry Felstead, who was informed in his decision making by each of Messrs Chen, Neilson and Preston.

<sup>13</sup> CRL.500.002.5639, at .5641.

<sup>14</sup> CRL.787.001.0001.

<sup>15</sup> CWN.514.011.4132.

22. Included in the documents provided with this submission (and set out in Annexure B) are:
- (a) a copy of the email from Mr Felstead to Mr Preston approving the resumption of dealings with Mr Prawira, dated 7 August 2017;<sup>16</sup> and
  - (b) copies of each of the relevant records (and related correspondence) referred to in that email and relied upon by Mr Felstead in making the Prawira Decision.<sup>17</sup>

**Clarification 7: Why did Crown prepare a summary on Mr Chau<sup>18</sup> which stated "There has been no suggestion or request by any government body, including AUSTRAC, to discontinue doing business with Mr Chau" (Chau Summary), in circumstances where AUSTRAC had written to Crown on 8 June 2017 and queried the relationship with Mr Chau? [P-48.43 to 49.17]**

23. As is explained below, the Chau Summary was prepared on the very same day that AUSTRAC sent its 8 June 2017 email. The Chau Summary was triggered by, and intended to inform the response to, that 8 June 2017 email, and hence recorded the information that Crown had obtained up until that point in time.
24. The genesis of the Chau Summary was the email from AUSTRAC to Mr Scott Howell on 8 June 2017 (**AUSTRAC Email**).<sup>19</sup> The metadata for the Chau Summary demonstrates that it was an attachment to an email from Scott Howell to Joshua Preston on 8 June 2017, in which Mr Howell had forwarded an array of diligence materials to Mr Preston (**Host Email**).<sup>20</sup> The title of the Chau Summary, according to its metadata, is '*cheokwachau.doc*'.
25. In the Host Email:
- (a) Mr Preston is recorded as having asked for a comprehensive response, including "*the history of our assessment of CCW, the matters we have considered, why we have made our decisions, what escalation has occurred over time to management on CCW and any other relevant information that confirms why we have determined to continue to do business with him*"; and
  - (b) in response, Mr Howell sent two emails attaching due diligence materials. Relevantly, in his second email Mr Howell wrote '*Cheokwachau.doc is my draft on Cheok Wa CHAU history etc.*'
26. In circumstances where Mr Howell had been asked to prepare a comprehensive account of Crown's history with Mr Chau for the explicit purpose of enabling Mr Preston to consider the AUSTRAC Email, and Mr Howell prepared the Chau Summary for that purpose, it is unsurprising that the Chau Summary did not refer to the AUSTRAC Email.
27. We understand that the connection between the Chau Summary and the Host Email would not have been evident to those assisting the Commission on the face of the documents, and we apologise for any confusion caused.

**Clarification 8: What was the correct sequence of events around the timing of the discovery of \$5.6 million in cash in the Suncity Room (\$5.6 million incident), and additional controls being imposed by Crown on cash movements in the Suncity Room [P-43.21 to 44.40]**

28. We understand that there was some uncertainty regarding this timeline, which arose due to some confusion regarding oral evidence provided to the NSW Casino Inquiry by Mr Preston.<sup>21</sup> Having reflected on this, Crown expects that this arose due to a confused passage of evidence caused by audio delays between Sydney and Perth, which rendered portions of Mr Preston's evidence difficult to follow in the written transcript.

<sup>16</sup> CRL.782.001.0001.

<sup>17</sup> For completeness, and as discussed by the Commission and MinterEllison on 2 February 2021, Crown confirms that it has limited its production of records to only those which were relevant to the Prawira Decision. If further clarification is required, please do not hesitate to ask.

<sup>18</sup> CRL.500.002.6439.

<sup>19</sup> CRL.606.001.0211.

<sup>20</sup> CRL.500.002.6439.

<sup>21</sup> [p-36.4-17].

29. To assist the Commission, Annexure C provides an updated chronology of the key events involving Suncity between March and May 2018 which relate to the \$5.6 million incident. Where relevant, we have cited correspondence and documents available to the Commission in support of this timeline. This includes Confidential Annexure 3 to Mr Preston's first statement, which aligns with the chronology, and was not challenged in this respect by Counsel Assisting the Inquiry.

