


The Hon Ray Finkelstein AO QC

Commissioner for the Royal Commission into
the suitability of Crown Melbourne Limited to
hold a Casino Licence
Castan Chambers
460 Lonsdale Street
Melbourne Vic 3000



10 March 2021

The Directors
Crown Melbourne Limited
Crown Towers
Level 3
8 Whiteman Street
SOUTHBANK VIC 3006

Dear Directors

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

As you will be aware, I have been appointed Commissioner and Chairperson of the Royal Commission to inquire into whether Crown Melbourne Limited (**Crown Melbourne**) is a suitable person to continue to hold the casino licence under the *Casino Control Act 1991 (Vic)*, whether Crown Resorts Limited is a Suitable Associate of Crown Melbourne and related matters (**Commission**). The Commission's terms of reference are **attached**.

The Honourable PA Bergin SC conducted an inquiry under section 143 of the *Casino Control Act 1992 (NSW)* into whether Crown Sydney Gaming Pty Limited (**Crown Sydney**) was a suitable person to continue to give effect to its restricted gaming licence at Barangaroo and whether Crown Resorts was a suitable person to be a close associate of Crown Sydney (**Bergin Inquiry**).

The Report of the Bergin Inquiry was published on 1 February 2021 (**Bergin Report**). The conclusions of the Bergin Inquiry were that:

- (a) Crown Sydney was not a suitable person to continue to give effect to its restricted gaming licence; and
- (b) Crown Resorts was not a suitable person to be a close associate of Crown Sydney.

The principal findings upon which these conclusions are based are set out in the Bergin Report. Shortly stated they are that between:

- (a) 2014 and 2019 Crown Resorts enabled and facilitated money laundering through the bank accounts of Crown Resorts' subsidiaries Southbank Investments Pty Ltd and Riverbank Investments Pty Ltd, and that this situation went unchecked and unchanged despite warnings from its bankers;

- (b) 2014 and 2016 Crown Resorts disregarded the welfare of its China-based staff putting them at risk of detention by pursuing an aggressive sales policy and failing to escalate risks through the appropriate corporate risk management structure; and
- (c) 2012 and 2020 Crown Resorts entered into and/or continued commercial relationships with "Junket" operators who had links to Triads and other organised crime groups and maintained those relationships after becoming aware of persistent public allegations of such connections in national and international media reports and its own due diligence reports.

The Bergin Report addresses a number of matters relevant to the Commission's Terms of Reference, including background in relation to the gambling industry and the structure and operations of the Crown group of companies. In addition, the Report summarises the evidence before the Bergin Inquiry and contains findings of fact based on the evidence.

Considerable portions of the Report are relevant to the Commission's Terms of Reference. Consistent with those Terms of Reference it will be necessary to consider whether it is appropriate for the Commission to adopt relevant findings and rely on the evidence and other material referred to in the Bergin Report.

To that end, Crown Melbourne is requested to inform the Commission whether it:

- (a) contends that there are any parts of, or findings contained within, the Bergin Report that the Commission should not have regard to or adopt;
- (b) accepts that, based on the evidence and material that was before the Bergin Inquiry, it was open for it to:
 - i) make the principal findings set out above; and
 - ii) conclude that Crown Resorts is not a suitable person to be a close associate of Crown Sydney
- (c) contends that the Commission should not adopt the unsuitability conclusions, stating the basis for that contention.

If Crown Melbourne takes the position that the Commission should not rely on the Bergin Report for any of these purposes, would it please explain why the Commission should not take that course.

In view of the Commission's time frame to conduct the Inquiry you are requested to respond by no later than **17 March 2021**.

Yours sincerely



The Hon Ray Finkelstein AO QC
Commissioner and Chairperson of the Commission

enc

ANNEXURE

Definitions

Defined terms in the Casino Control Act have the same meaning in these letters patent unless the contrary intention appears. In addition:

- a) Crown Melbourne Contracts means the documents referred to in s 25(1)(c) of the Casino Control Act.
- b) Suitable Associate means a suitable person to be associated with the management of a casino under the Casino Control Act.

Terms of Reference

The Letters Patent dated 22 February 2021, as amended 25 February 2021, specify that the Commission will inquire into and report on the matters set out below:

- A Whether Crown Melbourne is a suitable person to continue to hold the casino licence under the *Casino Control Act*.
- B Whether Crown Melbourne is complying with the *Casino Control Act*, the *Casino (Management Agreement) Act 1993*, the *Gambling Regulation Act 2003* (together with any regulations or other instruments made under any of those Acts), and any other applicable laws.
- C Whether Crown Melbourne is complying with the Crown Melbourne Contracts.
- D Whether it is in the public interest for Crown Melbourne to continue to hold the casino licence in Victoria.
- E If you consider that Crown Melbourne is not a suitable person, or that it is not in the public interest for Crown Melbourne to hold the casino licence in Victoria, what action (if any) would be required for Crown Melbourne to become a suitable person, or for it to be in the public interest for Crown Melbourne to continue to hold the casino licence in Victoria.
- F Whether Crown Resorts is a Suitable Associate of Crown Melbourne.
- G If you consider that Crown Resorts is not a Suitable Associate of Crown Melbourne, what action (if any) would be required for Crown Resorts to become a Suitable Associate of Crown Melbourne.
- H Whether any other existing associates of Crown Melbourne are not Suitable Associates of Crown Melbourne.
- I If you consider that any other existing associates of Crown Melbourne are not Suitable Associates of Crown Melbourne, what action (if any) would be required for those persons to become Suitable Associates of Crown Melbourne.
- J Whether you consider changes to relevant Victorian legislation, including the *Casino Control Act* and the *Victorian Commission for Gambling and Liquor Regulation Act 2011*, as well as the Crown Melbourne Contracts, are necessary for the State to address your findings and implement your recommendations.
- K Whether there are any other matters necessary to satisfactorily resolve the matters set out in paragraphs A to J, above.