

MinterEllison

16 August 2019

BY EMAIL

Confidential – NDI

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

Dear **Confidential**,

Crown Resorts Limited (Crown) - Section 26 Notice

We refer further to your letter dated 9 August 2019 and our initial response letter dated 14 August 2019.

The purpose of this letter is to provide answers to questions 2, 3, 5, 6 and 7, to up-date the answer to question 1, and to supplement the answer to question 4.3(b) in our initial response letter.

Crown first entered into arrangements with a number of the Relevant Entities many years ago¹. Since that time internal control statements, regulatory requirements, legislative obligations and internal processes and procedures have evolved considerably. Crown intends to provide further information about that evolution in conjunction with the provision of the records required to be provided by 23 August 2019.

Further, as for our initial response letter, this response has been prepared without the benefit of full review of all relevant historic records, and may therefore need to be amplified or qualified when that has occurred.

In response to the requests set out in the Notice:

1. Dates of entry into arrangement with Relevant Entities

1.1 By way of clarification:

- (a) paragraph 1(d) of our letter said: "*Mr Moo became a Junket Operator on 4 November 2002 and a Junket Representative on 25 February 2003*". Further review of historical records has revealed that Mr Moo became a temporary junket representative on 22 August 1997, pursuant to an approval issued by the Office of Gambling Regulation; and
- (b) in paragraph 1(e) of our letter we specified the date on which Mr Song becoming a Junket Operator to be 11 June 2009. Further review of records has revealed that Crown notified the Victorian Commission for Gaming Regulation that Crown had signed a Junket Operator Agreement with Mr Song on 25 May 2009.

2. Initial probity actions undertaken prior to entering arrangements with Relevant Entities

- 2.1 Crown is continuing to extract and review documents relevant to probity checks conducted in relation to each of the Relevant Entities, extending back many years. Crown conducted different initial probity checks in respect of relevant persons at different times, depending on the nature of

¹ In our initial response letter, we noted that this was as many as 17 years ago. As noted in paragraph 2.2 of this letter, Crown has now determined that these arrangements go back as far as 23 years ago.



their proposed dealings with Crown, and the regulatory requirements and control processes at those times.

- 2.2 Crown's earliest dealings with any of the Relevant Entities were with Mr Pan, who became a member of Crown Melbourne's rewards program in 1996. Crown expects that initial probity for Mr Pan as a patron at that point in time would have consisted of obtaining a copy of photo identification from him, but this is unlikely to be able to be confirmed, due to the passage of time since then. Crown conducted an additional initial probity check in respect of Mr Pan when he first became a junket representative on 29 December 2012, the details of which are set out in paragraph 2.5 below.
- 2.3 Crown's next dealings with a Relevant Entity were with Mr Moo. He became a temporary junket representative on 22 August 1997 and was registered as a Junket Operator on 4 November 2002. At those times, probity checks and approvals of registrations of Junket Operators were conducted by the Office of Gambling Regulation (the predecessor to the VGGLR). Crown therefore did not conduct any initial probity checks in respect of Mr Moo, other than to obtain copies of his identification documents.
- 2.4 In relation to all Relevant Entities other than Mr Moo, all initial probity checks were conducted by Crown prior to 24 December 2015. Crown is still reviewing old records to determine the precise initial probity checks which were conducted in respect of these Relevant Entities, but included some or all of the below:
- (a) Identity verification: Crown obtained official identification documents from each of the Relevant Entities, the type of which depended on the jurisdiction in which it was issued;
 - (b) Financial suitability: Crown conducted checks with other gaming companies (both domestically and internationally); and
 - (c) Database searches: Crown, upon opening a deposit account for a relevant person, entered that person's details into its SYCO system, and conducted searches of external databases then used as sources of background information. (The availability and quality of online databases has evolved considerably over the last decade or so – Crown is still extracting relevant search records.)
- 2.5 Specifically, Crown conducted the following initial probity checks:

Relevant Entity	Initial probity checks conducted
Mr Chau	<p>Obtained a copy of Mr Chau's current and valid photographic ID.</p> <p>Obtained reports as to Mr Chau's gaming activity at other casinos in Australia and overseas.</p> <p>Conducted search of ABN Register.</p> <p>Required Mr Chau to provide a blank personal cheque from a financial institution in a jurisdiction from which funds can be legitimately received.</p> <p>Conducted internet searches in respect of Mr Chau and Suncity Group.</p> <p>Reviewed reported third quarter results and financial records for Sun International Group, an entity of which Mr Chau was the Chairman of the Board of Directors.</p> <p>Usual process undertaken regarding Mr Chau's details reviewed against the World Check database.</p> <p>Documenting and formalising the junket arrangement by entering into a Non Exclusive Overseas Gaming Promotions Agreement.</p>
Mr Zhou	<p>Obtained a copy of Mr Zhou's current and valid photographic ID.</p> <p>Usual process undertaken regarding Mr Zhou's details reviewed against the World Check database.</p>
Mr Pan (when he became a junket representative in 2012)	<p>Obtained a copy of Mr Pan's current and valid photographic ID.</p> <p>Usual process undertaken regarding Mr Pan's details reviewed against the World Check database.</p>
Mr Moo	Nil – refer to paragraph 2.2 above.