**Clarification 9: Was information regarding the AUSTRAC interest in Mr Chau, and relating to the \$5.6 million deposit, available to or otherwise known by those making decisions regarding Mr Chau's suitability and ongoing probity? [P-43.21 to 44.40]**

30. Yes, information regarding these two matters was available to those making decisions regarding Mr Chau's suitability and ongoing probity, as is demonstrated below.
31. As the Commission has been informed, Crown is bound by strict non-disclosure provisions in respect of certain categories of information by the operation of section 123 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML-CTF Act**). Broadly, these non-disclosure provisions cover matters including formation of relevant suspicions, the reporting of suspicious activity to AUSTRAC by Crown, and requests for information by Commonwealth agencies pursuant to section 49 of the AML-CTF Act (**Non-Disclosable Information, or NDI**).
32. Given the risks associated with sharing NDI, where such information exists it is tightly held, within Crown. It is not generally shared with members of the VIP Credit team, who were responsible for the preparation of the due diligence profile for Mr Chau<sup>22</sup> which was considered by the Commission at the Hearing.
33. Further, given the prohibitions associated with NDI, a general degree of caution is taken in relation to all engagement with AUSTRAC, including in respect of matters where NDI is not present. These matters include the receipt of the AUSTRAC Email, and the \$5.6 million incident. As such, only limited Crown personnel are entrusted with detailed information of this character, including broader details that may not be capable of being disclosed to the Commission.
34. The above being noted, when Mr Preston approved the continuing relationship with Mr Chau on 16 June 2017, Mr Preston had before him both:
- (a) information regarding the probity of Mr Chau which was collated by the VIP Credit team and which was ordinarily collated in his due diligence profile,<sup>23</sup> and
  - (b) advice from Mr Howell that "*Mr Cheok Wa Chau is the Junket Operator Austrac (sic) chased information on*", a reference to the AUSTRAC Email (of which Mr Preston was already aware – see the response to Clarification 5 above).<sup>24</sup>
35. Crown also seeks to draw to the Commission's attention to an email from Mr Preston to Mr John Alexander and copied to Mr Barry Felstead, in which Mr Preston provides details of his engagement with AUSTRAC in respect of Suncity.<sup>25</sup> A version of that email was also provided to Mr Michael Johnston, who (along with Mr Preston and Mr Felstead) played a role as an approver of junkets.<sup>26</sup> In that email, Mr Preston states that he addressed AUSTRAC on a number of matters, including:
- (a) the Enhanced Due Diligence that Crown had conducted on Mr Chau and the customers of Suncity; and
  - (b) the details and background to the \$5.6 million deposit.

<sup>22</sup> See i.e. 2017: CRL.500.007.1107; 2018: CRL.500.007.1401; 2019: CRL.500.007.1577.

<sup>23</sup> CRL.579.010.2548. The second link in the email from Mr Ternes to Mr Howell, which was forwarded to Mr Preston, contained the contents of Mr Chau's then-current patron due diligence profile, as set out in CRL.500.007.1107.

<sup>24</sup> CRL.500.005.2836. As much appears to have been accepted by Counsel Assisting the Commission in oral submissions [P-35.32-34].

<sup>25</sup> CRL.501.039.5142.

<sup>26</sup> CRL.586.029.7948.

36. It follows from this description that in his active consideration of matters relating to Mr Chau, Mr Preston had not only regard to due diligence materials and the \$5.6 million incident, but that he also saw fit to consult with AUSTRAC on these matters in unison. It is also notable that this information was communicated to Mr Felstead, also a decision-maker with respect to junket operator relationships, demonstrating that such information was made available to him as well.
37. Notwithstanding the limitations on providing to the Commission information about these matters, the above correspondences at least demonstrate that relevant information was before relevant decision-makers, specifically Mr Preston and Mr Felstead, at the time of making relevant decisions.

**Clarification 10: A report from C6 Intelligence dated 12 December 2016<sup>27</sup> (C6 Chau Report) indicated that Mr Chau was a Politically Exposed Person (PEP). At what date did Crown update its internal risk rating system to record Mr Chau's status as a Politically Exposed Person (PEP)? If this did not occur on 12 December 2016, please provide an explanation as to why this did not occur at that date. [P-35.12 to 35.24, P-40.38 to 41.01]**

