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PERTH CASINO ROYAL COMMISSION

PUBLIC HEARING - DAY 19

10.01 AM MONDAY, 02 AUGUST 2021

COMMISSIONER N J OWEN

COMMISSIONER C F JENKINS

COMMISSIONER C MURPHY

HEARING ROOM 3

**MR MICHAEL FEUTRILL SC and MS ELLY STURGEON as Counsel Assisting the
Perth Casino Royal Commission**

**MR JOSEPH GARAS SC and MS CLARA WREN as Counsel for Crown Resorts Ltd;
Burswood Limited; Burswood Nominees Limited; Burswood Resort (Management)
Limited; Crown Sydney Gaming Pty Ltd; Southbank Investments Pty Ltd; Riverbank
Investments Pty Ltd and Crown Melbourne Limited**

MR ANTHONY POWER as Counsel for Ms Maryna Fewster

**MR ANTHONY WILLINGE as Counsel for Consolidated Press Holdings Pty Ltd and
CPH Crown Holdings Pty Ltd**

**MR ROBERT FRENCH and MS JOANNE SHEPARD as Counsel for Mr Barry
Felstead**

**MR STEVEN PENGLIS SC and MR DEAN GRONDAL as Counsel for Mr Joshua
Preston**

DR ELIZABETH BOROS as Counsel for Mr Ken Barton

**MR PAUL D. EVANS as Counsel for the Gaming and Wagering Commission of
Western Australia**

**MS FIONA SEAWARD as Counsel for the Department of Local Government, Sport
and Cultural Industries**

MR PETER WARD as Counsel for Mr John Poynton

PERTH CASINO ROYAL COMMISSION HR3 02.08.2021

10:01AM

COMMISSIONER OWEN: We are still in what I referred to as block 1. Last week we heard from the Perth-based independent directors. This week, broadly speaking, we will be hearing from Perth-based executives and then move to executives not necessarily Perth-based. That is the broad structure of the rest of block 1.

I think today we have Mr Preston. Thank you, Mr Preston. Would you state your full name for the record.

10

JOSHUA ROBERT PRESTON (SWORN)

COMMISSIONER OWEN: Sit down, Mr Preston, thank you. Mr Penglis?

15

MR PENGLIS: May it please the Commission. Today I appear for Mr Preston, as opposed to Ms Fewster on Friday. I do so today and tomorrow with Mr Grondal, who is to my right.

20

COMMISSIONER OWEN: Sure.

EXAMINATION-IN-CHIEF BY MR PENGLIS

25

MR PENGLIS: Mr Preston, you have prepared three witness statements for the purpose of this hearing, have you not.

MR PRESTON: Yes, I have.

30

MR PENGLIS: Let me show you these documents, if I may. Would you look at the first I have provided to you, dated 29 July 2021. If you have a quick look at that because I know you have looked at it very recently. Do you identify that as your first witness statement, dated 29 July?

35

MR PRESTON: Yes.

MR PENGLIS: Would you look at page 89. Up the top are the page numbers. The last two numbers, 89, is that your signature which appears on the bottom of that page?

40

MR PRESTON: Yes, it is.

MR PENGLIS: I think you want to make one amendment to the witness statement. Turn to page 3 at the top, which is a continuation of paragraph 9. I understand you would like to treat the words "government and" as having been deleted?

45

MR PRESTON: Yes, I would. Thank you.

10:03AM

MR PENGLIS: Subject to that deletion, do you confirm the contents of this witness statement to be true and correct to the best of your knowledge and belief?

5 MR PRESTON: Yes, I do.

MR PENGLIS: Also, for the sake of completeness, there should be three documents attached to that witness statement. They have separate numbers up the top but subsequent to page 89, do you confirm they are the documents referred to in your
10 witness statement?

MR PRESTON: Yes, they are.

MR PENGLIS: Can you put that to one side. The second of the documents you
15 have in front of you, the witness statement, is dated 29 July also; is that correct?

MR PRESTON: Yes, it is.

MR PENGLIS: That is your signature on the second page?
20

MR PRESTON: Yes, it is.

MR PENGLIS: Do you confirm the contents of that statement to be true and correct,
25 to the best of your knowledge and belief?

MR PRESTON: Yes, it is. Yes.

MR PENGLIS: I will come back to that, if I may.

30 The third witness statement you should have before you is a witness statement dated yesterday's --- sorry, can I just have a moment. You should have a third witness statement there. What date does it bear, Mr Preston?

MR PRESTON: 1 August 2021.

35

MR PENGLIS: Is that your signature on the last page of the statement?

MR PRESTON: Yes, it is.

40 MR PENGLIS: Is the document attached thereto, or the two documents, copies of the documents referred to in your witness statement?

MR PRESTON: Yes, they are.

45 MR PENGLIS: Do you confirm the contents of that witness statement to be true and correct?

10:05AM

MR PRESTON: Yes, I do.

