

AMENDED WITNESS STATEMENT OF JOHN HARTLEY POYNTON AO

Prepared by: Jones Day Telephone: (03) 9101 6800
Level 48, 525 Collins St Ref: 869340-000001
Melbourne VIC 3000 Email: tlestrange@jonesday.com

Contains sensitive information

- 1

4. I confirm that my evidence to the Bergin Inquiry was true and correct, and I do not wish to vary, correct, add to or clarify it. However, this witness statement is intended to supplement my evidence to the Bergin Inquiry.
5. On 1 February 2021, the report from the Bergin Inquiry (the **Bergin Report**) was published. I have reviewed the Bergin Report and I do not object to any of the findings relating to me.
6. This witness statement is made from my own knowledge unless indicated otherwise. Where matters are based on information provided by others, I believe that information to be true. My knowledge has been informed by re-reading the minutes and relevant parts of board packs referred to in this witness statement.
7. Unless expressly stated, nothing in this witness statement is intended to waive legal professional privilege. Where the attachments to this statement include redactions, they have been applied by the lawyers for the Crown Group. I do not make any privilege claim in relation to attachments to this statement.

Qualifications and expertise

8. I currently hold the following positions:
 - (a) director of the Future Fund Board of Guardians (Australia's sovereign wealth fund);
 - (b) chair of Poynton Stavrianou Pty Ltd;
 - (c) chair of Strike Energy Limited;
 - (d) chair of Investment Committee of Blackoak Capital; and
 - (e) deputy chair of Sapien Cyber Limited.
9. I have previously served as chair, deputy chair or non-executive director of a number of ASX listed companies (including companies with large founding shareholders on the board of directors), Federal Government boards and educational institutions including:
 - (a) the Export Finance and Insurance Corporation;
 - (b) the Payments System Board of the Reserve Bank of Australia;

- (c) the Business School at the University of Western Australia;
- (d) Multiplex Limited; and
- (e) Austal Limited.

My role at the Crown Group

Positions

10. Within the Crown Group, I held the following positions:
 - (a) a non-executive director of Crown Resorts Limited (**Crown**) from 20 November 2018 to 28 February 2021;
 - (b) a member of the Crown Occupational Health & Safety Committee (**OH&S Committee**) from 18 February 2020 to 28 February 2021;
 - (c) a non-executive director of Burswood Limited (**Burswood**), from 3 September 2004 to 28 February 2021; and
 - (d) the chair of Burswood from 24 January 2020 to 28 February 2021.

Burswood structure

11. Burswood is a wholly owned subsidiary of Crown and is the parent entity of Burswood Nominees Ltd (the **Licensee**) which holds a casino license issued under the *Casino Control Act 1984* (WA) in respect of Crown Casino Perth (the **Perth Casino**).
12. The Licensee is a trustee for the Burswood Property Trust which holds the assets of the Perth Casino. I understand that Burswood held all of the units in the Burswood Property Trust.
13. I understand that, under the Burswood Property Trust structure, Burswood Resort (Management) Limited (**Burswood Management**) was the manager of casino operations for the Perth Casino.
14. I understand that, during my tenure on the board of Burswood, Burswood Management employed the majority of the Perth Casino's staff. I also understand

that the Licensee has not employed any staff since July 2004, whilst Burswood has not employed any staff since February 2005.

15. I never served as a director of the Licensee or Burswood Management. I understand that both of these companies had separate boards comprised of directors who also held executive positions at Crown and/or Burswood. To the best of my recollection, the board of Burswood was not provided with the minutes of meetings of the Licensee or Burswood Management, nor provided with any updates on meetings held by the Licensee or Burswood Management.

Management at Burswood

16. As a non-executive director of Burswood, my primary sources of information were:
 - (a) information about the business provided to me by management (including in board packs provided prior to board meetings); and
 - (b) through communications with management from time to time.
17. As noted in paragraph 14 above, I understand that the Burswood corporate entity did not employ any staff. However, for ease of reference, in this statement I refer to various members of management involved in the operation of the Perth Casino as if they were employed by Burswood (i.e. "the CEO of Burswood" or "management at Burswood" etc.). These were persons employed by other entities in the Crown Group who exercised management functions for Burswood.
18. Based on my experience as a director of Australian listed companies for over 30 years, I believe that a strong management team which has the board's trust and confidence is integral to the success of the company. During my tenure at Burswood, I relied on and had a high degree of trust and confidence in the management team's judgment, skills, competence and integrity in managing the business.
19. The CEO of Burswood between 2007 and 2020 was Barry Felstead. Based on my interactions with Mr Felstead, I formed the view that he had an intimate knowledge of, and engagement with, the entire business of the Perth Casino. Whenever Mr Felstead would take me and other directors through the Perth Casino, I noted that he knew almost everyone in the building on a first name basis. At Burswood board meetings, my impression was that Mr Felstead was deeply engaged with the day-to-day operations of the Perth Casino and could speak with confidence about all

aspects of the business. Based on my interactions with Mr Felstead, I had a high degree of trust and confidence in his judgment and expertise and relied on his knowledge of the business when forming my opinions as a director.

20. The CEO of Burswood between 2020 and 2021 was Ken Barton. Based on my interactions with Mr Barton, my impression was that he was highly engaged and intimately familiar with the business of the Crown Group and I do not recall ever having any concern about his skills, competence or integrity.
21. The CEO was generally in attendance (either in person or electronically) at Burswood board meetings and would provide a report to the board both verbally and in writing.
22. My trust and confidence in the CEO of Burswood (from time to time) was bolstered by my knowledge that, at all times, the CEO was supported by what I perceived to be a strong executive team with an intimate knowledge of the operations of both the Perth Casino and the Crown Group. This included:
 - (a) Alan McGregor (Chief Financial Officer);
 - (b) Lonnie Bossi (Chief Operating Officer); and
 - (c) Josh Preston (Chief Legal Officer and Company Secretary).
23. Based on my interactions with Mr McGregor, Ms Bossi and Mr Preston, my view was that they were all competent and considered executives who were well-regarded and trusted by everyone within the Crown Group. I do not recall ever having any concerns about their ability or integrity and trusted their judgment and advice on financial, operational, legal, risk and compliance matters.
24. A majority of the senior management team at Burswood also held senior positions at Crown. This gave me confidence that they had a national perspective on the issues facing the Crown Group's business and the casino industry generally.

Role as non-executive director of Burswood

25. In 2004, I was approached by Peter Yates, the then CEO of ~~Consolidated Press Holdings Pty Ltd (CPH)~~ Publishing and Broadcasting Limited (PBL) (a predecessor company to Consolidated Press Holdings Pty Ltd (CPH)), and was asked to assist ~~CPH~~ PBL in negotiations for the potential acquisition of share capital in Burswood (which was an ASX listed company at the time) from Jack Bendat and Bill Wyllie.

Once ~~CPL~~ PBL had concluded the takeover of Burswood, the chairman James Packer, offered me a position as a non-executive director, which I accepted. I was formally appointed on 3 September 2004.

26. At the time of my appointment, although I had significant experience as a director of several ASX listed companies, I did not have any specific experience as a director or executive of any businesses that operated casinos.
27. Mr Packer served as the chairman of Burswood from my appointment until 25 May 2016, when he was replaced by John Alexander. Mr Alexander was subsequently appointed as the Executive Chairman of Crown on 1 February 2017.
28. In my view, I was brought onto the board of Burswood to bring a local perspective to the Crown Group, including insights into the Western Australian economy, business community and political environment. Given that the business of the Crown Group relies on a strong local economy in each State that it operates for its revenue, such insights were important to the success of the Perth Casino.
29. Before each Burswood board meeting, the directors were provided with board packs which included:
 - (a) financial results;
 - (b) development update;
 - (c) internal audit reports; and
 - (d) legal, risk and compliance reports.
30. Each of the above reports would be tabled at board meetings of Burswood and discussed between the board and management.

Role as chair of Burswood

31. On 24 January 2020, I was appointed chair of Burswood to replace John Alexander. Due to a number of issues Crown was facing from July 2019 onwards, I saw it as important that there be stronger information flow between Crown and Burswood. Specifically, I saw it as important that the director who was not also appointed to the Crown board (being Maryna Fewster) was provided with the same amount of information as I was (due to my position as a non-executive director at Crown), which

would provide her with a more holistic perspective on the issues facing the Crown Group.

32. As chair, I also requested that the CEO (then Mr Barton) provide a more detailed briefing about the operations of the business at a group level. I also arranged for the duration of Burswood board meetings to be increased and attempted to increase their frequency from four to six times a year (although this was complicated by the COVID-19 pandemic).