38. Crown has reviewed the timing of Mr Chau's internal risk rating being adjusted from 'Significant' to 'High – PEP'. It appears that those persons responsible for obtaining the C6 Chau Report provided it to senior management for approval of the continuing relationship, but a copy was not provided to Mr Scott Howell, the person responsible for updating the status of patron risk ratings, until June 2017.
39. Notwithstanding, Mr Chau was nevertheless at all times subject to the same controls as a patron who had been recorded as a PEP on account of factors including the scale of his activities and the fact that he was a junket operator. These controls included:
- (a) obtaining senior management approval for the commencement or continuation of a business relationship;
  - (b) establishing the source of wealth and source of funds; and
  - (c) conduct enhanced ongoing monitoring of the business relationship.<sup>28</sup>
40. These steps wholly align with the requirements of the Crown Melbourne AML-CTF Program applicable to PEPs at the time (which is discussed generally below).<sup>29</sup>
41. When the C6 Chau Report was provided to Mr Howell in June 2017, Mr Chau's status as a PEP was recognised and his AML-CTF risk status was updated. As a result of this, the step in 39(a) was specifically refreshed by seeking and obtaining the approval of the then-AML Compliance Officer, Mr Preston, to continue to do business with Mr Chau.

**Clarification 11: What, if any, further actions were taken in response to the finding in the C6 Chau Report that "[a]ccording to media reports, Chau is associated with Beng Yaju, an individual reportedly affiliated with Chinese criminal syndicates"? [P-47.20-24]**

42. The allegation of the potential or actual link between Mr Chau and Beng Yaju had already been brought to Crown's attention from at least as early as 26 May 2016, upon the receipt of a Wealth X dossier.<sup>30</sup> At the time of receipt of that dossier, it was processed by Crown's AML team and Mr Chau's risk rating was assessed and maintained as 'Significant'.
43. As is demonstrated by Mr Chau's annual junket profiles, the fact of the link being made to Beng Yaju / Wan Kuok-Koi continued to be recorded as a relevant matter for consideration in

<sup>27</sup> CRL.500.002.6427.

<sup>28</sup> Consistent with recommendations 10, 12 and 22 of the International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation – The FATF Recommendations, Financial Action Taskforce (FATF), updated October 2020, <http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf>

<sup>29</sup> CRL.531.001.0285, at .0381.

<sup>30</sup> CRL.500.004.5259, at .5260, .5262, and .5264. "Beng Yaju" is a shorthand Mandarin pinyin transliteration of 崩牙駒, which is more accurately transliterated as bēng yá jū (Cantonese: bung nga keui; English: Broken Tooth Koi). This is a commonly-used nickname for the Macanese businessman 尹國駒 (pinyin: Yǐn Guójū; Cantonese: Wan Kuok-Koi). It follows from this that the reference to 'Beng Yaju' was a reference to Wan Kuok-Koi.



each review.<sup>31</sup> However, as no new information over and above that which was identified on 26 May 2016 was identified in those reviews and underlying materials, and that it had already been factored in during May 2016, no consequent adjustment was made to his risk rating on the basis of this allegation in those reviews.

44. Finally, for completeness, Counsel Assisting the Commission queried why the Chau Summary did not make reference to the connection to 'Beng Yaju'.<sup>32</sup> The Chau Summary, which was a draft, did contain the following:<sup>33</sup>

*This report made reference 'In 2012, the US government reported that Mr. Chau & two others were identified in the organised crime figures & were restricted to do business only in Macau & China'.  
(see attached report with date 06022015).*

*There was an updated Wealth Insight report 07/04/2016.  
(see attached report with date 07042016).*

*There was a Wealth X report 26/05/2016. This report made reference 'Appears to be a former member of the 14K Triad's Macao branch under the leadership of Kuok Koi Wan'.  
(see attached report with date 26052016)*

45. Having regard to the above clarification regarding the identity of Beng Yaju, Crown submits that the substance of the allegation against Mr Chau was sufficiently included in the Chau Summary. Again, Crown accepts that this may not have been evident to those assisting the Commission on the face of the documents, and apologises for any confusion caused.

**Clarification 12: What are the different actions, treatments or controls which would apply to a person with different risk ratings? [P-41.04-09, 53.9-12]**

46. At that time, the process for risk ratings of patrons (and AML-CTF processes more generally) were governed by the Crown Melbourne AML-CTF Program.<sup>34</sup> The AML-CTF Program is a detailed statement of the requirements to be followed and processes applied in the assessment of AML-CTF risks and compliance. A copy of the applicable AML-CTF Program is provided with this response.
47. Pursuant to the AML-CTF Program, there are four ratings for all customers: "Low", "Moderate", "Significant" or "High".
48. Customers who participate in any form of rated play are initially allocated a risk rating of "Low" until Crown obtains further information, and may be escalated to "Moderate", "Significant" or "High" in appropriate circumstances, as set out in the AML-CTF Program.
49. Annexure G of the AML-CTF Program explains the differences between the customer risk ratings, and the measures and controls applied in respect of patrons at each level.<sup>35</sup> Additionally, Appendix 3 to Annexure E of the AML-CTF Program identifies a series of specific events which would require an action to be taken in respect of a patron, once information of a particular kind became known to Crown.

