



Victorian Commission for
Gambling and Liquor Regulation

Level 3, 12 Shelley Street, Richmond VIC 312
GPO Box 1988, Melbourne VIC 3001
T: 1300 182 457
www.vcglr.vic.gov.au

17 November 2020

Our ref: CF/19/95

Mr Ken Barton
Director
Crown Melbourne Ltd
8 Whiteman Street
SOUTHBANK VIC 3006

By email: [REDACTED]

Dear Mr Barton

Amended Notice to Show Cause – Contravention of section 121 of the *Casino Control Act 1991*

The Victorian Commission for Gambling and Liquor Regulation (**Commission**) considers that there may be grounds for taking disciplinary action against Crown Melbourne Ltd (**Crown**), casino operator licence holder, under the *Casino Control Act 1991* (**CC Act**).

I refer to the notice dated 2 October 2020 under section 20 of the CC Act (**Notice**) giving Crown an opportunity to show cause as to why disciplinary action should not be taken against Crown on the ground specified in section 20(1)(b) of the CC Act. I also note Crown's response to the Notice dated 30 October 2020, together with the documents provided in support.

The Commission has been reviewing the evidence of witnesses appearing before the Inquiry under section 143 of the *Casino Control Act 1992* (NSW) established by the Independent Liquor and Gaming Authority (**ILGA Inquiry**). As part of this review, the Commission has identified further issues regarding Crown's compliance with the Internal Control Statement for Junket and Premium Player Programs, specifically with reference to Alvin Chau (aka Chau Cheek Wa), a junket operator associated with Suncity junkets.

Consequently, I **attach** by way of service, an amended notice under section 20 of the CC Act (**Amended Notice**) giving Crown an opportunity to show cause as to why disciplinary action should not be taken against Crown on the ground specified in section 20(1)(b) of the CC Act. This ground relates to alleged contravention of section 121(4) of the CC Act in relation to alleged non-compliance with the Internal Control Statement for Junket and Premium Player Programs.

The particulars in relation to the alleged grounds for disciplinary action are detailed in the attached Amended Notice.

You have 14 days from receipt of the Amended Notice to show cause as to why disciplinary action should not be taken on the grounds set out in the attached Amended Notice. As the Commission has received Crown's response in relation to particulars 1 to 3 of the Amended Notice, it is anticipated that Crown will only require to respond to the new particular 4 by the required date.

With reference to particular 4, the Commission is aware of a letter from AUSTRAC to Crown dated 8 June 2017 in relation to Mr Chau and Suncity, as well as Crown's response to that letter dated 25 May 2018. The Commission request that, as part of its response to the Amended Notice, Crown provide copies of these documents to assist in the Commission's consideration of this matter.

If you have any queries, please contact Cameron Warfe, Principal Solicitor, on [REDACTED] or email at [REDACTED]

Yours sincerely

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Ross Kennedy PSM
Chair

cc: Mr Joshua Preston
Chief Legal Officer, Australian Resorts
[REDACTED]

Ms Mary Manos
General Counsel and Corporate Secretary, Crown Resorts Ltd
[REDACTED]

Mr Chris Reilly
General Manager - Tourism, Crown Resorts Ltd
[REDACTED]



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**Amended Notice under section 20 of the *Casino Control Act 1991*
2-October 16 November 2020**

TO: Mr ~~Barry Felstead~~ Ken Barton
~~Chief Executive Officer, Australian Resorts~~ Director
Crown Melbourne Ltd
8 Whiteman Street
SOUTHBANK 3006

The VICTORIAN COMMISSION FOR GAMBLING AND LIQUOR REGULATION (**Commission**) by this notice affords CROWN MELBOURNE LTD (**Crown**) an opportunity to show cause within 2814 days of receipt of this Amended Notice, why disciplinary action should not be taken under section 20 of the *Casino Control Act 1991* (**CC Act**) on the ground set out in this Amended Notice.

GROUND FOR DISCIPLINARY ACTION:

- 1. That the casino operator has contravened a provision of the CC Act, namely section 121(4), by failing to ensure that the system approved for the time being under section 121 for the casino is implemented. (see sections 20(1)(b) and 121 of the CC Act).**

Legislative framework

- Section 20 of the CC Act provides grounds for disciplinary action against a casino operator. In particular, section 20(1)(b) provides a ground for disciplinary action in circumstances where:

the casino operator, a person in charge of the casino, an agent of the casino operator or a casino employee has contravened a provision of this act or the Gambling Regulation Act 2002 or a condition of the licence.
- Section 121 provides that the casino operator must not conduct operations in the casino unless the Commission has approved in writing of a system of internal controls for the casino. Section 121(4) of the CC Act states:

The casino operator must ensure that the system approved for the time being under this section for the casino is implemented.
- The relevant Internal Control Statement for junket operations at the Melbourne Casino is the "Junket and Premium Player Programs (Including VIP Telephone Betting and the Introduction of Players) Internal Control Statement" dated 24 December 2015 (**Junket ICS**). The Junket ICS was approved by the Commission under section 121 on 24 December 2015 as a part of the system of internal controls and administrative procedures for the casino. Relevantly, the Junket ICS states that:

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

...

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.