Role at Crown

33. I was appointed a member of the board of Crown as a nominee of CPH pursuant to a consultancy agreement dated 7 May 2018 (**Consultancy Agreement**).¹ I was appointed to fill the vacancy left by Mr Packer who resigned as a non-executive director on 21 March 2018.
34. The legal purpose of the Consultancy Agreement was to ensure that I was not considered an “independent” director of Crown. Other than being a nominee director on the board of Crown, I did not provide any services to CPH under the Consultancy Agreement.
35. On 20 November 2018, following receipt of probity approval from Victorian and New South Wales regulators, my tenure on the Crown board commenced.
36. At the time of my appointment, I knew most of the existing Crown board members by reputation, and I believed them to be prominent and competent professionals with impressive careers in their respective fields. Although this did not lessen the amount of due diligence I undertook before joining the Crown board, it gave me some degree of comfort that issues such as risk and compliance were likely to have been appropriately addressed at board level.
37. The board of Crown had eight different board committees which reported to it, which were:
 - (a) the Audit & Corporate Governance Committee (chaired by Helen Coonan until February 2020, then Toni Korsanos), which assisted the board of Crown in

¹ [JHP.001.001.0001].

overseeing external financial reporting and external and internal audit and taxation matters;²

- (b) the Corporate Social Responsibility Committee (chaired by Helen Coonan until mid-2019, then Harold Mitchell);
- (c) the Finance Committee (chaired by Ms Coonan);
- (d) the Investment Committee (chaired by Guy Jalland);
- (e) the Nomination and Remuneration Committee (chaired by Geoff Dixon until October 2019, then Harold Mitchell);
- (f) the OH&S Committee (chaired by Professor John Horvath), which monitored the application of the Crown Occupational Health & Safety Policy at each of Crown's wholly-owned businesses;
- (g) the Responsible Gaming Committee (chaired by Professor Horvath), which monitored and reviewed responsible gaming programs and policies at each of Crown's wholly-owned businesses;³ and
- (h) the Risk Management Committee (**RMC**) (chaired by Geoff Dixon until October 2019, then Jane Halton (who herself had been a member of the RMC since 2018)), which assisted the Crown board in overseeing Crown's risk management and compliance frameworks.⁴

38. Each of Crown's committees considered all issues within the Crown Group that fell within the scope of their charter, including in relation to the Perth Casino. As a director of Burswood, I was generally aware of the charters and responsibilities of each of the above committees, and I understood that if any issues relating to the Perth Casino were considered by those committees that required the attention of the board of Burswood, they would be appropriately escalated.
39. Of the above Crown committees, I was only ever a member of the OH&S Committee, to which I was appointed on 18 February 2020.

² [JHP.001.001.0012].

³ [JHP.001.001.0018].

⁴ [JHP.001.001.0023].

40. I do not recall reviewing clauses 22.1(r) and 22.1(ra) of the Casino Agreement between Crown Melbourne Ltd (**Crown Melbourne**) and the Victorian Commission for Gambling and Liquor Regulation (**VCGLR**), nor do I recall these clauses being the subject of discussion during my time as a director of Crown (or Burswood).

Risk management at the Crown Group

41. I understand that the risk management framework for material subsidiaries within the Crown Group, including Burswood, was set by the RMC and ratified from time to time by the Crown board.
42. During my tenure on the board of Burswood, the risk function was supported at Crown Group level by executives employed by Crown. At all times, I understood that senior executives at Crown and the RMC were overseeing the business and the risk framework for Crown and each of the material subsidiaries within the Crown Group on a national basis and it was in that context that the group's senior executives would report to the Burswood board on both business and risk issues. I understood that those executives would also be reporting to the boards of other entities within the Crown Group.
43. Based on my experience as a company director, this is a governance framework that operates in many national companies. For instance, my understanding is that, at the time of its acquisition by the Commonwealth Bank, a similar framework was adopted by Bankwest.
44. In that context, the risk framework of the Crown Group did not envisage that each subsidiary replicated risk functions, as they were shared with all relevant entities in the group.
45. On 27 July 2018, I attended a meeting of the board of Burswood. The Legal, Risk and Compliance Report considered at that meeting noted that steps had been taken to align the Melbourne and Perth Risk Management Frameworks, as well as to mature the existing frameworks and to pre-empt both industry and regulatory expectations.⁵ The Report also noted that in order to support this new Framework, a

⁵ [CRW.703.001.1842 at .1973].

new position of Group General Manager – Risk and Audit had been recruited in December 2017.

46. These changes to the Crown Group's Risk Management Framework were approved by the board of Crown on 8 August 2018. I attended this meeting by invitation (as I had not yet received regulatory clearance to be appointed as a Crown director at this time). The board papers for that meeting contained a memo from Mary Manos (General Counsel and Company Secretary, Crown) which noted that the Risk Management Policy was last updated in 2008 and it was proposed that a revised policy be approved by the board to "*reflect current Risk Management processes in place at the Company's material wholly owned businesses*".⁶ The minutes record that the board resolved to approve these changes.⁷
47. In February 2019, Crown retained Deloitte to review aspects of its Risk Management Framework following a recommendation of the June 2018 Sixth Review of the VCGLR to strengthen Crown's Risk Management Framework and systems.
48. On 12 June 2019, I attended a board meeting of Crown. At the meeting, the board considered a memorandum from Ms Manos which annexed a new Risk Management Strategy which had been recommended for approval by the RMC.⁸ The Strategy applied to Crown and "*its material wholly owned subsidiaries*" including Burswood. The minutes record that the board resolved to approve the Risk Management Strategy.⁹
49. On 16 June 2020, I attended a board meeting of Crown. At the meeting, the board considered a memorandum from Ms Manos which proposed that Crown approve a revised Risk Management Strategy for the Crown Group which had been recommended for approval by the RMC.¹⁰ The minutes record that the board resolved to approve the revised Risk Management Strategy.¹¹
50. In relation to each of the decisions referred to in paragraphs 45 to 49, I read the board papers, formed the view that the changes to the Crown Group's Risk Management Framework were appropriate and supported the board's approval of

⁶ [CRL.506.007.7553 at .7835 to .7839].

⁷ [CRL.506.006.5510].

⁸ [CRL.506.007.8404 at .8778 to .8798].

⁹ [CRL.503.001.0005].

¹⁰ [CRW.507.005.1714 at .1986 to .2009].

¹¹ [CRW.507.005.2056].

them. In forming this view, I relied on Ms Manos, who I viewed as a competent and considered lawyer who was recommending each change to improve and streamline the Crown Group's overall risk controls.

Circumstances of resignation from Burswood and Crown

51. The evidence contained in this section is not directly responsive to any of the questions referred to in the Summons. Nevertheless, in my view, it is relevant to the Terms of Reference for the PCRC. Specifically, it is relevant to:
 - (a) Whether Crown is a suitable person to be concerned in or associated with the organization and conduct of gaming operations of a licensed casino (A.2); and
 - (b) Whether Burswood is a suitable person to be concerned in or associated with the organization and conduct of gaming operations of a licensed casino (A.4).
52. The Bergin Report did not make any adverse findings about my conduct as a director of Crown or Burswood. In particular, page 466 of the Bergin Report noted that there were "*no real challenges to the credit or credibility*" of me and a number of other Crown directors. Page 468 of the Bergin Report says:

"The health of the new relationship to be forged with the CPH nominee directors will be pivotal to Crown's future success as a close associate of the Licensee. The commitment and contribution of the more recently appointed CPH nominee directors, Mr Jalland and Mr Poynton (although Mr Poynton has been a director of Crown Perth/Burswood for many years) will be integral to that success."
53. However, the Bergin Report found that Crown's Sydney subsidiary (**Crown Sydney**) was not a suitable person to hold a casino license in New South Wales and was critical of the conduct of Mr Packer, as well as a number of senior management and non-executive directors of Crown. Given what was said in the Bergin Report, I formed the view that there was no prospect of Crown obtaining the licence unless significant changes were made, including reducing the number of CPH directors on the Crown board and/or limiting CPH's voting rights. I understand that there were other issues raised by the NSW Independent Liquor and Gaming Authority (**ILGA**)

which Crown Sydney was required to address to achieve suitability which were not specifically relevant to my position.

54. I hoped to be part of the solution for the Crown Group and to assist in the rebuilding process. As such, I viewed it as important that, moving forward, I was considered an independent non-executive director of Crown, which, under the *ASX Corporate Governance Principles and Recommendations* would be achieved 3 years after severing my business relationship with CPH. In order to achieve this, on 10 February 2021 the Consultancy Agreement was terminated.¹²
55. Subsequently, Mr Philip Crawford, the chair of the NSW Independent Liquor and Gaming Authority (**ILGA**), made a number of statements to the media in which he publicly questioned my independence, including:
 - (a) in an article published by *The Australian Financial Review* on 17 February 2021 entitled “‘I’m not a Packer acolyte’ says John Poynton”, Mr Crawford told the AFR that he was finding it “a bit hard to swallow” that I could stay on Crown’s board after being a party to the Consultancy Agreement;¹³ and
 - (b) in an article published by *The Guardian* on 17 February 2021 entitled “Crown Resorts to face WA casino inquiry as pressure grows on more directors to resign”, Mr Crawford is quoted on ABC Radio saying that I should “possibly” also resign.¹⁴ Mr Crawford is quoted as explicitly calling for Harold Mitchell’s resignation and then says:

“I thought it was a good step that his [Mr Packer’s] board nominees have gone. Mr Poynton is still there and that’s something we’re going to look at going forward”.
56. Mr Crawford also gave a number of media interviews in which he called on me to resign from the board of Crown including:
 - (a) in an television interview with ABC’s 7:30 report on 18 February 2021, Mr Crawford said:

¹² [JHP.001.001.0029].