5 MR PENGLIS: May it please the Commission. That concludes Mr Preston's
evidence-in-chief, but I seek orders which I think have been communicated to the
Commission in respect of the second witness statement.

10 COMMISSIONER OWEN: First of all, I note the tender of the other two. So the
witness statement of Joshua Robert Preston dated 29 July 2021, bearing the identifier
number JRP.0001.0001.0001 will be admitted as an exhibit.

**EXHIBIT # JRP.0001.0001.0001 - WITNESS STATEMENT OF JOSHUA
ROBERT PRESTON DATED 29 JULY 2021**

15

COMMISSIONER OWEN: The further witness statement of Joshua Preston, dated
1 August 2021, and bearing the identifier JRP.0001.0003.0001 will be admitted into
evidence as an exhibit.

20

**EXHIBIT #JRP.0001.0003.0001 - WITNESS STATEMENT OF JOSHUA
PRESTON DATED 1 AUGUST 2021**

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COMMISSIONER OWEN: The document Confidential Supplementary Witness
Statement of Joshua Robert Preston, dated 29 July 2021, and bearing the identifier
number JRP.0001.0002.0001 will be admitted into evidence, subject to the
confidentiality orders which have been foreshadowed by Mr Penglis.

30

Those orders are that until further order, non-publication orders are made in respect
of the entirety of Mr Joshua Robert Preston's supplementary statement,
JRP.0001.0002.0001 and any transcript of any hearing regarding the contents of Mr
Preston's supplementary statement, JRP.0001.0002.0001, such that they be made
35 available in hard copy or electronically only to the following persons: the Perth
Casino Royal Commission, staff counsel and Solicitors Assisting the Perth Casino
Royal Commission and any legal representative of a party granted leave to appear in
the Perth Casino Royal Commission.

40 The second order is that any hearing addressing the contents of Mr Preston's
supplementary statement, JRP.0001.0002.0001 will be subject to confidentiality
orders.

45 **EXHIBIT #JRP.0001.0002.0001 - CONFIDENTIAL SUPPLEMENTARY
WITNESS STATEMENT OF JOSHUA ROBERT PRESTON DATED 29
JULY 2021**

COMMISSIONER OWEN: I understand that hard copies of that confidential supplementary witness statement will now be made available to counsel for the parties who have been given leave. I'm sure that the tenor of the restrictions on publication will be well understood.

MR PENGLIS: May it please the Commission.

COMMISSIONER OWEN: Thank you. Mr Feutrill?

MR FEUTRILL: May it please the Commission.

CROSS-EXAMINATION BY MR FUETRILL

MR FEUTRILL: Mr Preston, with the summons you received from the Commission, you received a schedule of topics for a proposed witness statement. I understand you have responded to those topics in your first witness statement you have given. Can you confirm that covers everything you wish to say about each of those topics?

MR PRESTON: It covers everything that we had the time to respond to with respect to putting together the statement.

MR FEUTRILL: Okay. Do I take it from the answer to that question that it doesn't cover everything you want to say about those topics?

MR PRESTON: It covers everything I wanted to say.

MR FEUTRILL: Okay. I propose to take you through, predominantly, that lengthier witness statement and deal with some issues of clarification and, to some extent, expand on some of them. Some topics may not strictly be dealt with in the substance of the evidence you've given but they are matters about which you should have knowledge.

Could I start just with your role in the, I will refer to it as the Crown group and by that I mean Crown Resorts Ltd and all of its subsidiaries. I think your evidence is that you were employed between September 2006 and December 2020.

MR PRESTON: Yes.

MR FEUTRILL: From January 2007 to March 2017, you were the Executive General Manager Legal Services at Crown Perth?

MR PRESTON: Until, sorry, what?

MR FEUTRILL: March 2017.

MR PRESTON: Yes, that's correct.

5 MR FEUTRILL: When referring to Crown Perth, I have in my mind an idea of what that means, but there are different witnesses who have referred to it in different ways. When you refer to Crown Perth or other people within the Crown group refer to Crown Perth, what is your understanding of that term? Which entities or companies fall within that description?

10 MR PRESTON: There are a number of companies that fall within that description, which is reflective of the historical structure of the corporate enterprise. So there are three predominant ones in the context of what I would describe as Crown Perth, which would be Burswood Nominees Ltd as the licence holder, also in the capacity of trustee, the Burswood Property Trust, there's Burswood Resort (Management) Ltd
15 which is the manager of that trust, and then there's Burswood Ltd, which is the sole unit holder of the trust.

MR FEUTRILL: Okay. Can I make one observation: you are speaking rather quickly so, for the transcribers, you may need to try and slow down a little bit. The
20 other thing is you are very quiet, so if you could speak up a bit as well so we get the full transcript, please.

MR PRESTON: (Nods head).

25 MR FEUTRILL: So I take it from the answer to that question that, if you like, all companies within the Crown group that fall under Burswood Ltd, the unit holder, would effectively be described as part of Crown Perth?