Particulars

4. Following an investigation by the VCGLR Compliance Division, the Commission considers that a ground for disciplinary action may exist on the basis that Crown failed to comply with clause 2.5.1 of the Junket ICS as set out in the following ~~fourth~~ three particulars:
 - a. Crown Melbourne Ltd being the holder of a casino operator's licence, at Crown Casino in the State of Victoria on 5 September 2017 did fail as the casino operator to ensure that the system approved for the time being under section 121(4) was implemented by failing to establish the junket agent Simon Pan's (aka Zhao Yuan Pan) business interests, therefore failing to request and obtain all available and relevant information regarding Simon Pan in accordance with clause 2.5.1 of the Junket ICS.
 - b. Crown Melbourne Ltd being the holder of a casino operator's licence, at Crown Casino in the State of Victoria between 4 January 2016 and 23 March 2020 did fail as the casino operator to ensure that the system approved for the time being under section 121(4) was implemented by failing to make attempts to verify the accuracy of media allegations in relation to Zezhai Song, therefore, failing to request and obtain all available and relevant information regarding Zezhai Song in accordance with clause 2.5.1 of the Junket ICS.
 - c. Crown Melbourne Ltd being the holder of a casino operator's licence, at Crown Casino in the State of Victoria between 4 May 2018 and 7 May 2018 did fail as the casino operator to ensure that the system approved for the time being under section 121(4) was implemented by failing to have regard to the purpose of the Junket ICS in determining whether to re-engage Joseph Wong (aka Yoseph Prawira/Wong Kiia Tai), therefore, failing to exercise appropriate discretion in re-engaging Joseph Wong in accordance with clause 2.5.1 of the Junket ICS.
 - ~~e.d.~~ Crown Melbourne Ltd being the holder of a casino operator's licence, at Crown Casino in the State of Victoria between approximately April 2018 and July 2019 did fail as the casino operator to ensure that the system approved for the time being under section 121(4) was implemented in relation to junket operator Alvin Chau (aka Chau Cheok Wa) by failing to have regard to incidents of non-compliance by Alvin Chau and/or Suncity during ongoing probity assessments, therefore failing to consider all available and relevant information regarding Alvin Chau in accordance with clause 2.5.1 of the Junket ICS.
5. The supporting evidence for each of the above particulars is set out in **Appendix A** to this Amended Notice.
6. On the basis of the information above and contained in Appendix A, the Commission alleges that Crown did not comply with clause 2.5.1 of the Junket ICS and consequently, failed to implement the system approved as required by section 121(4). Accordingly, Crown allegedly contravened a provision of the CC Act, specifically section 121(4).
7. If proven, this matter amounts to the casino operator contravening a provision of the CC Act, thereby giving rise to a ground for disciplinary action set out in section 20(1)(b) of the CC Act.
8. Pursuant to section 20(2) of the CC Act, you have **2814** days from receipt of this Amended Notice to show cause as to why disciplinary action should not be taken on the grounds set out above.
9. If you elect to make a written submission, please address it to:

Mr Cameron Warfe
Principal Solicitor
Victorian Commission for Gambling and Liquor Regulation
Level 3, 12 Shelley Street
RICHMOND VIC 3121

10. Further, if Crown wishes to be heard by the Commission in relation to this [Amended Notice](#), you are invited to request such a hearing. If sought, the Commission will consider this request and, if granted, determine the most appropriate way to give effect to Crown's wishes in this regard.
11. After considering your submission and/or on completion of any hearing conducted, the Commission will determine whether a ground for disciplinary action is established and, if so, determine whether or not to take disciplinary action. Under section 20 of the CC Act "disciplinary action" means cancellation or suspension of the casino licence, the issuing of a letter of censure, the variation of the terms of the casino licence or the imposition of a fine not exceeding \$1,000,000.
12. Failure to reply within [28-14](#) days of your receipt of this [Amended Notice](#) may result in the Commission determining this matter on the basis of the information currently before it and in the absence of any further information from Crown.
13. If the Commission determines that a ground for disciplinary action is established, the Commission may take into consideration the following matters in assessing if any disciplinary action should be taken under section 20(4) of the CC Act:
 - A letter issued on 8 September 2011 for failure to notify the then VCGR of two new non-resident junket operators as required by section 2.7 of the approved Internal Control Statement, although no further action was taken.
 - Decision of the VCGLR on 6 December 2017 regarding multiple (13) contraventions of section 121(4) in relation to audit documentation under the Junket ICS. In that instance the VCGLR issued a fine of \$150,000.
 - Decision of the VCGLR on 7 May 2019 regarding a contravention of section 121(4) in relation to the non-notification of a resident junket operator under the Junket ICS. In that instance the VCGLR issued a fine of \$25,000.
14. If you elect to make a written submission and/or appear before the Commission by way of hearing, you may address the matters set out above in paragraph 13 in your submission.

Dated: ~~2-October~~ [176 November](#) 2020

Signed:


 Ross Kennedy PSM
 Chair

Appendix A

Particular 1

Crown Melbourne Ltd being the holder of a casino operator's licence, at Crown Casino in the State of Victoria on 5 September 2017 did fail as the casino operator to ensure that the system approved for the time being under section 121(4) was implemented by failing to establish the junket agent Simon Pan's (aka Zhao Yuan Pan) business interests, therefore failing to request and obtain all available and relevant information regarding Simon Pan in accordance with clause 2.5.1 of the Junket ICS.

(a) Summary of evidence in support of Particular 1

1. On the basis that clause 2.5.1 of the Junket ICS applies to junket agents – Crown failed to take reasonable steps to obtain all available and relevant information regarding this individual.
2. In 2019 it was alleged in the media that Crown has engaged with Simon Pan since 2011 as a junket operator and that Simon Pan owns a brothel located at 39 Tope Street, South Melbourne. It was further reported that the brothel was prosecuted for breaches of Victorian prostitution laws in the County Court of Victoria and that policing agencies have repeatedly lodged documents in court, identifying Simon Pan as owning brothels involved in serious criminal activity and with suspected ties to organised criminals.
3. Simon Pan became a **junket agent** at Crown Melbourne on 29 December 2012. He has recently ceased operations at the casino due to Crown withdrawing his licence to enter and remain at the casino for an indefinite period, commencing on 18 August 2019. Crown's decision to withdraw Simon Pan's licence is discussed further below.
4. Although Simon Pan is now banned from entering the casino, company records provided by Crown indicate that Simon Pan was appointed as a director of the company, Triple 8 International Pty Ltd (Triple 8) since 1999. As of 2004, Triple 8's principal place of business is further listed as 39 Tope Street, South Melbourne.
5. A search of relevant court cases involving Triple 8, Simon Pan and the address of 39 Tope Street revealed that:
 - On 20 July 2012, the Port Phillip City Council (Council) sought an enforcement order against the respondents Triple 8, Pan Pacific Group Pty Ltd and Simon Pan for breaching a condition of a planning permit that applied to 39 Tope Street. In that matter, Council alleged that the subject land was operating as a brothel, however, the respondents had contravened a permit condition, which limited the number of staff members that could be present at the premises. This matter was ultimately resolved by agreement between the Council and the respondents;
 - Simon Pan was a witness in a proceeding before the Victorian County Court in 2015, where the accused, a casino patron, was charged with obtaining property by deception. Simon Pan had released gambling chips worth \$100,000 to the accused on agreement that the accused would transfer equivalent funds from his bank account to another junket operator, however, it was later revealed that the bank transfer never occurred; and
 - 39 Tope Street was mentioned in another court proceeding in 2015. In that matter, neither Triple 8 nor Simon Pan appeared to be involved, however, the

accused persons (unknown to the VCGLR) were charged with money laundering offences in connection with the operation of four brothels, including 39 Tope Street. The judgement noted that the proceeds of crime were realised from offences against the Sex Work Act, and that the offending period occurred in 2013.

