

Attachment II



Memorandum

To: Ken Barton (Chief Executive Officer)

From: Claude Marais (General Manager – Legal and Compliance)

Date: 29 September 2020

Subject: Riverbank Investments Pty Ltd (Riverbank) and Southbank Investments Pty Ltd (Southbank) “Commercial in Confidence”

Dear Ken,

1. This memo is to update you on the internal investigation which the AML, Compliance and Credit Teams across Melbourne and Perth have been undertaking into cash deposits into the bank accounts of Riverbank and Southbank.
2. We have reviewed the following historical bank statements for:
 - (a) Riverbank from July 2013 (when it was with ANZ) up to the closure of the account in December 2019 (when it was with CBA); and
 - (b) Southbank from October 2013 up to the closure of the account in December 2019 (with CBA throughout).
3. Through the review periods, we have identified a total of 102 instances where:
 - (a) two or more cash deposits of less than \$10,000, but totaling more than \$10,000, were made to either the Riverbank or Southbank bank account;
 - (b) the deposits were within a 72 hour period; and
 - (c) the deposits were credited to a nominated patron account.
4. It appears that, in each of these instances, the multiple deposits were aggregated when details of them were entered into SYCO. This meant that they were not identified as individual deposits when they were reviewed by the AML team in accordance with our transaction monitoring program.
5. The details are summarized below:

	Riverbank	Southbank	Total
Number of instances	84	18	102
Number of cash deposits	429	180	609
Number of patron accounts to which the deposits were credited	51	10	61
Amount of deposits	\$3,813,828	\$1,409,573	\$5,223,401

6. The distribution across the years is as follows:

	Riverbank	Southbank	Total
2013	39	Nil*	39
2014	24	7	31
2015	13	5	18
2016	7	3	10
2017	1	3	4
2018	Nil	Nil	Nil
2019	Nil	Nil	Nil
Total	84	18	102

**For the year 2013, Southbank was reviewed between October 2013 to December 2013 (CBA account), with no incidents identified for this period. Prior to the opening of the CBA account, Southbank operated an HSBC account, which has not been reviewed.*

7. To put these instances in context:

(a) the total number and value of all credits (including cash deposits) to the Riverbank account between July 2013 and December 2019 was:

	Total
Number of credit transactions	2,725
Value of credit transactions	\$238,253,910

The instances of aggregated deposits referred to above therefore comprised 15.74% of the total number of credits to the Riverbank account and 1.60% of total value of credits to the account for the full period.

(b) the total number and value of credits to the Southbank account between December 2013 and December 2019 was:

	Total
Number of credit transactions	21,641
Value of credit transactions	\$1,650,036,987

The instances of aggregated deposits referred to above therefore comprised 0.83% of the total number of credits to the Southbank account and 0.085% of the total value of credits for the full period.

8. In other words, this issue of aggregation affected a small proportion of the value of funds credited to the Riverbank and Southbank accounts – approximately 0.3%. Based on our current understanding, the other 99.7% of credits were not affected by aggregation and to the extent they comprised patron cash deposits or transfers, they were entered into SYCO and subject to the same AML transaction monitoring as deposits and/or transfers to the bank accounts of Crown Melbourne and Crown Perth.
9. Our investigations are continuing and we propose to have our work externally reviewed, but preliminary indications are:
 - (a) we are not aware of any law enforcement action being taken in relation to the aggregated deposits to the Riverbank account against any of the patrons involved;
 - (b) we are still checking to confirm that we are similarly not aware of any law enforcement action being taken in relation to the aggregated deposits to the Southbank account against any of the patrons involved;
 - (c) most, if not all, of the deposited funds were used to repay existing debts to Crown Melbourne or Crown Perth, or were used as front money for gaming by the relevant patrons; and
 - (d) Crown Melbourne and Crown Perth retains the gaming records for all patrons involved, so the monies deposited can be traced for AML purposes.
10. We will further update you as our investigations progress, which will include a corresponding review of the other casino bank accounts for Crown Melbourne and Crown Perth into which patron funds are deposited.

Yours sincerely,

Claude Marais
General Manager – Legal and Compliance