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ROYAL COMMISSION INTO THE CASINO OPERATOR AND LICENCE

STATEMENT OF COMMANDER MICHAEL FREWEN

Date made: 17 July 2021

Filed on behalf of: Chief Commissioner of Police

Prepared by:

Commander Michael Frewen

Ref: Supplementary Statement

Attn: Abigail Gill

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I, Michael Frewen, Commander, Victoria Police, state:

- 1.1 I am a Commander, attached to Crime Command of Victoria Police. I was appointed to the position in 2018. My full employment history with Victoria Police is detailed in my statement dated 3 June 2021.
- 1.2 I make this statement on behalf of the Chief Commissioner of Police in response to questions I took on notice when I attended before the Royal Commission into the Casino Operator and Licence (Commission) on 7 May 2021, pursuant to Notice to Attend (NTA) 020 and the questions taken on notice by Assistant Commissioner Christopher Gilbert who attended before the Commission on 10 May 2021, pursuant to NTA 018.
- 1.3 This statement is supplementary to that of my statement signed 3 June 2021.
- 1.4 My statement is true and correct to the best of my knowledge and belief and is informed by subject matter experts attached to the Crime Command and Intelligence and Covert Support Command (ICSC) of Victoria Police.

2. What were the functions of the Casino Crime Unit and would Victoria Police investigations be assisted by having an ongoing physical presence at Crown Casino Melbourne (Assistant Commissioner Gilbert T10:24 L27- 44 and T11:11 L21- T11:16 L8)?

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- 2.1 The Casino Crime Unit of Victoria Police was embedded in Crown Casino at inception of the facility in 1994.
- 2.2 The mission statement of the Casino Crime Unit was to maintain the integrity of the Casino Industry by effective strategies, investigation techniques and prosecution of criminal acts thereby preventing the infiltration of significant criminal and corruptive influences.
- 2.3 The Casino Crime Unit was disbanded in 2006 following an independent review of Crime Command.
- 2.4 Serious money laundering, organised and serious crime is far-reaching and borderless and there is limited investigative value in having a physical base at Crown Casino. Having a specific Casino Crime Squad creates duplication with other investigative roles and functions regarding money laundering and organised crime that currently exist within Victoria Police.
- 2.5 A meaningful twenty-first century policing response that delivers community outcomes requires a synergised response with allied law enforcement partners. Like our partners, Victoria Police investigates higher-order crime themes such as serious drug trafficking, money laundering, cybercrime etc. Crown Casino is just one venue that enables syndicated money laundering. There are many other physical and virtual locations that enable this criminal activity, including: banking institutions, cash-based business venues and online platforms. An investigative response that delivers enduring public value and scrutiny should not be physically located within the Crown Casino precinct. To understand the current processes and governance structure, an outline of money laundering is provided below.
- 2.6. The money laundering process can be split into several stages: the initial phase where the “precursory offence” is committed and finances enter the system. This may exist in the form of other serious/organised crimes such as drug trafficking, extortion, fraud etc. The “layering” stage, which occurs where illegal funds are redistributed to disguise or conceal their illegitimate source. The final stage is “integration”, in which the proceeds of crime are assimilated into a legitimate source in an attempt to avoid raising suspicion.
- 2.7 Criminal organisations may illegally move funds around the globe using cryptocurrency, banks, shell companies, intermediaries, money mules etc.

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Laundering money via casinos makes up for just one such method, at the back end of the money laundering process noted above. As described in previous evidence, money laundering at the casino may occur via cash chip outs, shell companies, structuring, smurfing and junkets.