Mr Song	<p>Obtained a copy of Mr Song's current and valid photographic ID.</p> <p>Obtained reports as to Mr Song's gaming activity at other casinos in Australia and overseas.</p> <p>Required Mr Song to provide a blank personal cheque from a financial institution in a jurisdiction from which funds can be legitimately received.</p> <p>Usual process undertaken regarding Mr Song's details reviewed against the World Check database.</p> <p>Documenting and formalising the junket arrangement by entering into a Non Exclusive Overseas Gaming Promotions Agreement.</p>
---------	---

3. Ongoing probity monitoring actions undertaken in respect of the Relevant Entity

- 3.1 The obligation pursuant to clause 2.5.1 of the ICS to monitor the ongoing probity of Junket Operators arose on 24 December 2015.
- 3.2 As none of Messrs Zhou, Pan and Moo were registered as Junket Operators, Junket Players or Premium Players after 24 December 2015, Crown was not obliged to conduct ongoing probity monitoring in respect of these persons under the ICS.
- 3.3 In respect of the other Relevant Entities (i.e. Messrs Chau and Song), Crown conducted a number of ongoing probity checks, including the following:
- (a) Mr Chau:

Date (approx.)	Probity check conducted
2016	Confirmed issue of DICJ Licence for Suncity Gaming Promotion Company Limited
1 April 2016	Obtained Wealth Insight report for Mr Chau
2 May 2016	Obtained copy of current and valid passport
26 May 2016	Obtained Wealth X report for Mr Chau
29 September 2016	Conducted World Check search on Mr Chau
7 December 2016	Conducted other casino history check
15 December 2016	Conducted C6 Group Enhanced Due Diligence Search
15 December 2016	Conducted AGA company search for entities associated with Mr Chau
15 December 2016	Conducted ABN search for Mr Chau's sole trader ABN
15 December 2016	Conducted Macau land title search for Mr Chau
19 December 2016	Conducted Macau land title search for Mr Chau
7 February 2017	Confirmed issue of DICJ Licence for Suncity Gaming Promotion Company Limited
3 January 2017	Conducted World Check database search
3 January 2017	Conducted WealthInsight database search
3 January 2017	Conducted Wealth-X database search
7 February 2017	Obtained copy of current and valid Macau ID
3 January 2018	Conducted Wealth X database search
3 January 2018	Conducted Global Data database search
9 May 2018	Confirmed issue of DICJ Licence to Sun City Gaming Promotion Company Limited
23 May 2018	Obtained blank cheque from patron issued by financial institution
25 May 2018	Conducted Macau land title search for Mr Chau
28 May 2018	Confirmed address by obtaining Macau utility bill

25 July 2018	Conducted other casino history check
6 November 2018	Conducted Dow Jones database search
23 January 2019	Conducted Australian bankruptcy register search
23 January 2019	Conducted Victorian land title register search
23 January 2019	Conducted AGA company search for entities associated with Mr Chau
11 February 2019	Conducted Macau land title search for Mr Chau
19 February 2019	Conducted Wealth X database search
8 March 2019	Conducted Global Data database search
19 March 2019	Conducted Dow Jones/Factiva database search
28 May 2019	Obtained blank cheque from patron issued by financial institution
28 May 2019	Confirmed issue of DICJ Licence to Sun City Gaming Promotion Company Limited
29 July 2019	Conducted other casino history check
Ongoing (as published)	Monitoring of publicly available company records for Suncity Group Holdings Limited and related entities
Ongoing (as relevant)	Transaction monitoring, including monitoring of patterns of transactions, as well as unusual or large transactions
Ongoing (daily)	Review media monitoring services (including by iSentia and Newsforgaming) for relevant commentary
Ongoing (prior to 1 December 2018)	Daily monitoring of World Check database for hits on profile of Mr Chau
Ongoing (from 1 December 2018)	Daily monitoring of Dow Jones database for hits on profile of Mr Chau

(b) Mr Song:

Date (approx.)	Probity check conducted
25 October 2016	Obtained copy of current and valid Chinese passport
12 December 2016	Confirmed address by obtaining bank statement
12 December 2016	Obtained copy of current and valid Hong Kong ID
12 December 2016	Conducted C6 Group Enhanced Due Diligence Search
12 December 2016	Conducted WealthInsight database search
12 December 2016	Conducted Wealth-X database search
12 December 2016	Conducted SAI Global Company Search in Hong Kong, Macau and Australia
12 December 2016	Obtained blank cheque from patron issued by financial institution
22 December 2016	Conducted Macau land title search for Mr Song
14 December 2017	Obtained copy of current and valid Chinese passport
3 January 2017	Conducted World Check database search
17 January 2017	Obtained Macau Certificate of Criminal Record in respect of Mr Song
22 February 2017	Conducted Macau land title search for Mr Song
12 April 2018	Conducted Global Data database search
12 April 2018	Conducted Wealth-X database search
30 April 2018	Confirmed address by obtaining bank account statement