6. According to an annual report for the 2017-18 period, Consumer Affairs Victoria (CAV) completed a civil proceeding against Simon Pan for matters under the *Sex Work Act 1994*. Upon enquiries by the VCGLR, CAV indicated that the civil proceedings related to a disciplinary action inquiry against Simon Pan. The disciplinary action inquiry was initiated by CAV at the Victorian Civil and Administrative Tribunal, given that the 2015 Victorian County Court case (in which Simon Pan was not charged) indicated that the brothel was being managed in such a way that it is desirable that action be taken against Simon Pan. Notwithstanding this, the disciplinary action proceeding was settled between Simon Pan and CAV.
7. In addition to the above, material submitted by Crown evidences that:
 - In January 2013, the AFP had indicated to Crown that Simon Pan was a person of interest, where Crown was requested to provide records relating to Simon Pan to assist in an investigation. While Crown complied with the AFP's request, it appears from the records that the AFP did not disclose the nature of its investigations to Crown;
 - Subsequent requests for information regarding Simon Pan was further received and complied with by Crown in November 2014 and February 2017. Both requests for information were lodged by Victoria Police, where records indicate that the 2014 request was associated with an investigation into human trafficking, the operation of illegal brothels and money laundering offences, in which Simon Pan was indicated as a person of interest; and
 - On 21 February 2019, Simon Pan's licence to remain at the casino was withdrawn by Crown for a period of 3 months, as a result of his abusive behaviour towards Crown staff and his repeated conduct in seeking to sign-in banned patrons.
8. Based on the above information, the media allegations concerning the operation of brothels by Simon Pan is somewhat substantiated. In particular, Simon Pan is the director of Triple 8 and the licensee of a licensed brothel located at 39 Tope Street, South Melbourne.
9. While neither Simon Pan or Triple 8 were involved in the 2015 court case regarding money laundering offences, Simon Pan's suitability to be engaged in junket operations at the casino is questionable, as the 2015 proceeding noted the exploitation of sex workers at 39 Tope Street, and CAV had further sought to take disciplinary action against Simon Pan in relation to the way he has managed the brothel.
10. The negative impact on the suitability of Simon Pan is further exacerbated by the fact that he was named as a person of interest in various requests for information by law enforcement agencies, as well as his alleged abusive behaviour and disregard for Crown protocols, which was recognised by Crown. Having said this, Simon Pan has not been charged with any offences however Simon Pan is currently banned from entering the Melbourne casino for an indefinite period.

11. Crown advise the decision to withdraw Mr Pan's licence on 18 August 2019 was a result of further due diligence checks undertaken by Crown, which revealed that Simon Pan:
 - is the sole director and shareholder of Triple 8 International Pty Ltd, a company whose principal place of business is 39 Tope Street, South Melbourne; and
 - was involved as a witness in two County Court of Victoria proceedings in 2015.
12. Crown's decision to conduct further due diligence was likely prompted by the media reports published in July 2019. Crown claims that it had conducted initial and on-going probity checks on Simon Pan when he first registered as a junket agent, which included reviewing his details against the World Check database. However, Crown alleges that as no adverse material was found by these checks, Crown did not retain any records relating to these searches and was unable to produce such evidence to the VCGLR.
13. In relation to the 2014 request for information by Victoria Police, where it was indicated that information regarding Simon Pan was sought in association with an investigation into human trafficking and the operation of illegal brothels, Crown stated that this request prompted a review of Simon Pan's profile by its AML Department in accordance with Crown's AML/CTF Program. In particular, the information concerning Simon Pan's alleged involvement in the Victoria Police investigation was added to his AML risk profile. Crown further reviewed Simon Pan's gaming data and AML risk rating, where it was determined that Simon Pan's rating would be maintained at "significant". Crown noted that it was unaware Simon Pan was ever charged with any offences as a result of the investigation by Victoria Police.
14. While Crown considers that Simon Pan is not subject to the requirements under clause 2.5.1 as a junket agent, Crown nonetheless indicated that it had reviewed Simon Pan's details against databases such as World Check and Dow Jones throughout the relevant period.
15. However, Crown's decision to withdraw Simon Pan's licence after publication of the media reports raises concerns as to whether Crown may have failed to obtain relevant and available information regarding Simon Pan on an appropriate basis. In particular, Crown indicated that its decision to withdraw Simon Pan's licence was due to further checks conducted as a result of the media allegations, which revealed that Simon Pan is a director of Triple 8 and that he was involved in two County Court proceedings. This suggests that Crown was not aware of these matters until it conducted the further due diligence checks which were prompted by the media articles published in late July 2019.
16. While neither Simon Pan's position in Triple 8 nor his involvement in the court cases implicates him in any criminal conduct, the requirement for Crown to obtain relevant information would likely require information about Simon Pan's business interests to be obtained. This follows that such information is available to Crown via company searches and it is relevant to establishing the identification of Simon Pan, as well as his source of funds. Crown conducts company searches when vetting entities such as junket operators.
17. While Crown should have established Simon Pan's business interests earlier than July 2019, the same cannot be said with respect to the second aspect of the media allegation. It is likely unreasonable to expect that Crown be aware of Simon Pan's involvement in the County Court proceedings. These judgments are publicly available, however, access to the cases requires a targeted search of Simon Pan's name on the relevant legal database. He was not a listed defendant in that matter. Additionally, no adverse media attention or information about Simon Pan would have instigated such a targeted search prior to July 2019, and it is noted Crown had conducted periodic

searches of Simon Pan on World Check, which is considered reasonable in the absence of specific information regarding alleged criminal activity by Simon Pan. The fact that he was not an accused person in any of the proceedings likely explains why Crown was not alerted to such information from World Check.