¹³ [JHP.001.001.0030].

¹⁴ [JHP.001.001.0033].

GRACE TOBIN: *"Four directors have gone so far including the CEO. Is that enough, has Crown blown itself up enough at this point?"*

CRAWFORD: *"No not yet. I think, I'm in discussions with Ms Coonan regarding Harold Mitchell and Mr Poynton, who is in Perth. I would think they both need to go. Our authority have [sic] a very strong view about what needs to change and to start with its personnel."*¹⁵

- (b) in an radio interview with 6PR's Liam Bartlett on 19 February 2021, Mr Crawford said:

*"He [Poynton] really needs to go and again I repeat that, I'm making no aspersions on his character or anything that he might or might not have done. It's simply that the association there, and the influence of Packers [sic] is an issue we're dealing with".*¹⁶

- (c) in an article published in *The West Australian* on 20 February 2021 entitled *"Watchdog wants Poynton out; Crown director under pressure to quit"* Mr Crawford made the following statement:

*"Retiring (a consultancy agreement with CPH) at the 11th hour is fine but that doesn't change history and we need to have renewal. I'm not making any aspersions regarding his ability as a director or anything that he has done personally but I'm dealing with perceptions and renewal to try to go down a path to see whether or not (Crown) can achieve suitability to hold a licence (in NSW). It's a pretty key issue and I've told Helen Coonan that the authority requires Mr Poynton to step down".*¹⁷

57. On 22 February 2021, Mr Crawford wrote directly to Ms Coonan (the current chair of Crown and Burswood) regarding my directorship.¹⁸ In this letter Mr Crawford wrote:

"Mr Poynton's termination of the consultancy agreement with CPH and his stated intention of staying on the Crown board as an independent is not acceptable to the Authority as it consults with Crown on whether it can

¹⁵ [JHP.001.001.0037].

¹⁶ [JHP.001.001.0040].

¹⁷ [JHP.001.001.0043].

¹⁸ [JHP.001.001.0044].

become suitable to hold a casino licence. The Authority understands from you that Crown's own constitution provides that a nominee on the board does not become independent for a period of three years after severing ties with his/her appointor".

58. Ms Coonan provided me with a copy of Mr Crawford's letter of 22 February 2021 shortly after receiving it.

59. On 22 February 2021, my legal counsel, Mr Tim L'Estrange of Jones Day, wrote to Mr Leon Zwier of Arnold Bloch Liebler (**ABL**), who I was advised was representing the board of Crown.¹⁹ Mr L'Estrange advised Mr Zwier that I was willing to tender my resignation provided Mr Crawford publicly confirmed that the decision that I should resign is based only a perception of my past association with CPH and Mr Packer by virtue of the Consultancy Agreement. Mr L'Estrange enclosed a draft communication that I respectfully requested be issued by Mr Crawford following my resignation and noted:

"As I have expressed to you, our client feels very aggrieved that he is being requested to step down as a director when there are no adverse findings made against him, no findings that suggest he is not fit and proper and indeed Commissioner Bergin contemplated that he continue as a director. Seemingly, a decision has been made that he should resign based only on a perception of his past association with CPH and Mr Packer.

Mr Poynton is a highly respected director in Australia, and occupies some important public roles. It is for that reason that we request a degree of formality in the prospective communication. If the wording can be agreed, Mr Poynton will tender his resignation with immediate effect, on the basis that Mr Crawford will release his statement immediately after that".

60. Ms Coonan wrote to Mr Crawford on 23 February 2021 reiterating my concerns to protecting my reputation.²⁰ Ms Coonan wrote:

"As you know, following your public comments and confirmation of the Authority's view in the letter, I have raised with Mr Poynton the need for his immediate resignation as a Director of Crown.

¹⁹ [JHP.001.001.0045].

²⁰ [JHP.001.001.0047].

Mr Poynton is concerned to protect his reputation.

Would you be kind enough to confirm that the Authority's view that Mr Poynton should immediately stand down as a director of any companies within the Crown Group is not based on an adverse finding about him either in the Bergin Report or by the Authority, but has been formed for the reasons set out in your letter of 22 February 2021".

61. On the same day, Mr Crawford responded to Ms Coonan's letter of 23 February 2021 confirming that:

"[T]he Authority's position that Mr Poynton should immediately stand down as a director of companies in the Crown group is not based on adverse findings about him in the Bergin Report or by the Authority, but on the matters referred to in my letter of 22 February 2021".²¹

62. Despite this confirmation from Mr Crawford, I remained concerned to protect my reputation in circumstances where there had been no adverse findings made against me in the Bergin Report, and no findings to suggest I am not fit and proper. I wrote to Ms Coonan to this effect on 24 February 2021 as follows:

"Not only were there no adverse findings about me in the Report but that the Commissioner specifically contemplated me being part of Crown's board renewal.

Mr Crawford has publicly confirmed that ILGA has no concerns regarding my reputation or performance on the board, which would give rise to a finding of unsuitability.

In addition, as I am sure you are aware, ILGA has no jurisdiction over subsidiary board membership in Western Australia.

Regrettably Mr Crawford has chosen to not communicate with me directly.

He has instead chosen to express his views on this matter in the national and West Australian media, without prior reference to me.

²¹ [JHP.001.001.0048].

As far as I am concerned, Mr Crawford must explain the reasons why he is choosing to ignore the very clear findings of the Commissioner.”²²

63. On 25 February 2021, I wrote to Mr McGregor (in his capacity as Crown Company Secretary) and requested, among other things:

“the terms of engagement of solicitors who are acting for the company or the board as a whole in respect of the current regulatory matters and inquiries”.²³

64. Although I was on the board of Crown at the time, I do not recall ever approving Mr Zwier’s engagement to act for the board of Crown or for the company. To date, Crown has not provided me with the terms of engagement of ABL and/or Mr Zwier.
65. Later that day, I received correspondence from Ms Coonan imposing significant pressure on me to resign, including in an email to me on 25 February 2021 in which Ms Coonan wrote:

“If you do not step down, Crown may have its NSW Casino licence cancelled by ILGA. The cancellation of the Casino licence will trigger a breach of the Crown Group lending covenants and adversely affect Crown Resorts interests in NSW, Victoria and WA and its related companies.

As a director of Crown Resorts you are obliged to act in the best interests of Crown Resorts. It is in the best interests of Crown Resorts for you to resign. By refusing to resign as a director in these circumstances you are breaching your duties as a director. Without waiving legal professional privilege, I have obtained a written opinion from a leading Senior Counsel to this effect.

Putting legal considerations aside, I would urge you to put the interests of Crown Resorts ahead of your personal preference to remain on boards within the Crown Group.

This is the last time I will informally seek your resignation. If I do not receive written confirmation of your resignation by 12 noon tomorrow Friday 25 February 2021, I will commence steps to deal with this issue which will

²² [JHP.001.001.0049].

²³ [JHP.001.001.0051].

necessarily and regrettably find their way into the public domain as Crown Resorts complies with its continuous disclosure obligations.”²⁴

66. On 26 February 2021, Mr L'Estrange wrote to Mr Crawford on my behalf regarding the statements he made about me publicly that questioned my independence and called on me to resign as a director.²⁵ Mr L'Estrange reiterated that in circumstances where there had been no adverse findings made against me, no findings that suggest I am not fit and proper and where Commissioner Bergin had in fact contemplated that I continue as a director, I did not intend to resign. The letter from Mr L'Estrange, settled by Bret Walker AO SC, said:

“In light of the recent announcement by the Victorian Government of a Royal Commission into Crown’s operations in Victoria, Mr Poynton considers it is even more important for Crown to maintain stability at the board level to help navigate the road ahead. In the last few weeks, four members of Crown’s board and its CEO have resigned. For Mr Poynton to also resign from his position during such a tumultuous time for Crown could cause real damage and may be inconsistent with his duties to the company. We note in that regard that the Bergin Report found that any “purging” of Crown’s Board would be “inappropriate”.

In light of the above, Mr Poynton does not intend to resign from his position at Crown or Burswood until we receive your considered response. As the Bergin Report acknowledges, Mr Poynton’s position as a director of Crown will be integral to its success over the next few years.”

67. As a courtesy, Mr L'Estrange provided a copy of the letter to Mr Crawford to Mr Zwier, who continued to pressure me to resign and sought to impose an arbitrary

²⁴ [JHP.001.001.0052].

²⁵ [JHP.001.001.0053].

deadline for me to do so once a response from Mr Crawford had been received.

Mr Zwier wrote on 26 February 2021:

"The Chair of Crown will await a response from ILGA before taking any further step to deal with your client's refusal to resign as a director of the Crown companies.