11 May 2018	Conducted SAI Global Company Search in Hong Kong, Macau and Australia
28 May 2018	Obtained Macau Certificate of Criminal Record in respect of Mr Song
28 May 2018	Obtained blank cheque from patron issued by financial institution
7 June 2018	Conducted other casino history check
6 November 2018	Conducted Dow Jones database search
1 March 2019	Conducted Wealth X database search
19 March 2019	Conducted Dow Jones/Factiva database search
28 March 2019	Conducted Global Data database search
8 May 2019	Obtained Macau Certificate of Criminal Record in respect of Mr Song
16 May 2019	Confirm issue of DICJ Licence to Weng Cheong Gaming Promotion Limited
20 May 2019	Obtained blank cheque from patron issued by financial institution
31 July 2019	Conducted other casino history check
Ongoing (as relevant)	Transaction monitoring, including monitoring of patterns of transactions, as well as unusual or large transactions
Ongoing (daily)	Review media monitoring services (including by iSentia and Newsforgaming) for relevant commentary
Ongoing (prior to 1 December 2018)	Daily monitoring of World Check database for hits on profile of Mr Song
Ongoing (from 1 December 2018)	Daily monitoring of Dow Jones database for hits on profile of Mr Song

3.4 These steps are in addition to:

- (a) general monitoring pursuant Crown's AML/CTF Program, further details of which can be provided if required; and
- (b) periodic probity checks conducted by VCGLR inspectors, including inspections of Junket Program Packets, requests for junket documents, and formal and informal audits of Crown's junket information.

4. Current status of Relevant Entities

4.1 By way of clarification to paragraph 4.3(b) of our initial response letter, in response to recent media reports, Crown carried out further targeted searches and due diligence on Mr Pan. These searches revealed that:

- (a) Mr Pan was the sole director and shareholder of the company Triple 8 International Pty Ltd, which lists its principal place of business as 39 Tope Street South Melbourne; and
- (b) Mr Pan was involved as a witness or referred to by the parties in two separate proceedings before the County Court of Victoria, one of which involved several persons (not including Mr Pan) being involved in money laundering activities.

4.2 When the information in 4.1 above was received and considered in the last two weeks, Crown determined to take the steps detailed in 4.3(b) of our initial response letter in order to cease its relationship with Mr Pan.

5. Exclusion orders made in respect of Relevant Entities

5.1 Mr Zhou was excluded from the licenced gaming areas of the Melbourne casino on 11 May 2010. The exclusion order was made in response to a voluntary application from Mr Zhou, pursuant to section 72(2A) of the Act.

- 5.2 For completeness, we note that Mr Zhou was also excluded from the licenced gaming areas of Crown Perth on 27 March 2016, again in response to a voluntary application made by him. As there is no legislative equivalent to section 72(2A) of the Act in Western Australia, this self-exclusion was made by contract between Burswood Nominees Limited (the licensee for Crown Perth) and Mr Zhou.
- 5.3 Other than as detailed above, none of the Relevant Entities are or have been subject to an exclusion order under the Act or other equivalent Australian legislation for any casino operated by the Crown group.

6. Withdrawals of licence made in respect of Relevant Entities

- 6.1 We refer to and repeat paragraphs 4.3(a), (b) and (c) of our initial response letter.
- 6.2 Other than as detailed in those paragraphs, none of the Relevant Entities are or have been subject to a withdrawal of licence under the Act or other equivalent Australian legislation for any casino operated by the Crown group.

7. Refusals to engage prospective Junket Operators (or agents) on probity grounds

- 7.1 Crown is not currently in a position to state with certainty how many junket operators it has refused to approve on probity grounds. It does not always keep detailed records in relation to individuals that it determines not to deal with. Crown is nevertheless continuing to review relevant records in connection with this question.

Crown notes for completeness that the information contained in this correspondence is confidential and provided to the VCGLR pursuant to section 26 of the Act.

We trust that the information contained in this letter and our initial letter is sufficient to answer questions 1 to 7 in your letter, subject to any amplification or clarification which may be appropriate when all relevant records have been reviewed, but please let us know if anything further is required in advance of the provision of the records referred to in paragraph 8 of your letter.

Yours faithfully
MinterEllison



**Richard Murphy / Glen Ward
 Partners**

Contact: Richard Murphy T: [REDACTED] or Glen Ward T: [REDACTED]

OUR REF: RDM GBW 1266288