18. As a junket agent Simon Pan performed duties on behalf of the junket operator Ngok Hei Pang on 5 September 2017. In this role Simon Pan had authorisation to act on behalf of the junket operator and perform common junket operator duties including buy-ins, partial settlements, cash outs, (with the ability to nominate an amount) deposits, withdrawals and program settlements.
19. On the basis that clause 2.5.1 of the Junket ICS applies to junket agents, Crown has failed to comply with clause 2.5.1 of the Junket ICS in that it did not obtain all reasonable information concerning Simon Pan, specifically in relation to establishing his business interests thereby failing to ensure that it had robust processes in place to consider the ongoing probity of its registered Junket Operators, Junket Players and Premium Players.

Grounds for disciplinary action

Based on Particular 1, it is alleged that the casino operator, a person in charge of the casino, an agent of the casino or a casino employee has contravened section 121(4) of the *Casino Control Act 1991*.

Particular 2

Crown Melbourne Ltd being the holder of a casino operator's licence, at Crown Casino in the State of Victoria between 4 January 2016 and 23 March 2020 did fail as the casino operator to ensure that the system approved for the time being under section 121(4) was implemented by failing to make attempts to verify the accuracy of media allegations in relation to Zezhai Song, therefore, failing to request and obtain all available and relevant information regarding Zezhai Song in accordance with clause 2.5.1 of the Junket ICS.

(b) Summary of evidence in support of Particular 2.

1. In 2019 it was alleged in the media that Zezhai Song a junket operator at Crown Melbourne was named in a Chinese court case in 2003 as running a large illegal gambling syndicate in eastern China. Zezhai Song was also allegedly involved in a proceeds of crime matter that was considered by the Victorian Supreme Court in 2016.
2. Zezhai Song became a registered junket operator at Crown on 11 June 2009 and remains an active junket operator and premium player at the Melbourne casino.
3. Following the media allegations, VCGLR staff identified a media article published by a Chinese media outlet on 16 July 2003, which indicates that a person with the same name as Zezhai Song was allegedly involved in the operation of illegal gambling centres throughout eastern China between 2001 and 2002. The article indicated that the case was being considered at a court in the Huishan District within the Jiangsu province of China, however no official judgments could be located online relating to this matter.
4. VCGLR staff also examined the allegation concerning Zezhai Song's alleged involvement in a proceeds of crime case that was considered by the Victorian Supreme Court in 2016. In that matter the AFP sought orders under the *Proceeds of Crime Act*

2002 to examine individuals (not including Zezhai Song) about the purchase of a luxury vehicle, suspected to be proceeds of crime.

5. While the case indicates that payment for the vehicle was advanced from the Zezhai Song Junket account at the Melbourne casino, information is not available regarding the outcome and the AFP has not provided further information specifically relating to this case.
6. As a result, there is no evidence available to the Commission that indicates Zezhai Song was or is involved in illegal activity, which would impact on his suitability to continue as a junket operator and premium player at the casino. However, given the Chinese media article includes details of the court in which Zezhai Song was allegedly tried in China, and if Zezhai Song was indeed found guilty of offences relating to illegal gambling, this may have a negative impact on Zezhai Song's suitability to continue to be engaged by Crown, even though the court finding (if true) was more than 15 years ago.
7. Initial probity conducted by Crown in respect of Zezhai Song included:
 - obtaining a copy of Zezhai Song's photographic identification;
 - obtaining reports as to Zezhai Song's gaming activity at other casinos in Australia and overseas; and
 - reviewing Zezhai Song's details on the World Check database.
8. Crown also conducted ongoing probity checks on Zezhai Song, which involved various wealth, risk and compliance checks conducted throughout 2016 to 2019 on various databases. The records disclosed by Crown indicates that it was aware of the Chinese media report alleging Zezhai Song's involvement in an illegal gambling syndicate, which was outlined in a due diligence report dated 12 December 2016.
9. When requested to clarify what actions Crown took and whether such information was considered by Crown in determining to continue its engagement with Zezhai Song, Crown advised that the report formed part of the documentation that was collated for the purposes of its review of the Zezhai Song' junket operator profile in 2017.
10. Together with other information collected, the report was considered by Crown's senior management, who having regard to the totality of the information and the long-standing relationship that was already established with Zezhai Song, determined that Crown would continue its relationship. Crown further noted that it has since continued to conduct due diligence checks, which revealed no adverse material against Zezhai Song.
11. Crown also indicated that Zezhai Song is involved in gaming activities at a range of other casinos and that he has not been prevented by Department of Home Affairs (DHA) from entering Australia, suggesting that Zezhai Song's character was not of issue as he was permitted to enter the country.
12. Although Crown obtained a range of information and conducted frequent due diligence searches regarding Zezhai Song, the Chinese media article concerning Zezhai Song's alleged charges in China contained specific information regarding the court in which the trial was heard. The alleged charges against Zezhai Song also reportedly related to the operation of an illegal gambling syndicate, which is highly relevant to Crown's engagement with Zezhai Song as a junket operator at the casino.
13. This follows that Crown was aware of the media article and the associated allegation, however, it did not attempt nor take any steps to seek further information to confirm the accuracy of the matters alleged within the article. Regardless of whether Crown was able to verify the allegation the relevant nature of the alleged charges, as well as the

specificity of the information contained in the media article would require Crown to, at the very least, consider attempts to clarify whether the alleged matters were true.