- 2.8 Given there is no single method of money laundering and it is a multi-phased process, it is evident that centralising law enforcement resources to focus on one particular venue or avenue for such money laundering is not an efficient use of resources to disrupt organised crime or address money laundering at Crown Casino..
- 2.9 On the spot access to CCTV footage would also not necessarily further the cause for law enforcement or lead to a reduction in money laundering activity at the Casino. Crown employs a substantial workforce capable of using systems and processes to identify suspicious activity. Having police live monitoring material would be an inefficient use of police resources. Money laundering in itself is not often able to be observed or identified via viewing CCTV footage in isolation. In the rare occurrence that such suspicious activity is observed, for instance, where large sums/bags of cash are being handled by persons of interest at the casino, police may still not be able to intervene or have a power of arrest. Without supportive evidence or context, no powers of arrest or offences may exist for further investigation. Such situations could be more properly remedied by adequate target prevention and reporting of suspicious activity (as discussed in further detail below). In situations where sufficient evidence did exist, Victoria Police would most likely already be present at the location and conducting relevant investigations or enquires.
- 2.10 Within the current operating model of Victoria Police, investigation of the precursory offences resulting in the generation of criminal proceeds fall within the remit of state legislation and possibly within the responsibility of Victoria Police. Victoria Police, Crime Command has responsibility for investigating such matters. This remit is further addressed via different divisions within Crime Command to address the relevant phases of money laundering as noted above. The primary offences for money laundering are found within Commonwealth legislation. Accordingly, Crown Casino is also the subject of legislative and investigational scrutiny by multiple Commonwealth agencies regarding money laundering and other offences.

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- 2.11 Harmonised investigative responses have proven to deliver the most effective outcomes in the contemporary policing environment. Legislative reform, meaningful information sharing arrangements and greater virtual information data accessibility rights are integral to the delivery of timely responses and outcomes.
- 2.12 In regards to Victoria Police, Crime Command is the responsible Department to investigate money laundering and draws on the intelligence resources of ICSC.
- 2.13 Crime Command specialist divisions include:
- Organised Crime Division;
 - Serious Crime Division;
 - State Anti-Gangs Division;
 - Specialist Support Division;
 - Cybercrime Division;
 - Economic Crime Division; and
 - Operations Support Division.
- 2.14 The Crime Command Specialist Divisions are complemented by expert and strategic units and taskforces.
- 2.15 To summarise, the physical presence of Victoria Police at Crown Casino to reduce or address money laundering is not an efficient nor effective use of resources. However, Victoria Police sees significant value in considering joint arrangements to address investigation and intelligence requirements through meaningful information sharing arrangements and legislative reform.

3. How do we increase the verification and identification protocols at the Casino, to ensure that there is confirmation surrounding the identification and legitimacy of the person who is cashing in a chip or cheque at the Cage (Commander Frewen T10:59 L11-40).

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- 3.1 Victoria Police considers that matters surrounding external policy are ultimately considerations for government.
- 3.2 The Commission and or the Government may wish to consider the following options to increase verification and identification protocols at Crown Casino Melbourne and assist in law enforcement:
- That all patrons attending Crown Casino Melbourne be required to produce identification, of minimum threshold, which is to be recorded on an internal Crown Casino Melbourne data base;
 - That patron gambling be monitored and recorded to ensure it is commensurate with legitimate gambling activity;
 - That information sharing arrangements be established between Crown Casino Melbourne, Victoria Police and the Victorian Commission for Gambling and Liquor Regulation (VCGLR) , which prescribes the information Victoria Police needs to meet its law enforcement obligations, the format and time frames for the provision of that information to Victoria Police.
 - Cash buy ins of \$50,000 or above are immediately and autonomously reported to Victoria Police, ACIC, AFP, and AUSTRAC via electronic means. This report should include;
 - Identity of patron
 - Photograph of patron through CCTV facial screenshot
 - Betting history
 - Mobile phone number
 - Vehicle details if known
 - Current residential address and room number if staying at Crown Casino; and,
 - winnings payable in excess of \$100,000 should also be immediately reported by Crown Casino. Prompt notification ensures that Victoria Police is able to make an informed and immediate assessment as to whether the funds being deposited or withdrawn from Crown Casino may be the proceeds of crime. It also enables interdiction of the funds if there are reasonable grounds to suspect that they are the proceeds of crime. Frequently law enforcement discovers these

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transactions days, weeks, or months after they have occurred. Often when the party involved has already dissipated that laundered money into other non-traceable commodities or in some circumstances has left the jurisdiction.