If ILGA confirms in writing that it remains of the view that your client should immediately step down as a director of all companies within the Crown Group, then my client will afford your client a short period of time thereafter (say 2 hours from the time ILGA communicates its position to your client) to allow your client to reconsider his position and retire should he wish to do so.

*As you know the Chair of Crown must take steps to protect the Crown Group from the damage that may be caused to it if ILGA remains unmoved in relation to its views about Mr Poynton. If ILGA reconsiders its position in relation to your client, which in my client's view is highly unlikely, then the Chair of Crown will reconsider the issues too and let you and your client know of her revised position".*²⁶

68. Later that day, Mr Crawford responded to Mr L'Estrange's letter of 26 February 2021 stating that ILGA remained of the view that I should immediately resign as a director of all companies within the Crown Group.²⁷
69. In hindsight, I believe that I could have continued to make a meaningful contribution as a director of Crown and Burswood, including by assisting in discussions for its potential acquisition, including with Star Entertainment Group and The Blackstone Group Inc. However, given the pressure imposed on me by Ms Coonan and Mr Zwier, and the unwillingness of ILGA to re-consider its view, I considered that my continued position as a director of Crown and Burswood was untenable.
70. On 28 February 2021, I resigned as a director of Crown and Burswood.
71. I note that, as at the date of this statement, and almost 6 months after my resignation, ILGA has not yet granted any license to Crown Sydney. What now seems clear is that my role as a director of Crown was discussed in private between Ms Coonan and Mr Crawford. The board of Crown was denied the opportunity to

²⁶ [JHP.001.001.0056].

²⁷ [JHP.001.001.0057].

consider the legal issues that had been put by Jones Day to Mr Crawford, and I was denied the opportunity to defend myself and to explain to the board why I considered it to be in the best interests of the Crown Group that I remain on the board. I feel strongly that the chair of Crown acted in a manner that was intemperate and inappropriate in considering and dealing with this issue.

Junkets

Oversight of VIP International business and junkets prior to July 2019

72. From the time of my appointment as a director of Burswood, I was aware that VIP gaming through junket operators was a well-known feature of the global gaming industry, including for the Crown Group through its VIP International business.
73. However, the board of Burswood was not involved in setting the strategy for the VIP International business nor was it informed about the detailed operations of the business. I was not aware of the names of the junket operators that Crown and Burswood had relationships with, or details about the nature of those arrangements.
74. During my tenure as a non-executive director of Burswood, Mr Felstead was responsible for a significant part of the group's VIP International business due to his position as CEO of Australian Resorts at Crown. However, at meetings of the Burswood board he did not provide the board with any detailed analysis or strategy in relation to Crown's VIP International or junkets business. Given the position of Burswood in the structure of the Crown Group, I was not concerned that strategic and operational aspects of the VIP international business were not reported to the board.
75. Based on reports provided at each board meeting, I was aware that VIP revenue was a significant, but declining revenue stream for the Crown Group. However, in profit terms, the VIP International business was much less significant and, in the case of Burswood, never achieved more than 3% of the total profit contribution between 2014 and 2019 (and ran at a loss in 2014, 2016 and 2019).²⁸

²⁸ [JHP.001.001.0058].

76. During my time as a non-executive director of Burswood, internal audit reports were included in board packs, and I understand that internal audits of certain risk areas were conducted by Crown's Internal Audit team at least once every two years.
77. Between 2014 and 2018, the following ratings from internal audit reports were noted in the board papers of Burswood for its VIP or "international commission business":
- (a) in 2014, the international commission business audit rating is recorded as "satisfactory";²⁹
 - (b) in 2016, the international commission business audit rating is recorded as "good";³⁰ and
 - (c) in 2018, the international commission business audit rating is recorded as "good".³¹
78. Until July 2019, I do not recall ever being provided with any information from management which caused me concern about the arrangements that the Crown Group had with junket operators. Therefore, I do not recall any investigations being undertaken by the board of Burswood into the Crown Group's VIP International business or its relationship with junket operators prior to July 2019.

China Arrests

79. In October 2016, a number of Crown employees were detained in mainland China (**China Arrests**). I was not a member of the board of Crown at the time of the China Arrests and, given that the board of Burswood was not provided with operational or strategic information about the Crown Group's VIP International business, I was not kept informed of the Crown Group's operations in China. I do not believe that any of

²⁹ [CRW.702.001.2087 at .2249]; [CRW.702.001.2374 at .2445].

³⁰ [CRW.703.001.0006 at .0100].

³¹ [CRW.702.001.3954 at .4019].

the employees arrested in the China Arrests were employed by Burswood Management or other entities related to the Perth Casino.

80. On 14 December 2016, I attended a meeting of the board of Burswood. The Legal, Risk and Compliance Report considered at that meeting stated:

*“With regards to the current detention of Crown Group employees by the Chinese Government, the safety and wellbeing of the employees and their families is of paramount concern. Accordingly, related risk implications and responses are to be considered at a later date pending further developments.”*³²

81. The minutes from the 14 December 2016 meeting indicate that Mr Felstead provided the board with a verbal update on the China Arrests.³³ I do not specifically recall what Mr Felstead said in his verbal update. However, I recall that my understanding at the time was that, to the extent there would be any review into the practices of Crown’s VIP International business as a result of the China Arrests, it would be dealt with by senior management of Crown, the board of Crown and the relevant committees of the Crown board.
82. As such, I do not recall any investigations being undertaken by the board of Burswood into the China Arrests or the effect of the China Arrests on Crown Group’s VIP International business.

Media allegations in July 2019

83. On 28 July 2019, the television program 60 Minutes aired a program which made a number of allegations, including about Crown’s dealings with junket operators at its Melbourne casino that were alleged to be associated with money laundering and organised crime (**Media Allegations**). I was in the United States from 17 July 2019 to 4 August 2019. Therefore, I did not watch the 60 Minutes program when it aired in Australia. In the following days, similar allegations were made in a number of articles published by Fairfax Media. I read some of the coverage published by Fairfax Media

³² [CRW.703.001.0543 at .0628].

³³ [CRL.627.001.0494].

prior to the board meeting of Crown on 30 July 2019 and subsequently read the transcript of the 60 Minutes program.

84. On 30 July 2019, I attended a board meeting of Crown held by teleconference. At the time of the meeting, I was in Dallas, Texas. Before the meeting, the directors were provided with a paper titled "Internal Report on Media Allegations" (**Internal Report**).³⁴ The Internal Report refuted the Media Allegations, noting that they were based on factual inaccuracies and misleading content.
85. After reviewing the content of the Internal Report and after hearing representations from management at the 30 July 2019 board meeting, although I was concerned by the Media Allegations, I recall that I was comforted by the fact that at least one of the junket operators (Suncity) continued to be licensed in Queensland and continued to operate in Star Casino.
86. The minutes note that the board resolved to publish an advertisement which provided the board's response to the Media Allegations, including by noting the factual inaccuracies and misleading content.³⁵ I supported this resolution based on the contents of the Internal Report and representations from management about the inaccuracy of the Media Allegations.
87. The circumstances surrounding the publication of this advertisement are outlined in paragraphs 9 to 14 of my witness statement dated 14 September 2020 provided to the Bergin Inquiry, with which I agree.

Reviews of junket operators

88. On 4 August 2019, the board of Crown established the Brand Committee consisting of Ms Coonan (chair), Mr Alexander, Ms Halton, Professor Horvath and Michael Johnston. I did not attend this board meeting but reviewed the minutes of the meeting.³⁶ The purpose of the Brand Committee was to oversee any matters which relate or respond to the Media Allegations. Although I was not a member of the Brand Committee, I received updates on its work at Crown board meetings.

³⁴ [CRL.506.007.8870].

³⁵ [CRL.506.006.5574].

³⁶ [CRL.506.006.5576].

89. In the Legal, Risk and Compliance Report considered at the Burswood board meeting on 8 August 2019,³⁷ and the CEO Report considered at the Crown board meeting on 20 August 2019,³⁸ it was noted that AUSTRAC was conducting an AML/CTF risk assessment on junket activities across the casino industry generally, not just limited to Crown, and had served notices requesting detailed information about junket operators, junket representatives and junket players. Management reported that these notices were issued on 15 July 2019 (prior to the Media Allegations).
90. On 8 August 2019, I attended a board meeting of Burswood. I recall that at the meeting, I asked management what effect the Media Allegations had on staff and what the business was doing to re-establish its reputation. Mr Felstead explained that the VIP International business continued to be challenged and I suggested that all of the VIP assets, such as Crown Towers hotel rooms and villas, should be marketed to local corporates.
91. On 20 August 2019, I attended a board meeting of Crown. The minutes note that Mr Preston informed the board that management had undertaken a process to consider the key individuals and issues raised in the Media Allegations.³⁹ My recollection is that, at the time, Crown was awaiting external advice as to the level of due diligence appropriate to different categories of patrons. The minutes accord with my recollection.
92. On 12 June 2020, I attended a board meeting of Burswood. The Legal, Risk and Compliance Report considered at this meeting notes that Crown received a draft AML/CTF risk assessment on junket activities from the Director of Risk Assessments at AUSTRAC and had provided a response endorsed by the RMC on 13 May 2020.⁴⁰ I recall that Report being discussed by the board.
93. On 16 June 2020, I attended a board meeting of Crown. The board papers included a presentation from Dr Murray Lawson from Deloitte, who had been engaged by Crown to conduct a review of the Company's junket processes.⁴¹ Dr Lawson's presentation outlined the business model typically adopted by junket operators. The

³⁷ [CRW.703.001.2702 at .2813].