14. Crown did not consider such attempts, and a response provided by Crown suggests that regardless of whether Zezhai Song was in fact charged and/or convicted in China, Crown would have continued to engage Zezhai Song as a junket operator.
15. Crown advised that it determined to continue engagement with Zezhai Song despite his alleged involvement in criminal activity in China, as the alleged event occurred more than a decade ago. Crown further had regard to the fact that it had established a long-standing relationship with Zezhai Song by the time it became aware of the allegation.
16. While the length of time that has passed since the occurrence of the alleged event is a relevant consideration, it is also a relevant consideration that the alleged previous conduct of Zezhai Song would indicate that he poses a threat of criminal influence or exploitation at the casino, and therefore he may nonetheless be deemed unsuitable.
17. Zezhai Song's suspected involvement in the illegal gambling syndicate, remains unproven. However, Crown was still required to take additional steps to attempt to verify the accuracy of the allegation, and has not demonstrated that it did so.
18. Since 24 December 2015 in his capacity as a junket operator, Zezhai Song personally attended the Melbourne casino three times, the first in February 2016, the second in July 2016 and the third in June 2019.
19. Between 4 January 2016 and 23 March 2020 forty-four junket operations took place under his name which were operated using Australian dollars. Junket players that took part in these junkets lost \$179,721,202.00 however a rebate (commission) of \$83,010,835.00 was paid to Zezhai Song. The rebate was based on a percentage of gambling turnover by the junket players. Turnover for these forty-four junkets was \$9,950,417,214.00.
20. In addition, between 4 January 2016 and 26 June 2018 a further twenty-six junket operations took place under his name which were facilitated using Hong Kong dollars. Junket players that took part in these junkets lost \$1,021,050.00 however a rebate (commission) of \$2,975,454.00 was paid to Zezhai Song. The rebate was based on a percentage of gambling turnover by the junket players. Turnover for these twenty-six junkets was \$136,247,600.00. It should be noted that Hong Kong dollars are generally one sixth that of an Australian dollar.
21. Crown has potentially breached its obligations in relation to its dealings with Zezhai Song, where it failed to take steps to verify the accuracy of the media allegations concerning Zezhai Song being charged and convicted in China.
22. The implementation of a robust process to consider ongoing probity requires Crown to take proactive steps to clarify specific adverse information. Crown has breached its obligations in relation to its dealings with Zezhai Song, where it failed to take steps to verify the accuracy of the media allegations concerning Zezhai Song being charged and convicted in China resulting in a breach of clause 2.5.1 of the ICS.

Grounds for disciplinary action

Based on Particular 2, it is alleged that the casino operator, a person in charge of the casino, an agent of the casino or a casino employee has contravened section 121(4) of the *Casino Control Act 1991*.

Particular 3

Crown Melbourne Ltd being the holder of a casino operator's licence, at Crown Casino in the State of Victoria between 4 May 2018 and 7 May 2018 did fail as the casino operator to ensure that the system approved for the time being under section 121(4) was implemented by failing to have regard to the purpose of the Junket ICS in determining whether to re-engage Joseph Wong (aka Yoseph Prawira/Wong Kiia Tai), therefore, failing to exercise appropriate discretion in re-engaging Joseph Wong in accordance with clause 2.5.1 of the Junket ICS.

(c) Summary of evidence in support of Particular 3.

1. In 2019 it was alleged in the media that an arms dealer, Joseph Wong, was permitted to enter Australia and gamble millions of dollars at Crown's Melbourne and Perth casinos while he was subject to sanctions imposed by the United Nations (UN).
2. In particular, it was alleged that Joseph Wong was subject to a travel ban and had his assets frozen between 2004 and 2015 for his involvement with the former President of Liberia, Joseph Charles Taylor.
3. Joseph Wong became a junket player at the Melbourne casino on 24 June 2008, however, he was known to Crown at that time under his alias of Yoseph Prawira. Crown withdrew Joseph Wong's licence to enter and remain at the casino between May 2015 and September 2017 when it became aware of the UN sanctions imposed against Joseph Wong. However, his licence to enter the casino was reinstated after the UN sanctions were revoked, as such, Joseph Wong is currently an active junket player.
4. Searches by VCGLR staff of relevant UN documents, established that on 16 March 2004, Joseph Wong was listed as an individual subject to the travel restrictions imposed by resolution 1521(2003) of the UN Security Council. This resolution provided that all States shall take necessary actions to prevent individuals identified by the UN Security Council Committee (the Committee) from entry into or transit through their territories.
5. The relevant individuals are said to have engaged in activities aimed at undermining the peace and stability in Liberia, and in the case of Joseph Wong, the initial travel ban list issued in 2004 indicated that he was an "[a]rms dealer in contravention of UNSC resolution 1343" and that he "[s]upported former President Taylor's regime in effort to destabilize Sierra Leone and gain illicit access to diamonds." In a subsequent list published by the UN, it was further noted that Joseph Wong was the executive of the Oriental Timber Company whom provided military and financial support to Joseph Taylor.
6. In addition to the travel ban, Joseph Wong was further subject to measures regarding assets freeze on 14 June 2004, imposed by resolution 1532(2004). The purpose of the assets freeze was to prevent Joseph Taylor and his immediate family members, as well as his close allies or associates from "using misappropriated funds and property to interfere in the restoration of peace and stability in Liberia and the sub-region".
7. Both the travel ban and assets freeze were subsequently revoked by the UN Security Council on 2 September 2015 via resolution 2237(2015). Joseph Wong was therefore subjected to the sanctions imposed by the UN between March 2004 and September 2015.