**Clarification 13: At the time these decisions were made, what processes were in place to determine whether a risk had grown to an unacceptable level, and that a relationship had to be suspended or ceased? [P.54.33-38]**

50. As set out above, the AML-CTF Program generally sets out the activities, behaviours and factual circumstances which would lead to an adjustment in the risk rating of a patron.

<sup>31</sup> 2017: CRL.500.007.1107; 2018: CRL.500.007.1401; 2019: CRL.500.007.1577.

<sup>32</sup> Hearing transcript, [P-46.36-45].

<sup>33</sup> CRL.500.002.6441.

<sup>34</sup> CRL.531.001.0285 (Version 8, 23 November 2018). Earlier applicable versions are also now provided and marked CRL.532.001.0482 and CRL.532.001.0560. Version 8 was superseded by the implementation of the Joint AML-CTF Program in November 2020 – however, for simplicity, we refer in this response to version 8, which is the last program that applied to any of the patrons the subject of the Amended Notice while they were engaged in activity at Crown Melbourne.

<sup>35</sup> CRL.531.001.0285, at .0379.

51. Annexure G of the AML-CTF Program also sets out the rating triggers which would result in an assignment of a risk rating of "High". In the event that a "High" rating is determined, in addition to specific actions being taken, the AML-CTF Program required Crown to take one or more of the following actions:
- (a) issue a withdrawal of licence to the patron;
  - (b) seek and obtain a Letter of Comfort from the relevant law enforcement agency; or
  - (c) continue to monitor and report to AUSTRAC as necessary.<sup>36</sup>
52. Additionally, where a patron was ascribed a "High" rating and was known to be a PEP, Crown was required to do both of the following:
- (a) take reasonable measures to determine that person's source of wealth and source of funds; and
  - (b) obtain Senior Management approval before establishing or continuing the business relationship with the person.<sup>37</sup>

**Clarification 14: What were the AML-CTF Program risk ratings which applied to each of the four persons the subject of the Amended Notice, and what were the elements (impact and likelihood) which contributed to those risk ratings? [P52.37-P53.7]**

53. The second column of Annexure D sets out the inherent risk ratings (including changes to these ratings) for each of the patrons the subject of the Amended Notice. Where permitted by law, the risk information contributing to the change in a patron's rating has been included in the third column of Annexure D.
54. A patron's risk rating is calculated by reference to risk information arising in relation to that patron, which is understood to increase Crown's potential exposure to an AML-CTF risk. The relevant risk elements will naturally vary, depending upon the nature of the risk information arising.
55. The risk elements applicable to the risk information identified in respect of each of the persons the subject of the Amended Notice is set out and explained in Annexure E of the AML-CTF Program.<sup>38</sup>

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<sup>36</sup> CRL.531.001.0285, at .0380

<sup>37</sup> CRL.531.001.0285, at .0381.

<sup>38</sup> CRL.531.001.0285, at .0314 to .0384.

**Annexure B | Prawira Decision**

Date	Description	Document ID
8 August 2017	Email from Barry Felstead to Joshua Preston approving Crown to deal with Prawira.	CRL.782.001.0001
7 August 2017	CVCheck Report (Yoseph Prawira)	CWN.567.013.0679
7 August 2017	C6 Intelligence Report (Yoseph Prawira)	CRL.500.003.6567
4 August 2017	World Check result (Yoseph Prawira)	CRL.500.003.6145
3 August 2017	Visa Entitlement Verification Online (VEVO) Check for Yoseph Prawira	CWN.567.013.0704
7 October 2016	Email from Michael Neilson to Josh Preston confirming discussion regarding Prawira	CRL.786.001.0003
22 August 2016	Email from Neil de Lima to Joe Agahari copied to Josh Preston regarding Prawira source of wealth	CWN.514.038.0966
13 July 2016	Email from Joshua Preston to Barry Felstead forwarding an exchange with Tito Isaac & Co LLP	CWN.517.004.1497
30 May 2016	Letter from Tito Isaac & Co LLP to Joshua Preston	CWN.517.004.2553
17 May 2016	Email from Joshua Preston to Tito Isaac & Co LLP	CWN.517.004.2578
21 April 2016	Reference letter from the Singapore Police Force – Yoseph Prawira	CWN.567.013.0686
11 March 2016	Maybank Account Closure slip confirming Mr Prawira attended Maybank Tower in Singapore	CWN.567.017.4669
24 February 2016	Notification of the grant of Australian visa (Yoseph Prawira)	CWN.539.087.5649
21 October 2014	Reference letter from the Indonesian National Police – Yoseph Prawira (Bahasa Indonesian copy)	CWN.567.013.0684
21 October 2014	Reference letter from the Indonesian National Police – Yoseph Prawira (English copy)	CWN.567.013.0685
22 September 2014	Indonesian Passport of Yoseph Prawira	CWN.514.034.1850