4. Does the witness have any comments surrounding the adequacy of monitoring and regulation at the Casino (Commander Frewen T11:43 L 3-12)?

- 4.1 It is the position of Victoria Police that any matters surrounding external policy or legislative reform are considerations for government.
- 4.2 Nevertheless, in my opinion, for Victoria Police to exercise its investigative function, it is essential to receive information in a timely manner. To investigate incidences of alleged organised crime and money laundering through Crown Casino Melbourne, Victoria Police requires information from Crown Casino Melbourne.
- 4.3 Crown Casino is defined as a Financial Institution under the *Confiscation Act 1997*. This definition enables Victoria Police to issue information notices which obliges the Casino to supply patron casino account information including; name, account number and balance of funds. Under current provisions Crown Casino has 3 days to supply this information. There is no penalty section in the Confiscation Act for not supplying this information within 3 days.
- 4.4 It is also noted that *all* types of transactions of or above \$10,000 (not just cash transactions), should be recorded and reported to AUSTRAC. These transactions should include buy in, cash out, cheque in or out and Crown Account in and out.
- 4.5 The ability to obtain a cheque from gambling chips without generating a TTR and relying on the casino employee to submit an SMR creates significant risk. It would allow offenders and potentially money mules to convert cash into chips below \$10,000 and then combine the chips to obtain a cheque from Crown without a report going to AUSTRAC. This would enable cash to be laundered so that it appeared to be gambling winnings and is a significant vulnerability.
- 4.6 Legislative reform in the domain of cryptocurrency may enable Victoria Police to investigate all aspects of money laundering within our jurisdiction. Examples would include (that are illustrative only of some of the suggestions) legislative reforms regarding: granting police powers to seize and secure cryptocurrencies, serve preservation orders for immediate digital asset freezing and to have Controlled

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Operations legislation modernised and redefined in order to be relevant and effective within the online environment.

- 4.7 Victoria Police would be assisted in conducting its law enforcement duties if Crown Casino Melbourne was to retain security footage for as long as possible given the current practice is to erase footage after a short period of time.

5. What are the risks in allowing junkets to continue to operate? (Commander Frewen T12:03 L 30- 39).

- 5.1 A member of Police attended before the Commission on 18 June 2021 in a private hearing and has already provided information relating to the risks of junkets continuing to operate.

6. Leaving the position of the casino operator having to itself inform and make necessary enquiries and so on, not only about the junket operator but the people who are behind the junket operator, or the people who just want to come here on the junket operator's tour, what's your take on the capacity of the casino operator to do that in any sense effectively? (Commander Frewen T11:26 L8-14)

- 6.1 I am unable to comment on the existing capabilities of Crown Casino Melbourne to conduct the necessary background and probity checks on junket operators. Nevertheless, government agencies - such as the AFP, Australian Border Force, Australian Tax Office, VCGLR, ACIC and AUSTRAC - have substantial reach and intelligence holdings to adequately conduct relevant security checks. Appropriate legislative frameworks and information sharing processes would need to be in place for this to be effectual.

7. Are there intelligence holdings or have investigations been conducted in relation to existing or former members of police and their involvement with Crown and illicit activities? (Assistant Commissioner Gilbert T 11:03 L 40- T 11:06 L10)

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7.1 I am informed that ICSC has holdings relating to an investigation by Professional Standards Command (PSC) of Victoria Police involving a current serving member of Victoria Police. No prosecution resulted from the investigation.

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7.2 I am informed that ICSC has intelligence holdings involving a former member of Victoria Police. This information has been forwarded to the appropriate government agency.

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Signed by)
Michael Frewen at Melbourne)
This 18th day of July 2021)