8. In its resolution to terminate the measures regarding Liberia, the UN Security Council noted that there was sustained progress by the government in rebuilding Liberia and in implementing recommendations on the proper management of arms and ammunition. It was further noted that the termination of the measures imposed regarding the travel ban and assets freeze was based on the determination that the ceasefire in Liberia was being fully respected and maintained, and that significant progress had been made in establishing and maintaining stability in Liberia and the subregion.
9. As a result of the UN sanctions, the European Union (EU) also imposed a travel ban and assets freeze on relevant individuals, where the EU sanctions were also lifted when the UN sanctions were revoked.
10. Chapter VII of the *Charter of the United Nations* (the Charter) provides the framework within which the UN Security Council may take enforcement action, where it may "determine the existence of any threat to the peace, breach of the peace, or act of aggression" and may make recommendations to "maintain or restore international peace and security".
11. Relevantly, article 41 permits the Security Council to implement measures not involving the use of armed force to enforce its decisions, including the imposition of sanctions, which may be used to address human rights violations and to support peace efforts, etc. Sanctions are administered by the relevant committee established for that regime, which comprises 15 of the UN Security Council's members, often supported by a panel of experts.
12. As noted earlier, resolution 1521(2003) established the Committee responsible for overseeing the implementation of the arms embargo, the travel restrictions and assets freeze on individuals under the regime concerning Liberia, where the resolution further prohibits the importation of rough diamonds and timber products originating in the region.
13. Decisions concerning sanctioning regimes established by the UN are binding on all member State and targeted sanctions on individuals and entities are implemented by member States through the implementation of national law. In the case of Australia, UN sanctions are implemented via regulations made under the *Charter of United Nations Act 1945* (Cth) (the Charter Act), administered by the Australian Sanctions Office located within DFAT. Australia further administers its own autonomous sanctions regime as a matter of Australian foreign policy, which may supplement UN sanctions, or be separate from them. The autonomous sanctions regime is primarily implemented under the *Autonomous Sanctions Act 2011* (Cth) (AS Act).
14. The sanctions lists published by the UN, provides that Joseph Wong was sanctioned by the UN due to his affiliation with the former president of Liberia, Joseph Charles Taylor. In 2012, Joseph Taylor was convicted of various war crimes and crimes against humanity, particularly for his role in supplying and encouraging rebels in Sierra Leone to murder, rape and terrorise people in order to gain control of Sierra Leone's diamond fields. In addition to sourcing illicit diamonds, Joseph Taylor also reportedly gained significant revenue from the timber trade, where he permitted predatory loggers' access to Liberia's forests, including the Oriental Timber Company, in which Joseph Wong was an executive.
15. The role of the Oriental Timber Company in supporting Joseph Taylor's regime may be better understood by examining the conviction of the company's president, Joseph Gus Kouwenhoven, who was also subject to the same UN sanctions as Joseph Wong. Joseph Kouwenhoven was convicted by a Dutch court in 2017 as an accessory to war crimes committed in Liberia between 2000 and 2002, particularly for supplying weapons, material, personnel and other resources to Joseph Taylor. The Dutch court

noted that Joseph Kouwenhoven used his businesses, including the Oriental Timber Company, to import, store and distribute weapons in Liberia, in contravention of the UN arms embargo. Whilst Joseph Kouwenhoven was not convicted of directly perpetrating or ordering international crimes himself, the court held that he made an active and conscious contribution to the commission of serious violations of international humanitarian law by the provision of weapons and other resources through his businesses in Liberia.

16. While Joseph Wong's involvement in the Oriental Timber Company is as an executive, there is no information indicating that Joseph Wong was personally charged or convicted of any crimes and his exact position held within the Oriental Timber Company and whether it continues to be a registered corporation in the relevant jurisdiction. However, Joseph Wong was reportedly an executive manager and/or director, where the Oriental Timber Company is also allegedly affiliated with another corporate entity, Global Star Holdings, purportedly owned by Joseph Wong's father.
17. In addition, Joseph Wong was involved in a Singaporean lawsuit in 2004, where he was named as a defendant along with members of his family and his affiliate companies. In that matter, the defendants were accused of conspiring to commit a complex fraud, which deceived the plaintiffs into buying bonds guaranteed by one of the defendant companies. The plaintiffs subsequently obtained an injunction, which restrained the defendants from dealing with their assets and further required the defendants to disclose their worldwide assets by affidavit. Having failed to comply with the injunction and various other court orders, the defendants, including Joseph Wong, were sentenced to imprisonment for 6 months, where the court noted that the defendants were wilfully avoiding the disclosure of the true value of their assets.
18. Joseph Wong's licence to enter and remain in the casino was withdrawn by Crown on 2 March 2015 when it became aware of the UN sanctions, however, his licence to enter the casino was subsequently reinstated by Crown on 20 September 2017, after the UN sanctions were revoked. Accordingly, Joseph Wong is currently an active junket player at the Melbourne casino.
19. Joseph Wong's current suitability to continue as a junket player is a relevant consideration in determining whether Crown has complied with clause 2.5.1 of the ICS, specifically with respect to its decision in permitting Joseph Wong to re-enter the casino.
20. Since the UN sanctions were revoked in 2015, Joseph Wong is no longer subject to any international sanctions. Even though Joseph Wong was not charged with any crimes associated with his involvement in the Oriental Timber Company nor his affiliation with Joseph Taylor, the UN sanctions previously imposed suggests that Joseph Wong was in some way responsible for either directly or indirectly financing and supporting Joseph Taylor's regime. This is exemplified by the findings of the Dutch court in respect of Joseph Kouwenhoven and the Oriental Timber Company, where Joseph Wong was an executive manager and/or a director, and where the company is further allegedly affiliated with a corporation owned by Joseph Wong's father.
21. Joseph Wong's involvement in the events that occurred in Liberia and Sierra Leone is not absolved merely because the UN sanctions have since been revoked. The conviction of Joseph Kouwenhoven in 2017 further suggests that individuals connected to the atrocities inflicted by Taylor's regime may still be held liable, even after the UN sanctions are no longer in place. Joseph Wong's situation is comparable to a person who has served a criminal sentence for committing an offence. In such circumstances, the person may not be suitable immediately upon serving the sentence imposed by a court, however, the person may become suitable at some point in the future.

