



17 March 2021

The Hon Ray Finkelstein AO QC
 Commissioner for the Royal Commission
 Castan Chambers
 460 Lonsdale Street
 Melbourne VIC 3000

Dear Commissioner

Royal Commission into the suitability of Crown Melbourne Limited to hold a Casino Licence (Commission)

Thank you for your letters dated 10 March 2021.

This letter responds to the letter directed to the findings of the inquiry conducted by the Honourable PA Bergin SC under s 143 of the *Casino Control Act 1992 (NSW) (Bergin Inquiry) (Request)*.

Crown Melbourne Limited (**Crown Melbourne**) and Crown Resorts Limited (**Crown Resorts**) (together, **Crown**) will co-operate with and assist the Commission.

Crown accepts that there is overlap between the Bergin Inquiry and the Commission, both in terms of the legislative framework under which the suitability question is to be addressed, and the facts relevant to answering that question.

For the purposes of this Commission, Crown responds to the specific questions asked on page 2 of the Request as follows.

- (a) **Whether Crown Melbourne contends there are any parts of, or findings contained within, the Bergin Report that the Commission should not have regard to or adopt?**
- 1 For the reasons set out in answer to question (c) below, based on the significant steps Crown has taken and is taking to address the issues identified in the Bergin Report and to ensure they do not happen again, Crown respectfully submits that the Commission should find that Crown Melbourne is a suitable person to continue to hold the casino licence under the *Casino Control Act 1991 (Vic)* and Crown Resorts is a Suitable Associate of Crown Melbourne.
 - 2 Crown accepts the following in respect of the three principal findings:

Crown Resorts Limited

ABN 39 125 709 953

Crown Towers
 8 Whiteman Street Southbank 3006
 Victoria Australia

Tel: +613 9292 8888
 Fax +613 9292 8808



Money laundering

- (a) Between 2013 and 2017 in the case of the Riverbank accounts, and between 2013 and 2019 in the case of the Southbank accounts, third parties engaged in apparent money laundering through the Riverbank and Southbank accounts. Crown inadvertently facilitated or enabled this activity despite concerns being raised by its bankers.¹

China arrests

- (b) Between 2015 and 2016, the pursuit of an aggressive VIP sales policy and failing to escalate risks through the appropriate corporate risk management structure, put China-based staff at risk of detention.

Junkets

- (c) Between 2012 and 2020, having relied on its due diligence, Crown entered into and/or continued commercial relationships with some “Junket” operators after becoming aware of a number of allegations in national and international media reports of links between those operators and Triads or other organised crime groups.

- 3 Crown further accepts that the Commission should adopt the contents of Chapter 1 and Chapters 2.1, 2.2, 2.6, and 2.7.
- 4 Given the timeframe set for Crown Melbourne’s response to the Request, and the length and detail in Commissioner Bergin’s report, Crown is not yet able, in this letter, to confirm whether there are other discrete findings stated in Commissioner Bergin’s report which it considers the Commission ought not adopt without further consideration. Crown is working through that process and would welcome the opportunity to engage with the Commission to prioritise sections or findings that may be of particular interest to the Commission so that Crown’s position on any findings of particular concern to the Commission can be identified at an early stage.

¹ Commissioner Bergin did not find that Crown had engaged in money laundering, or that it had knowingly facilitated money laundering by third parties, or that it turned a blind eye to this activity.



(b) **Whether Crown Melbourne accepts that, based on the evidence and the material that was before the Bergin Inquiry, it was open for it to:**

i) **Make the principal findings in relation to money laundering, the China arrests, and junkets**

5 Based on the evidence and the material before the Bergin Inquiry Crown accepts the principal findings as summarised at 2(a),(b) and (c) above in relation to money laundering, the China arrests, and junkets.

ii) **Conclude that Crown Resorts is not a suitable person to be a close associate of Crown Sydney**

6 Crown accepts that, based on the evidence and the material before the Bergin Inquiry, it was open for Commissioner Bergin to conclude that Crown Resorts was not a suitable person to be a Close Associate of Crown Sydney.²

(c) **Whether Crown Melbourne contends that the Commission should not adopt the unsuitability conclusions, stating the basis for that contention**

7 Crown respectfully submits that the Commission should not now adopt the unsuitability conclusions from the Bergin Report. Crown considers that greater weight could have been placed upon the steps that Crown had taken, prior to the completion of the Bergin Report. The point in time at which the suitability of Crown Melbourne and Crown Resorts is to be assessed by the Commission is critical. Adopting unsuitability conclusions made by the Bergin Inquiry based on evidence which closed in November 2020 would mean the Commission would be assessing suitability by reference to an evidentiary record that was frozen in time, without regard for the impact of the substantial reform program that Crown had embarked upon and that is continuing, as summarised in the **Attachment**.