³⁸ [CRL.506.007.8947 at .9215].

³⁹ [CRL.515.001.0001].

⁴⁰ [CRW.703.001.2988 at .3065 to .3066].

⁴¹ [CRW.507.005.1714 at .1883 to .1888].

minutes note that Dr Lawson advised the board that he was working with management to determine whether Crown's current junket operator due diligence processes could be enhanced.⁴² The minutes accord with my recollection.

94. On 5 August 2020, I attended a board meeting of Crown. At that meeting, Crown's legal team gave an update on developments on the hearings of the Bergin Inquiry and its focus on the Crown Group's relationship with junket operators. I recall that, at that meeting, Guy Jalland, a non-executive director of Crown, suggested that consideration be given to suspending all junket relationships until the comprehensive review of all operators was complete. I recall that I was supportive of Mr Jalland's suggestion as, from a risk-reward perspective, it seemed to me that the Crown Group's relationships with junket operators was no longer in the best interests of Crown shareholders.
95. On 10 August 2020, I attended a board meeting of Crown. The minutes record that at the meeting, the board resolved to suspend all junket activities and undertake a comprehensive review.⁴³ I supported that resolution.
96. On 18 August 2020, I attended a board meeting of Crown. The minutes record that at the meeting, the board considered a draft report from Deloitte which made recommendations to enhance Crown's junket approvals processes. The minutes record that the board resolved to adopt the recommendations made in Deloitte's draft review on measures to enhance Crown's junket approvals process.⁴⁴ I supported that resolution.
97. On 10 September 2020, the board of Crown resolved to extend the suspension of junket activities for the balance of the 2021 financial year.⁴⁵ I was not in attendance at this board meeting but reviewed the minutes and supported the board's decision.
98. On 11 November 2020, I attended a board meeting of Crown. The minutes record that at the meeting the board resolved that each of Crown Melbourne, Burswood and Crown Sydney would permanently cease dealing with all junket operators and that any future dealings would only occur if the junket operator was licensed or otherwise

⁴² [CRW.507.005.2056].

⁴³ [CRL.689.001.0001].

⁴⁴ [CRW.400.002.5246].

⁴⁵ [CRL.711.001.0001].

approved by all gaming regulators in the respective States.⁴⁶ I supported that resolution.

99. Due to Burswood's position as a subsidiary of Crown, the board of Burswood relied on the review which was undertaken by Deloitte and approved by the Crown board. Aside from the review undertaken by Deloitte, I do not recall any other investigations being undertaken by the board of Burswood (or other third parties on its behalf) into Crown's VIP International business or relationships with junket operators.

AML/CTF

Oversight of AML/CTF issues

100. Over the course of my tenure as a director of Burswood (and later, Crown), I observed that AML/CTF was an increasing risk for corporate Australia, particularly for industries which deal with large amounts of cash such as financial services and gambling. From around 2017, improving AML/CTF compliance was a major focus for both the Burswood and Crown boards, and I recognised that it was vital for the business to:
- (a) regularly assess and update AML controls to ensure emerging AML/CTF risks were addressed; and
 - (b) allocate sufficient resources to AML/CTF to ensure that assessments and updates were properly executed
101. The board of Burswood received reports about issues related to compliance with AML/CTF through:
- (a) updates to Burswood's AML/CTF Program (as described in paragraphs 103 to 104 below);
 - (b) the adoption of a Joint AML/CTF Program in August 2019 which applied to both Crown Melbourne and Burswood (as described in paragraphs 105 to 116 below);

⁴⁶ [CRW.507.005.5423].

- (c) reports from management about increased resources for AML/CTF, including the appointment of suitably qualified individuals (as described in paragraphs 117 to 123 below);
- (d) internal audits conducted by the Crown Internal Audit team and biannual external audits undertaken by Ernst & Young (**EY**) (as described in paragraphs 124 to 127 below);
- (e) compliance assessments undertaken by AUSTRAC (as described in paragraph 128 below); and
- (f) updates on increased AML/CTF compliance training for staff of the Crown Group (as described in paragraph 129 to 132 below).

102. In reliance on the above information and reports, at all relevant times, I held the view that Burswood and Crown were compliant with their AML/CTF obligations. I do not recall ever being provided with information by management which caused me concern about either Burswood or Crown's compliance with AML/CTF obligations.

Updates to Burswood AML/CTF Program

103. The board of Burswood approved the AML/CTF Program for Crown Perth on 21 November 2007. At the time, the board delegated Mr Felstead as Burswood's CEO to make amendments to Burswood's AML/CTF Program.
104. At the following board meetings, the board papers noted amendments to Burswood's AML/CTF Program:
- (a) *14 February 2014* – amendments to introduce bi-annual AML/CTF training for staff, clarify the designated services risk assessment table and change the 'AML & Compliance Officer' title to 'AML Officer';⁴⁷
 - (b) *15 October 2014* – amendments to reflect legislative changes in respect of Politically Exposed Persons, Beneficial Owners and Enhanced Due Diligence;⁴⁸

⁴⁷ [CRW.702.001.1721 at .1839 to .1862].

⁴⁸ [CRW.702.001.2374 at .2458 to .2459].

- (c) *14 June 2017* – amendments to reflect a recent AUSTRAC Compliance Assessment which:
 - (i) incorporated monitoring of customer behaviour for suspicious matters in the transaction monitoring table;
 - (ii) introduced daily data matching of active patron members;
 - (iii) introduced procedures for dealing with inconsistencies and discrepancies arising from the customer identification process; and
 - (iv) clarified details regarding collection and verification procedures in relation to companies and beneficial owners.⁴⁹
- (d) *22 November 2018* – amendments which introduced language changes to reflect recent reforms to the AML/CTF Act; appointed a Group General Manager Anti-Money Laundering and other minor corrections;⁵⁰
- (e) *15 February 2019* – amendments which:
 - (i) reflect changes to the AML/CTF Act and Rules;
 - (ii) adopt recommendations of the internal audit in respect of AML/CTF in 2018; and
 - (iii) adopt recommendations of the review of the ML/TF Risk Register in 2018.⁵¹

Joint AML/CTF Program

105. On 22 November 2018, I attended a board meeting of Burswood. The Legal, Risk and Compliance Report considered at that meeting noted that Burswood and Crown Melbourne were continuing to progress the Joint AML/CTF Program (including enhanced transaction monitoring).⁵² The Report stated that the proposed Joint Program would be independently reviewed by MinterEllison in December and January prior to seeking its adoption in February 2019 subject to receiving the

⁴⁹ [CRW.702.001.3394 at .3477].

⁵⁰ [CRW.703.001.1713 at .1803]. The amendments were described in the 27 July 2018 board papers: [CRW.703.001.1842 at .1974].

⁵¹ [CRW.703.001.2156 at .2273].

⁵² [CRW.703.001.1713 at .1803].

necessary internal approvals. The Report said that AUSTRAC was supportive of the Joint Program initiative. I had no reason to doubt that Report.

106. As a non-executive director, I had no dealings with AUSTRAC or any other regulators on behalf of Burswood or Crown. I relied on the executive management team to engage with AUSTRAC in relation to design and implementation of AML/CTF Program and I was given comfort from reports presented to the boards that the Crown Group had a compliant AML/CTF Program and that AUSTRAC was supportive of its approach. I recall a number of other reports being provided to the board of Burswood by management prior to the meeting on 22 November 2018 to the effect that AUSTRAC were supportive of an alignment of the AML/CTF Programs of Burswood and Crown Melbourne.
107. On 15 February 2019, I attended a board meeting of Burswood. The Legal, Risk and Compliance Report considered at that meeting noted that the Joint AML/CTF Program was with MinterEllison for independent review.⁵³ The Report also noted that, in a discussion with AUSTRAC on 13 January 2019, it has been foreshadowed that Crown and AUSTRAC would meet to discuss the Joint AML/CTF Program and its intended application to seek AUSTRAC's guidance and feedback.
108. On 8 August 2019, I attended a board meeting of Burswood. The board papers considered at that meeting included a memorandum from Mr Preston, which annexed the Joint AML/CTF Program together with the AML/CTF Corporate Policy Statement by the Licensee. My recollection was that the Joint AML/CTF Program had been the subject of external advice from MinterEllison and Initialism (an independent expert in AML). I recall that at this meeting, the board resolved to support the adoption of the Joint AML/CTF Program, subject to any further comments or views of other relevant companies in the Crown Group. I supported that resolution on the basis of the information then presented to the board.
109. On 20 August 2019, I attended a board meeting of Crown. I recall that, since this meeting occurred shortly after the Media Allegations (which had suggested that the AML/CTF compliance of the Crown Group may be deficient), I was particularly concerned with ensuring that the Crown Group was compliant with its obligations.