22. Given the date the UN sanctions were revoked and the severity of the matters involved (i.e., the financing of war crimes), as well as evidence that Joseph Wong had previously failed to disclose assets as required by Singaporean court orders, Joseph Wong is unsuitable to continue as a junket player, where his continued involvement results in the risk of criminal influence or exploitation at the Melbourne casino.
23. At the time Joseph Wong commenced junket play at the Melbourne casino in 2008, Crown indicated that it obtained a copy of Joseph Wong's Indonesian passport and conducted a search of Joseph Wong (under the alias of Yoseph Prawira as he was then known to Crown) via the World Check database. Crown stated that no match was identified on World Check regarding Yoseph Prawira, accordingly, a record of the search was not kept.
24. Subsequent probity processes and checks conducted by Crown regarding Joseph Wong included:
 - obtaining updated copies of Joseph Wong's Indonesian passport;
 - obtaining a copy of Joseph Wong's Indonesian identification card;
 - conducting checks on the World Check database on 10 March, 6 June and 11 October 2013, although no matches were identified;
 - obtaining a letter from the Indonesian National Police dated 21 October 2014, indicating that Yoseph Prawira was not a person wanted by Indonesian authorities; and
 - conducting further checks on the World Check database on 20 and 26 February 2015, which confirmed that Yoseph Prawira is an alias for Joseph Wong.
25. During the time Joseph Wong gambled as a junket player at the Melbourne casino, Joseph Wong was subject to the UN sanctions concerning the travel ban and assets freeze. Crown indicated that it failed to identify that Joseph Wong was subject to the sanctions, given that he was known to Crown under an alias. Crown claimed that it only became aware of the UN sanctions after the probity checks conducted in February 2015, which indicated that Yoseph Prawira was also known as Joseph Wong. This resulted in Crown withdrawing Joseph Wong's licence to enter and remain in the casino on 2 March 2015.
26. Notwithstanding the above, Crown is in possession of a letter from the Singapore Police Force dated 20 January 2014, which stated that Yoseph Prawira was known as Joseph Wong, and that he was a designated person pursuant to the UN sanctions.
27. Regardless of whether Crown was aware of the international sanctions against Joseph Wong earlier than the purported date of February 2015, Crown was not required to conduct probity assessments prior to this date as clause 2.5.1 was not inserted into the Junket ICS until December 2015.
28. In relation to its decision to reinstate Joseph Wong's licence to enter the casino on 20 September 2017, Crown explained that this decision was based on:
 - checks that were conducted by Crown which confirmed that the UN sanctions against Joseph Wong were lifted on 2 September 2015;
 - Joseph Wong being granted multiple entries to Australia until February 2019, as evidenced by a copy of a visa issued in February 2016;
 - a letter dated 11 February 2016 issued by Singaporean authorities confirming that Joseph Wong has also been granted the right to travel and enter Singapore;

- a further letter from the Singapore Police Force dated 21 April 2016, which indicated that Joseph Wong is no longer a designated person given the UN sanctions were no longer in effect; and
 - searches conducted by Crown confirming that Joseph Wong is the Chief Executive Officer of a company that owns a licence on which forest logging occurs, noting that the licence was issued by the Indonesian Government.
29. Crown had requested all reasonable information regarding Joseph Wong, including conducting due diligence checks conducted on a frequent basis, the main issue in this instance is whether Crown exercised appropriate discretion in determining to reinstate Joseph Wong's licence to enter the casino, thereby continuing its engagement with Joseph Wong.
 30. Based on the information provided by Crown, the decision to reinstate Joseph Wong's licence to enter the casino appeared mainly to be premised on the fact that Joseph Wong was no longer subject to the sanctions imposed by the UN and that Joseph Wong has since been granted travel rights to Australia.
 31. Joseph Wong's involvement in allegedly financing war crimes in Sierra Leone and Liberia has not been absolved merely because the UN sanctions have now been revoked. Whether Joseph Wong has been granted travel rights to Australia or other countries, and/or whether Joseph Wong has been issued a government licence for industrial works, is not itself conclusive of whether Crown should re-engage Joseph Wong as a junket player at the casino, although it may be a relevant consideration. This is because it is unclear what information was available or taken into account by authorities such as the DHA, as part of the decisions to issue a visa and/or grant industrial licences.
 32. While a person must pass the character test to be granted an Australian visa, it is again unclear what information was available or considered by DHA in determining to issue a visa to Joseph Wong (which was granted in the name of Yoseph Prawira). The fact that Joseph Wong was able to travel to Australia during the period in which he was subject to the UN travel restrictions and assets freeze further indicates that Crown should have exercised caution in simply relying on decisions relating to Joseph Wong's ability to enter Australia.
 33. Clause 2.5.1 of the Junket ICS requires Crown to exercise discretion in determining whether to engage with junket operators, junket players and premium players in line with the purposes of the CC Act and the ICS, where the core principle/purpose is to ensure that the casino remains free from criminal influence or exploitation. Although Crown conducted checks on Joseph Wong prior to reinstating his licence, a robust process to consider his probity would require that Crown consider the effect of Joseph Wong's history as a UN sanctioned individual on the risk of criminal influence and exploitation at the casino. Given that information is publicly available regarding the Oriental Timber Company, the former President of Liberia, Joseph Taylor, and the circumstances concerning the UN sanctions, and Crown was aware of this material and that Crown should have more carefully considered such information in determining whether to re-engage Joseph Wong.
 34. Joseph Wong attended the Melbourne casino as a junket player on one occasion only between 4 May 2018 and 7 May 2018 when he gambled under the junket operator [REDACTED]. Over these four days Joseph Wong lost \$2,134,700.00 while gambling.
 35. No evidence was provided by Crown to indicate they had appropriately considered the issue of Joseph Wong's probity. Instead, the information provided suggests that Crown focussed on Joseph Wong being able to travel to Australia, as well as the revocation of the UN sanctions, in deciding to reinstate his licence to enter the casino. Crown has in

this instance, failed to ensure that a robust process was in place to consider the ongoing probity of Joseph Wong as a junket player.

Grounds for disciplinary action

Based on Particular 3, it is alleged that the casino operator, a person in charge of the casino, an agent of the casino or a casino employee has contravened section 121(4) of the *Casino Control Act 1991*.

Particular 4

Crown Melbourne Ltd being the holder of a casino operator's licence, at Crown Casino in the State of Victoria between approximately April 2018 and July 2019 did fail as the casino operator to ensure that the system approved for the time being under section 121(4) was implemented in relation to junket operator Alvin Chau (aka Chau Cheok Wa) by failing to have regard to incidents of non-compliance by Alvin Chau and/or Suncity Group Holdings Ltd during ongoing probity assessments, therefore failing to consider all available and relevant information regarding Alvin Chau in accordance with clause 2.5.1 of the Junket ICS.

(d) Summary of evidence in support of Particular 4.