8 We look forward to being of further assistance to the Commission as it undertakes its work.

Antonia Korsanos

Chairman

Crown Melbourne Limited

The Hon Helen Coonan

Executive Chairman

Crown Resorts Limited

² See paragraph 1, above.



Attachment

Crown's program of improvements includes the following:

- (a) The decision to cease operations in China and to close a number of other offshore offices following the China arrests;
- (b) The termination of the Services Agreement and Controlling Shareholder Protocol between Crown and CPH;
- (c) The commencement of Board succession process, including the retirement of Professor Horvath and John Alexander;
- (d) The appointment, on 24 January 2020, of an independent Chairman to the Board, who was later appointed Executive Chairman to the Board, on 15 February 2021;
- (e) The appointment of a new external independent auditor;
- (f) The appointment of new legal advisor to the company and a separate legal advisor to the Board;
- (g) Ceasing all dealings with junket operators;
- (h) Changes to Crown's organisational structure, including:
 - (i) a significantly larger and better resourced Compliance and Financial Crime team and the recruitment of a new Chief Compliance and Financial Crime Officer;
 - (ii) the separation of the Risk and Internal Audit functions, and the elevation of reporting lines (with the creation of a new Chief Risk Officer role); and
 - (iii) the establishment of the role of Chief People and Culture Officer with responsibility for driving cultural change within Crown;
- (i) Changes to Crown's risk management policy, processes and structures, including the development of a group-wide risk appetite and the articulation of escalation thresholds within the risk framework;
- (j) The introduction of immediate money laundering controls in response to issues raised during the Bergin Inquiry, including:
 - (i) direction to relevant Crown staff that under no circumstances should transactions be aggregated in Crown's casino management systems;
 - (ii) adoption of a manual transaction monitoring rule triggering a manual review of bank statements by the Financial Crime team on a weekly basis to identify potential suspicious transactions, including structuring;
 - (iii) adoption of a Third Party Transfers and Money Remitters Policy, which prohibits third party transfers (including from money remitters) into Crown's bank accounts



without prior written approval from the property CEO or equivalent and the AML/CTF Compliance Officer;

- (iv) adoption of a Return of Funds Policy, which prohibits cash deposits into Crown's bank accounts, and requires electronic transfers to be from the patron's personal bank account, and includes the patron's name and number in the transaction narrative; and
- (k) More broadly, the implementation of a program to uplift Crown's anti-money laundering controls, including the implementation of a new Joint AML/CTF Program, the development of automated transaction monitoring tools, and investment in resourcing and capability.
- (l) Changes to the composition of Crown's Board and senior management team. This includes the departure of Michael Johnston, Guy Jalland and John Poynton as directors, meaning CPH no longer has nominee representation on the Crown Board, as well as the departure of John Alexander, Harold Mitchell, Andrew Demetriou and Ken Barton;
- (m) Offshore offices were closed and overseas domiciled staff positions have been made redundant. The VIP operation has been pared back to a business function reporting to the Crown Melbourne CEO. Remaining roles within the VIP team, which historically operated as an independent business unit, have been integrated into Crown Melbourne's operations;
- (n) Commencement of Steven Blackburn in the position of Chief Compliance and Financial Crime Officer on 1 March 2021;
- (o) The commencement of a forensic review of Crown's patron bank accounts and controls by Deloitte;
- (p) The appointment of Mr Tony Weston as the new Chief People and Culture Officer, who will oversee a cultural uplift program;
- (q) The decision to phase out smoking in all its Australian premises by the end of 2022; and
- (r) The cessation of donating to political parties by Crown and its associated companies.