⁵³ [CRW.703.001.2156 at .2273].

The board papers contained a memorandum from Mr Preston which outlined the Joint AML/CTF Program.⁵⁴

110. The minutes note that, at the meeting, Neil Jeans of Initialism presented the board with the key findings from his review of Crown Melbourne and Burswood AML/CTF transaction monitoring programs and that directors asked questions about AML/CTF vulnerabilities.⁵⁵ I recall that I was the first of a number of directors to ask Mr Jeans a question with words to the following effect:

POYNTON: *"Mr Jeans, can you confirm that Crown is best practice in AML/CTF?"*

JEANS: *"Yes it is"*

111. Based on this interaction, and the fact that Mr Jeans answered the questions that my fellow directors and I had with no qualification, I was given comfort that Crown was complying with its obligations in respect of AML/CTF. For reasons outlined in paragraph 23, I trusted in Mr Preston's judgment and had no reason to doubt his competence. Moreover, I was reassured by the fact that the Joint AML/CTF Program had been reviewed and approved by independent experts such as MinterEllison and Mr Jeans of Initialism. I had no reason to doubt the assessment of MinterEllison or Mr Jeans.
112. On 12 March 2020, I attended a board meeting of Burswood. The Legal, Risk and Compliance Report considered at that meeting stated that, subject to the implementation of the Joint AML/CTF Program, Crown was planning to have an independent review of Part A of the AML/CTF Program conducted in mid-2020 by a big four consulting / audit firm.⁵⁶
113. On 12 June 2020, I attended a board meeting of Burswood. The Legal, Risk and Compliance Report considered at that meeting stated that, due to the closure of the casinos as a result of COVID-19, the review of the AML/CTF Program by an

⁵⁴ [CRL.506.007.8947 at .9082 to .9088].

⁵⁵ [CRL.515.001.0001].

⁵⁶ [CRW.703.001.3142 at .3246].

independent consulting firm would likely be delayed until the second half of 2020 at the earliest.⁵⁷

114. On 18 August 2020, I attended a board meeting of Crown Resorts. The minutes record that the board discussed the potential engagement of Promontory in relation to an independent analysis of the Crown Group's AML/CTF compliance.⁵⁸ I understand that Promontory were subsequently engaged to conduct an independent AML/CTF risk assessment and review of the Joint AML/CTF Program.
115. On 2 November 2020, I attended a board meeting of Burswood. The minutes record that at the meeting, Mr Barton informed the board that he had met with AUSTRAC Chief Executive Officer Nicole Rose together with other representatives of AUSTRAC to take them through Crown's process of reform, which was "*well received*" by AUSTRAC.⁵⁹ I had no reason to doubt the advice that Mr Barton gave to the board.
116. The board pack of the 2 November 2020 meeting contained a memorandum from Mr Barton which recommended that the board adopt a revised Joint AML/CTF Program and appoint Nick Stokes as Crown's new AML Compliance Officer for the Licensee.⁶⁰ The minutes record that this item was being held as a joint meeting of Burswood, Crown, Crown Sydney, Crown Melbourne and the Licensee. The board passed both resolutions. I supported the resolutions based on the information presented to the board.

Approval of increased resources for AML/CTF compliance

117. I recall that from around November 2017, there was increased discussion amongst the board of Burswood about the need to increase resources for AML/CTF compliance. This was in light of AUSTRAC commencing proceedings against Commonwealth Bank as well as the fact that Tabcorp had recently received the highest civil penalty in Australia (at the time) for breaches of the AML/CTF Act. Around this time, Crown created a new role of Group General Manager, Anti-Money Laundering and appointed Louise Lane to that role.
118. On 5 December 2019, I attended a board meeting of Burswood. The Legal, Risk and Compliance Report considered at that meeting noted that Nick Stokes had been

⁵⁷ [CRW.703.001.2988 at .3075 to .3076]

⁵⁸ [CRW.400.002.5246].

⁵⁹ [CRW.703.001.3661].

⁶⁰ [CRW.703.001.3670 at .3675 to .3845].

appointed to the role of Group General Manager Anti-Money Laundering (replacing Louise Lane).⁶¹ The Report stated that Mr Stokes had previously worked at AUSTRAC and in senior AML related roles at Standard Charter Bank and Credit Suisse. Based on the information on the meeting provided at the meeting, I believed Mr Stokes had strong AML experience and seemed well-suited to the job.

119. I do not recall being told or asking why Ms Lane left her position as Group General Manager – Anti-Money Laundering. As a non-executive director, I was not usually briefed about the reasons for staff departures. I expect that, to the extent any concerns about Ms Lane’s departure were dealt with at board level, it would have been considered by the RMC (chaired at the time by Ms Halton). Moreover, I would have taken comfort from the fact that Mr Stokes appeared to be well-qualified to take up the position as Group General Manager.
120. On 14 January 2020, all directors received an email that Ms Manos which attached a media release that confirmed that Crown had engaged Nick Kaldas APM of Stratum Global, who was described in the media release as “*one of Australia’s most experienced law enforcement figures*”.⁶² The email and release confirmed that Mr Kaldas was engaged for a 12 month term to provide advice directly to the RMC on improving the Crown Group’s systems and processes, including in relation to AML/CTF compliance.
121. On 10 August 2020, I attended a board meeting of Crown. The minutes record that at the meeting, the board discussed the actions that had been implemented in relation to AML/CTF and the proposed future actions still to be carried out, including with respect to resourcing.⁶³ The board resolved (with my support) that Crown commence a recruitment process for a dedicated AML/CTF compliance officer, who would report directly to the board and that a review be undertaken of the current level of resourcing in the AML/CTF function.
122. At the 10 September 2020 board meeting of Crown, the board approved additional resources in the AML/CTF function and the creation of a new role, Head of

⁶¹ [CRW.702.001.4275 at .4337].

⁶² [JHP.001.001.0059], [JHP.001.001.0060], [JHP.001.001.0062].

⁶³ [CRL.689.001.0001].

Compliance and Financial Crimes.⁶⁴ I was not in attendance at that board meeting but I read the minutes and supported the board's resolutions.

123. As noted in paragraph 116 above, Mr Stokes was appointed AML/CTF Compliance Officer of the Licensee at a meeting of Burswood on 2 November 2020.

Internal and external audits

124. Based on information provided to me by executive management, I understand that, since its inception in November 2007, Burswood's AML/CTF Program has been the subject of regular independent reviews by Crown's internal audit function and third parties (such as EY). I relied on these assurances from management and third parties to form my conclusions that Crown was compliant with its AML/CTF obligations.

125. Between 2013 and 2019, the following ratings from internal audit reports were noted in the board papers of Burswood:

- (a) in 2013, the AML/CTF audit rating is recorded as "good";⁶⁵
- (b) in 2015, the AML/CTF audit rating is recorded as "excellent";⁶⁶
- (c) in 2016, the AML/CTF audit rating is recorded as "excellent";⁶⁷
- (d) in 2018, the AML/CTF audit rating is recorded as "good";⁶⁸ and
- (e) in 2019, the AML/CTF audit rating is recorded as "deferred until FY20".⁶⁹

126. I cannot recall why there was no internal audit of AML/CTF in 2020 but note that Promontory were conducting an independent review of the Joint AML/CTF Program from on or around August 2020 (as noted in paragraph 114 above).

127. Up until 2017, external audits of Burswood's risk framework were undertaken by EY and the results were provided in reports contained in Burswood board packs on a half yearly basis. In respect of the half-year ending:

⁶⁴ [CRL.711.001.0001].

⁶⁵ [CRW.702.001.1322 at .1396].

⁶⁶ [CRW.702.001.3003 at .3056].

⁶⁷ [CRW.703.001.0006 at .0141].

⁶⁸ [CRW.702.001.3954 at .4018].

⁶⁹ [CRW.703.001.2702 at .2798].

- (a) 31 December 2012;⁷⁰
- (b) 30 June 2013;⁷¹
- (c) 31 December 2013;⁷²
- (d) 30 June 2015;⁷³
- (e) 30 June 2016;⁷⁴
- (f) 31 December 2016;⁷⁵ and
- (g) 30 June 2017;⁷⁶

EY expressly confirmed that it had not identified any instances of non-compliance with laws and regulations, nor did they become aware of any fraud or illegal acts. I relied on those audit reports and had no reason to doubt their accuracy or the competence of the auditors.

AUSTRAC Compliance Assessments

128. Based on information provided to me by management, I understand that, since its inception in November 2007, Crown Perth's AML/CTF Program has been the subject of regular independent reviews by AUSTRAC over a number of compliance assessments. I was never informed that AUSTRAC had identified any material non-compliance with the AML/CTF Act by Burswood during these compliance assessments. I understood similar compliance assessments were undertaken with respect to the other entities in the Crown Group.