1. Mr Alvin Chau is the chairman of Suncity Group Holdings Ltd (Suncity), a company engaged in property development in Asia and the provision of hotel and integrated resort management services, as well as travel agency services. Mr Chau became a registered junket operator at the Melbourne casino on 10 September 2009, where he remains an active junket operator, as well as a premium player.
2. Crown conducted an initial probity check on Mr Chau in 2009, which involved various wealth, risk and compliance checks. These checks also revealed a range of adverse media coverage regarding Mr Chau, including the allegations concerning his alleged involvement in the 14K Triad Society.
3. Notwithstanding this adverse information, Crown indicated that it determined to conduct a business relationship with Mr Chau as it was unable to verify the media allegations and it is unaware of Mr Chau ever being charged or convicted of criminal offences. Crown further had regard to the fact that Mr Chau is a board member of Suncity, a publicly listed company registered on the Hong Kong Stock Exchange, as well as an entity approved to conduct junkets in Macau as the holder of a junket operator licence issued by the Macau casino regulator, DICJ.
4. Crown has further provided evidence that ongoing probity assessments were conducted on a frequent basis throughout 2016 and 2019 regarding Mr Chau.
5. Evidence provided by Crown indicates that it has requested and received a range of information concerning Mr Chau for the purposes of assessing his probity. These include relevant identification documents, evidence of junket licences issued by Macau authorities and various due diligence reports from databases such as World Check and Dow Jones.

6. Evidence presented by Mr Joshua Preston on 3 August 2020 before the NSW Casino Inquiry indicates that Crown was aware of the following incidents in relation to junkets operated by Alvin Chau and/or Suncity:

AUSTRAC review

- a. In early 2017, the Australian Transaction Reports and Analysis Centre (AUSTRAC) conducted a compliance review regarding Crown's junket operations. This included an onsite assessment at Crown Casino Melbourne on 17 May 2017.
- b. On 8 June 2017, Crown received an email from AUSTRAC which:
 - i. made reference to Mr Chau being both a foreign politically exposed person (PEP) and having a substantial criminal history;
 - ii. requested documentation evidencing Crown's consideration of the appropriateness of continuing to engage with Mr Chau; and
 - iii. requested an explanation as to how Crown considers its business relationship with Mr Chau was consistent with its commitment to the objectives of anti-money laundering legislation.
- c. In response to the AUSTRAC email, Crown conducted a due diligence report on Mr Chau and Crown (represented by Mr Preston) met with AUSTRAC to discuss Mr Chau on 22 June 2017.
- d. On 25 May 2018, Mr Preston wrote to AUSTRAC in relation to the concerns raised regarding Mr Chau and Suncity.

Discovery of large sum of cash at Suncity desk
- e. In or about March 2018, Crown receives an internal report on a large amount of cash being stored at the Suncity service desk. Mr Preston stated that the amount of cash involved was \$5.6 million (the \$5.6 million incident).
- f. In response to the internal report, the international VIP team at Crown conducted a review into activities at the Suncity service desk in April 2018.
- g. Subsequent to this review, additional controls were implemented by Crown on 20 April 2018.
- h. Although Mr Preston considered this incident to involve an "inordinate amount of money" and raised personal concerns about money laundering, an immediate review of Crown's arrangements with Mr Chau as a junket operator was not conducted. In response to this incident, Crown determined to increase the control environment as it related to Suncity junkets to appreciate the identified risk.
- i. In May 2018, Crown conducted an audit of the Suncity desk following the implementation of the additional controls on 20 April 2018, and found that Suncity was not compliant with those additional controls.
- j. In response to the identified non-compliance, a review of Crown's arrangements with Mr Chau as a junket operator was not conducted.

7. These incidents involved subsequent actions by Crown and law enforcement agencies, which are broadly evidenced by (although somewhat inconsistent with) documents provided to the VCGLR by Crown:

- a. An email trail between Crown staff (including Mr Preston) indicating that additional controls on cash transactions were communicated to Suncity by Crown by late March 2018.

- b. On 26 April 2018, Crown received a request from law enforcement regarding an incident where a patron deposited cash in the sum of \$5.6 million at Crown on 20 April 2018. The request does not specifically refer to Mr Chau or Suncity, however was provided to the VCGLR by Crown as part of Suncity records requested pursuant to a notice under section 26 of the CC Act dated 9 August 2019.
 - c. Crown conducted a money laundering risk assessment of the Suncity cash desk in response to large cash transactions at Suncity between October 2017 to April 2018. The assessment recommended additional controls (for example, no cash to be retained at the service desk unless petty cash not exceeding \$100,000, along with other measures). The report also notes that Crown considered its relationship with Mr Chau. While the report is not dated and does not specifically reference the \$5.6 million incident, it refers to a previous risk assessment conducted in April 2018 and proposed next assessment in June 2019.
8. Relevant annual reviews conducted by Crown into the ongoing probity of Mr Chau include the following:
- a. A review in 2018, which did not reference the AUSTRAC review, the \$5.6 million incident or any non-compliance with the additional controls put in place as a result of that incident. The review recommended that Crown continue to engage Mr Chau. While this is an undated document, it states that the last review of Mr Chau was on 26 March 2018, and also references a Dow Jones search conducted on 6 November 2018.
 - b. A review in 2019, which again did not reference the AUSTRAC review, the \$5.6 million incident or any non-compliance with the additional controls put in place as a result of that incident. The review recommended that Crown continue to deal with Chau. While this is an undated document, it states that the review was completed in 19 March 2019 and updated on 31 July 2019.
9. The above indicates that, despite Crown's knowledge of the AUSTRAC review, the \$5.6 million incident and Suncity's further non-compliance with the additional controls put in place as a result of that incident, Crown did not consider this information as part of its ongoing probity assessments of Mr Chau in 2018 and 2019.
10. The AUSTRAC review and the \$5.6 million incident, together with the non-compliance with the additional controls, were relevant considerations in assessing whether Mr Chau may pose a threat of criminal influence or exploitation at the casino, and therefore may be deemed unsuitable to remain a junket operator at Crown.
11. Crown has failed to implement a robust process to consider the ongoing probity of Mr Chau, where it failed to have regard to the above incidents concerning Mr Chau during ongoing probity assessments in 2018 and 2019, therefore failing to consider all available and relevant information regarding Mr Chau in accordance with clause 2.5.1 of the Junket ICS.

Grounds for disciplinary action

Based on Particular 4, it is alleged that the casino operator, a person in charge of the casino, an agent of the casino or a casino employee has contravened section 121(4) of the *Casino Control Act 1991*.