## Annexure C | Clarifications to Suncity timeline

Date	Event	Supporting record
March 2018	Crown receives a report regarding large amounts of cash being stored in the Suncity Room.	CRL.615.001.0486
17 April 2018	Crown determines the following additional controls were to be implemented in the Suncity Room: (a) all customer deposits were to take place at the Mahogany Cage; and (b) cash of up to \$100,000 could be held in the Suncity Room for petty cash purposes and not for the purposes of gambling.	CRL.609.007.8703 CRL.577.002.0001
17 April 2018	Crown Melbourne tells Suncity about the new cash limit controls that were put in place for the Suncity Room, which would come into effect on 20 April 2018.	CRL.609.007.8703 CRL.577.002.0001
20 April 2018	Crown Melbourne attends the Suncity desk to commence the implementation and enforcement of the additional controls referenced above. During the audit, Crown was advised by Suncity staff that there was an amount of \$5.3 million held at the Suncity desk. Crown staff, including Cage, surveillance and security staff, counted the money which had been provided by Suncity and inspected the various drawers and cupboards in the Suncity Room, at which time an additional \$300,000 was located. The note counting machine at the Suncity desk is removed at this time.	CRL.609.007.8703 CRL.577.002.0001
5 May 2018	Crown conducts an audit to confirm the additional controls were being followed.	CRL.609.007.8703 CRL.577.002.0001
11 May 2018	Crown Melbourne implements an additional control in relation to the Suncity Room, which requires any Suncity patron deposit above the amount of \$300,000 to be approved by senior VIP business executives.	CRL.609.007.8703

## Annexure D | Changes in patron risk ratings

### Chcek Wa Chau (Current rating – Inactive WOL)

Date	Rating	Risk information
30 June 2010	Moderate	<b>Confidential – NDI</b>
5 February 2014	Significant	Patron identified as an associate of Cheng Ting Kong. Article published linking Kong to triads.
5 June 2017	High PEP	Patron identified as a politically exposed person.
22 January 2021	Inactive	POI Committee resolved to issue a withdrawal of licence issued to patron.

### Zhao Yuan Pan (Current rating – Inactive WOL)

Date	Rating	Risk information
7 June 2007	Moderate	<b>Confidential – NDI</b>
8 November 2011	Significant	Discrepancy identified in KYC check (business address listed as residential address on patron profile).
6 October 2016	Moderate	Decrease in risk rating based on review by AML team, having regard to patron history and passage of time.
3 March 2017	Significant	<b>Confidential – NDI</b>
1 August 2019	High	Media articles published linking Pan to alleged human trafficking and money laundering offences.
2 November 2020	Inactive WOL	POI Committee resolved to issue a withdrawal of licence issued to patron. <sup>39</sup>

### Yoseph Prawira (Current rating – Inactive WOL)

Date	Rating	Risk information
9 January 2012	Moderate	<b>Confidential – NDI</b>
27 February 2015	High	World Check finding confirming sanctions against patron.
2 November 2020	Inactive WOL	POI Committee resolved to issue a withdrawal of licence issued to patron.

### Zezhai Song (Current rating – Inactive WOL)

Date	Rating	Risk information
25 August 2009	Moderate	<b>Confidential – NDI</b>
7 May 2013	Significant	<b>Confidential – NDI</b>
22 January 2021	Inactive WOL	POI Committee resolved to issue a withdrawal of licence issued to patron.

<sup>39</sup> While the POI Committee resolved to issue a withdrawal of licence to Mr Pan in August 2019, the patron rating of 'Inactive WOL' was not implemented until November 2020, at which time Mr Pan's rating was converted from 'High' to 'Inactive WOL'.