Training on AML/CTF obligations

129. On 13 August 2020, I attended a board meeting of Burswood. The minutes note that at the meeting, the board of Burswood resolved to adopt a revised Code of Conduct (with the board of Crown having adopted the same Code of Conduct on 16 June 2020).⁷⁷ The revised Code of Conduct provides that all new employees are required

⁷⁰ [CRW.702.001.0964 at .1004].

⁷¹ [CRW.702.001.1322 at .1377].

⁷² [CRW.702.001.1721 at .1788].

⁷³ [CRW.702.001.5141 at .5148].

⁷⁴ [CRW.703.001.0006 at .0077].

⁷⁵ [CRW.703.001.1277 at .1348].

⁷⁶ [CRW.702.001.3579 at .3624].

⁷⁷ [CRW.702.001.5829].

to undertake AML/CTF risk awareness training upon commencement of employment, and all existing employees are:

*“required to undertake ongoing AML/CTF risk awareness training upon commencement of employment, and all existing employees are required to undertake ongoing training at regular intervals”.*⁷⁸

130. During my tenure as a director of Burswood and Crown, I was provided with information about the following training provided in respect of AML/CTF obligations:
- (a) the Legal, Risk and Compliance Report considered at a meeting of the Burswood board on 14 February 2014 stated that biannual online training for relevant staff of the Perth Casino would be required going forward.⁷⁹
 - (b) during the meeting of the Crown board on 20 August 2019, the minutes record that Mr Preston and Ms Lane advised the board that ongoing and enhanced AML/CTF training had been provided to relevant staff of the Crown Group;⁸⁰
 - (c) the Legal, Risk and Compliance Report considered at a meeting of the Burswood board on 13 August 2020 stated that completion rates for the biannual online AML/CTF training as at August 2020 sat at 94.73%;⁸¹
 - (d) during the meeting of the Crown board on 21 October 2020, the minutes record that it was noted that a new AML/CTF Risk Awareness Training Module would be uploaded to the directors’ Crown Learning profiles for completion.⁸²
131. I recall completing the AML/CTF Risk Awareness Training Module referred to in paragraph 130(d) in around January 2021.
132. Based on the above information I believed that appropriate AML/CTF training was being implemented by management across the Crown Group.

⁷⁸ [CRW.703.001.3302 at .3480].

⁷⁹ [CRW.702.001.1721 at .1887].

⁸⁰ [CRL.515.001.0001].

⁸¹ [CRW.703.001.3302 at .3434].

⁸² [CRW.507.010.8131].

Other allegations

133. During my tenure as a director of Burswood and Crown, and in addition to the Media Allegations, a number of other reports and individuals publicly alleged that the Crown Group was involved in or associated with money laundering and/or organised crime.
134. Despite these allegations, for reasons outlined in paragraph 102 above, at all relevant times I believed that Crown and Burswood were compliant with their AML/CTF obligations.

ABC Program

135. On September 2014, the ABC program Four Corners released an episode entitled “*High Rollers – High Risk?*” which related to risks associated with high rollers from China (**ABC Program**). I do not recall watching the ABC Program, nor do I recall being informed that the ABC Program had made any specific allegations that money laundering had taken place at the Perth Casino (I was not on the board of Crown at the time). As such, I do not recall any response being made by the Burswood board to the ABC Program.

Wilkie Allegations and EGM Allegations

136. I am aware from media reports that on 18 October 2017, Mr Andrew Wilkie MP made a number of allegations regarding the Crown Group under parliamentary privilege (**Wilkie Allegations**). I understand the Wilkie Allegations included that the Crown Group engaged in conduct which facilitated money laundering.
137. On 18 October 2017, Crown issued an ASX announcement to the market rejecting the Wilkie Allegations and calling on Mr Wilkie to “*immediately provide to the relevant authorities all information relating to the matters alleged*”.⁸³
138. On 30 November 2017, I attended a meeting of the board of Burswood. The Legal Risk and Compliance Report considered at that meeting notes that Burswood had responded to preliminary enquiries by the Department of Local Government, Sport and Cultural Industries (the **Department**) in respect of the Wilkie Allegations.⁸⁴ The

⁸³ [JHP.001.001.0064].

⁸⁴ [CRW.703.001.1407 at .1489].

Report also notes that the Department had not requested any further information or determined to take any action.

139. On 6 March 2018, Crown issued another ASX announcement in response to media reports which stated that “*disciplinary proceedings*” had been commenced against Crown Melbourne in relation to the use of blanking buttons on a limited number of electronic gaming machines (**EGMs**) (which was one aspect of the Wilkie Allegations).⁸⁵ In relation to the balance of the Wilkie Allegations the release stated that the VCGLR had “*thoroughly investigated the other claims tabled by [Mr Wilkie] in October 2017 and has determined it has no grounds to take further action*”.
140. In around April 2018, Mr Wilkie made further allegations about tampering with EGMs which were reported in *The Guardian* (**EGM Allegations**). I understand that the EGM Allegations were that Crown-branded picks were used to jam down the buttons EGMs which allowed patrons to play continuously without any human input and were given loyalty cards to harvest points.
141. On 15 June 2018, I attended a meeting of the board of Burswood. The Legal, Risk and Compliance Report considered at that meeting notes that the Department had sought details on whether the EGM Allegations had occurred in the Perth Casino, including asking about the number and game type of EGMs which enable continuous play in the Perth Casino.⁸⁶ The Report states :

*“[t]here are 147 EGM’s currently on the main gaming floor and Pearl Room that enable continuous play that operate the following games Video Keno and Video Money Wheel, which were approved by the Gaming and Wagering Commission of Western Australia (**Commission**) in 1998, 1999 and 2000 under the applicable Regulatory standards at that time.*

Crown Perth is presently preparing a response to the various questions being raised by the Regulator, which include questions relating to whether or not Crown Perth makes available or permits any form of device such as a “plastic

⁸⁵ [JHP.001.001.0065].

⁸⁶ [CRW.702.001.3954 at .4040].

pick” to facilitate continuous play and issues multiple loyalty cards to players.”

142. I recall discussions with management after this meeting to the effect that the EGM Allegations were not relevant to the Perth Casino as no plastic picks had ever been issued by Burswood and there was no evidence that loyalty cards had been used to harvest points in the Perth Casino.
143. On 22 November 2018, I attended a meeting of the board of Burswood. At the meeting, the board considered a Legal, Risk and Compliance Report which stated that Crown had provided information to the Department, who had advised that it required no further action or information.⁸⁷ On the basis of this response, I considered the matter closed.
144. In relation to both the Wilkie Allegations and EGM Allegations, based on materials provided to me by management (including those referred to above), it appeared that both Crown and Burswood were responding appropriately to various regulatory enquiries.

Operation Angove

145. I understand that Operation Angove was an investigation undertaken by the Australia Commission for Law Enforcement Integrity Commission (**ACLEI**) into corruption allegations concerning the interaction between the Department of Home Affairs (**DHA**) and the Australian Border Force (**ABF**) had with Crown Melbourne and their VIPs who travelled to Australia, particularly from China.
146. I understand that in September 2020, the ACLEI publicly released a report which made no findings of corruption.⁸⁸
147. I recall that the Operation Angove report was discussed at a meeting of the board of Crown on 21 October 2021. The board received a Legal and Regulatory Update outlining the findings of Operation Angove. After considering that Report, I believed there was no cause to be concerned about the allegations and I do not recall any response being made by the board of Crown or Burswood.

⁸⁷ [CRW.703.001.1713 at .1800].

⁸⁸ <https://www.aclei.gov.au/investigation-report-082020-operation-angove-investigation-possible-corruption-issues-regarding-0>.

Taxes and fees

148. Based on my understanding of the business of the Perth Casino, I understand that the Licensee paid:
- (a) licence fees to the GWC; and
 - (b) tax on gaming revenue to the State of Western Australia.
149. A monthly consolidated financial statement was included in all Burswood board papers and summarised by the CEO in each board meeting. The monthly consolidated financial statements included items for casino licence fees and gaming taxes. I do not recall the CEO ever mentioning the potential underpayment of licence fees or taxes by the Licensee to the GWC or the State and I have no reason to suspect that any underpayment occurred during my tenure as a director of Burswood.
150. I do not recall any investigations or inquiries being undertaken by the board of Burswood to ascertain whether, with respect to the operation of the Perth Casino, there was any underpayment of licence fees to the GWC or underpayment of tax to the State by the Licensee.
151. I was not aware of the tax treatment of gratuities or loyalty program rewards provided to patrons of the Perth Casino in determining the Perth Casino's 'Casino Taxable Revenue'.

Problem gambling

Oversight of problem gambling

152. As a non-executive director of the board of Burswood, I was aware that problem gambling was an important issue in the casino industry and was an issue which the board took very seriously. This was reflected in the Crown Group's comprehensive governance and risk management framework with respect to responsible gaming.
153. I understand that problem gambling at Burswood was addressed in the Crown Group's Responsible Service of Gaming Framework, which included the Responsible Gaming Code and Operations Manual and Responsible Marketing Guidelines. The

Responsible Gaming Code and Operations Manual required an annual compliance audit of responsible gaming.

154. I understand that application of the Responsible Service of Gaming Framework to Burswood was overseen by the Responsible Gaming Committee (chaired by Professor Horvath), the Crown Perth Responsible Gaming Management Committee (chaired by Mr Preston) and Burswood's Executive Risk and Compliance Committee (chaired by the CEO). I was not a member of these committees but received updates and reports from time to time during meetings of the Burswood board.
155. The following ratings from internal audit reports were noted in the board papers of Burswood for responsible gaming:
- (a) in 2013, the responsible gaming audit rating is recorded as "good";⁸⁹
 - (b) in 2014, the responsible gaming audit rating is recorded as "low risk";⁹⁰
 - (c) in 2016, the responsible gaming audit rating is recorded as "excellent";⁹¹
 - (d) in 2017, the responsible gaming audit rating is recorded as "good";⁹²
 - (e) in 2018, the responsible gaming audit rating is recorded as "excellent";⁹³ and
 - (f) in 2019, the responsible gambling audit rating is recorded as "good".⁹⁴
156. On 15 February 2019, I attended a meeting of the board of Burswood. In the Legal, Risk and Compliance Report considered at that meeting, it was stated:

"The Commission has recently increased its focus on Responsible Service of Gambling practices within the casino and invited Crown to provide a written submission and presentation detailing its current RSG framework including proposed initiatives and the applicability (if any) of RSG related recommendations (to Crown Perth) raised by Victorian Commission for

⁸⁹ [CRW.702.001.2087 at .2242].

⁹⁰ [CRW.702.001.2087 at 2242].

⁹¹ [CRW.703.001.0006. at. 0119].

⁹² [CRW.703.001.1277 at .1370].

⁹³ [CRW.703.001.1996 at .2086].

⁹⁴ [CRW.703.001.2529 at .2589].

Gambling and Liquor Regulation as part of the Sixth Review of the Melbourne Casino Operator (Crown Melbourne) and Licence (June 2018).

The submission and presentation was put before the Commission's meeting in December 2018, and we have been advised the Commission does not, at this stage, require any further information and noted the information provided. It should be noted that the majority of the RSG related recommendations may have application to and will potentially be rolled out at Crown Perth."⁹⁵

157. On 20 August 2020, Ms Manos emailed me and my fellow directors a copy of a report prepared by the Crown Responsible Gaming Advisory Panel (chaired by Professors Alex Blaszczyński, Paul Delfabbro and Lia Nower) (**Responsible Gaming Report**).⁹⁶ I understand that the Advisory Panel had been tasked with providing an assessment of Crown's Responsible Gaming Framework (which applied to the Perth Casino), including review of current responsible gaming practices, policies and procedures, identification of existing strengths, and the identification of gaps or weakness that required attention.
158. On 9 December 2020, I attended a meeting of the board of Crown. The board pack enclosed a copy of the minutes of the meeting of the Responsible Gaming Committee on 20 October 2020, which note that Sonja Bauer (Group GM Responsible Gaming – Australia Resorts) advised that a working group had been established to oversee the implementation of the recommendations of the Responsible Gaming Report.⁹⁷
159. I do not recall any investigations or enquiries undertaken by the board of Burswood to ascertain the nature and extent of problem gaming at the Perth Casino. To the extent that any such investigations or enquiries were undertaken within the Crown Group, I would have expected that this would have been undertaken by the Responsible Gaming Committee, the Burswood Responsible Gaming Management Committee and/or Burswood's Executive Risk and Compliance Committee, and that

⁹⁵ [CRW.703.001.2156 at .2266].

⁹⁶ [JHP.001.001.0066], [JHP.001.001.0067], [JHP.001.001.0136].

⁹⁷ [CRW.507.005.7457 at .7704].

any material issues would be reflected in the internal audit results and reported to the board.

The promotion of responsible gaming

160. I understand that Burswood was involved in number of initiatives to promote responsible gaming, including participating in the annual Western Australia Responsible Gaming Awareness Week and working with the Problem Gambling Support Services Committee of the Australasian Gaming Council.
161. Consistent with Burswood's work to promote and foster responsible gaming, the company engaged in a number of other local initiatives which, in my view, demonstrated it was a good corporate citizen and model employer, including:
 - (a) CROWNability, a program to ensure people with a disability are given an opportunity to gain employment and build meaningful careers which, in 2020, saw 309 people with a disability employed across the Perth Casino;
 - (b) the Indigenous Employment Program, which seeks to create opportunities for Aboriginal and Torres Strait Islander Australians to build careers in the tourism and entertainment industry and has employed over 800 Aboriginal and Torres Strait Islander people in the Perth Casino since 2009;
 - (c) the creation of a Gender Equity Sub-Committee on the Crown Perth Executive in 2018; and
 - (d) the support provided by the Crown Foundation for various arts and cultural projects throughout Perth.

EGMs

162. As a non-executive director of the board of Burswood, I had knowledge of the financial performance of Burswood's EGM business and was generally aware that it was a highly regulated area with a high value turnover.
163. Burswood's EGM business was specifically addressed in the Gaming Audit Framework, which was introduced in 2013 to provide continuous monitoring. I understand that these audits continually reviewed compliance with approved rules and procedures and sought to raise recommendations to improve operations, staff awareness and identify process inefficiencies.

164. Between 2014 and 2018, the following ratings from internal audit reports were noted in the board papers of Burswood in respect of EGM:

- (i) in 2013, the electronic gaming audit rating is recorded as “satisfactory”,⁹⁸
- (ii) in 2014, the electronic gaming audit rating is recorded as “minor risk”,⁹⁹
- (iii) in 2018, the electronic gaming audit rating is recorded as “moderate/medium risk”.¹⁰⁰

165. I understood that the risks of problem gambling associated specifically with EGMs were addressed by the Responsible Service of Gaming Framework, discussed in paragraphs 153 to 154 above.

166. The internal audit states that the move from minor to moderate risk was due to a small number of instances of non-compliance with the Casino Manual and Casino Principle Directions and a lack of an agreed process regarding gaming machine surveillance. I do not recall what action was taken by management in response.

167. Regulatory oversight of Burswood’s EGM business increased over my tenure, as is evidenced from the following:

- (a) As noted in paragraphs 141 to 142 above, in June 2018 the EGM Allegations led to the Department seeking information from Burswood as to the number and game type of EGMs which allow continuous play in the Perth Casino.
- (b) In the Risk Report for the Burswood board meeting on 12 February 2021, it was noted that the GWC had raised a concern with Crown Perth in October 2020 with respect to compliance with the Western Australian Appendix to the Australian/New Zealand “Gaming Machine National Standard 2019” (Standard) in particular clause WA4.2 (Item 2) relating to the speed of play.¹⁰¹ The Risk Report said that Crown made a submission to the GWC and “[i]nitial feedback received indicated support for the approach, and recommended

⁹⁸ [CRW.702.001.2087 at .2246].

⁹⁹ [CRW.702.001.2087 at .2246].

¹⁰⁰ [CRW.702.001.3954 at .4031].

¹⁰¹ [CRW.703.001.4093 at .4200].

Crown proceed with implementing the approach, however the Commission will formally consider the proposal at its February 2021 meeting”.

168. I do not recall any investigations or enquiries undertaken by the board of Burswood to ascertain whether there had been any tampering with or adjustment of EGMs at the Perth Casino to unfairly disadvantage patrons or to increase the risks of problem gambling associated with such machines. Other than the EGM Allegations, the Burswood board never received any information suggesting that may have been tampering or adjustment of EGMs at the Perth Casino which might warrant an investigation. I expect such matters would have been reported to the board and/or reflected in the internal audit reports.

Gaming and Wagering Commission and the Department

169. During my tenure at Burswood, I understood that senior executives at Burswood and the Licensee had primary responsibility for communicating with the GWC and the Department regarding all matters to do with the Perth Casino business, and they had been given general authority to do so by the board of Burswood and the Licensee.
170. I do not recall any guidance or direction being given by the board of Burswood to the executive management of Burswood and/or the Licensee regarding its communications with the GWC and/or the Department. Nor do I recall executive management of the Licensee seeking approval from the board of Burswood to have communications with the Commission or the Department.
171. I believe that if a material issue with the GWC or Department arose with respect to the Perth Casino, it would be appropriately escalated to the board of the Licensee and, if appropriate, to the board of Burswood. I do not recall any such material issues being raised with the board of Burswood.
172. I do not have any knowledge of the Licensee’s systems, policies and/or procedures regarding integrity, including conflicts of interests, relevant to interactions with the GWC.
173. During my tenure as a director of Burswood, I do not recall ever being informed of:
- (a) any gifts or benefits, including hospitality, provided by the Crown Group, including by its officers or employees, to officers and employees of the Department, and members of the GWC; or

- (b) any personal relationships and friendships between employees and officers of the Crown Group on the one hand and employees and officers of the Department, or members of the GWC, on the other.

Contains sensitive information



.....
JOHN HARTLEY POYNTON

Date: ~~20~~ 28 July 2021