MR PRESTON: Yes, I would agree with that.

30 MR FEUTRILL: You were in a position as the Chief Legal Officer of Australian Resorts from March 2017 until the end of last year; correct?

MR PRESTON: Yes.

35 MR FEUTRILL: As I also understand, throughout the entire period of your employment, again I use the expression "with the Crown group", the company Burswood Resort (Management) Ltd was your direct employer?

40 MR PRESTON: That's correct.

MR FEUTRILL: In your role as the Chief Legal Officer of Australian Resorts, you had responsibilities for Crown Perth and Crown Melbourne?

45 MR PRESTON: Yes.

MR FEUTRILL: Did that also include the, at this stage, yet to be opened Barangaroo

10:14AM

development for Crown Sydney?

MR PRESTON: Yes, it did.

5

MR FEUTRILL: Your responsibilities included legal, regulatory, compliance, risk, Responsible Gambling and AML/CTF; correct?

MR PRESTON: Yes.

10

MR FEUTRILL: You also had, for a time at least, some responsibility for security and surveillance at Crown Perth?

MR PRESTON: Yes.

15

MR FEUTRILL: I think you said that ceased in 2017?

MR PRESTON: It did.

20

MR FEUTRILL: Was that as a consequence of you moving into the role of Chief Legal Officer for the Australian Resorts, was it?

MR PRESTON: It didn't cease immediately, but it ceased relatively shortly after I commenced in my role as the Chief Legal Officer.

25

MR FEUTRILL: Who took over the responsibility for managing that function after you ceased to have it?

MR PRESTON: Lonnie Bossi.

30

MR FEUTRILL: Mr Bossi was the Chief Operating Officer at that time of Crown Perth; correct?

MR PRESTON: Yes.

35

MR FEUTRILL: Okay. You were also Crown Perth's designated AML/CTF compliance officer from November 2007 until you left the employment of the Crown group?

40

MR PRESTON: Yes.

MR FEUTRILL: And you were Crown Melbourne 's designated AML/CTF compliance officer from May 2017?

45

MR PRESTON: Yes.

MR FEUTRILL: Again, until you left.

Can I ask, you have obviously --- there are a number of pages of your statement that deal with your role. Can I ask you to look at a document where we have tried to set it out in a pictorial way because there was so much information. It is
5 PCRC.0010.0001.0001, which is essentially an aide memoire. If I could invite your attention to it because I would just like to confirm its accuracy, largely.

There are some initials on it. These initials appear in a pink or purple colour. I just want to identify the people who are represented by those initials. If we could start
10 perhaps at the easiest place, which is down the very bottom. In the box "Burswood Resort (Management) Ltd", the company secretary was "Manos", that's Ms Manos, and that was a role you performed. There are some initials next to it, directors including KB, BF, JA, RC. The initials are for Mr Ken Barton, Mr Barry Felstead, Mr John Alexander and Mr Rowan Craigie.

15 Just before I go on, I want to explain something to you. This is not intended to be a point in time representation. For example, with respect to Mr Alexander and Mr Craigie, it represents that they sat on that board at times that each of them were, in the case of Mr Alexander, the executive chairman of Crown Resorts Ltd, and in the
20 case of Mr Craigie, when he was the CEO of Crown Resorts Ltd. So it is really intending to show over a period of time the companies on which you were an officer, as in the company secretary, the roles that you played as part of the executive and the individuals who sat on those entities with you.

25 Just to understand a little bit more about the structure of the Crown group, you see at the very top of the page "Crown Resorts Ltd, when you confirmed earlier you had some responsibility for Crown Melbourne, in the same way that the description Crown Perth describes Burswood Ltd and its subsidiaries, is it correct that Crown
30 Melbourne describes Crown Melbourne Ltd and its subsidiaries?

MR PRESTON: In essence, yes.

MR FEUTRILL: And would the same apply for Crown Sydney?

35 MR PRESTON: Yes.

MR FEUTRILL: Again, this is a point in time, so we are only speaking about the period during which you were an employee of the Crown group up until the time that you left. The expression "Australian Resorts" is used to describe a number of roles,
40 or it is the last tag associated with a number of roles. What was meant by Australian Resorts?

MR PRESTON: What was meant was those roles were involved in the operations as opposed to the corporate group, being Crown Resorts Ltd, from a corporate
45 perspective. It was an identifier that Australian Resorts was looking after, essentially, the three casino properties in those businesses.

MR FEUTRILL: Okay.

MR PRESTON: For example, if I can assist, the Chief Financial Officer Australian Resorts was the lead finance person for Crown Melbourne, Crown Perth and, in due course, Sydney. Whereas the Chief Financial Officer Crown Resorts Ltd was the group Corporate Chief Financial Officer. So it is a designation to identify the difference in roles.

MR FEUTRILL: I see. So, broadly speaking, would it be correct to say that Crown Resorts Ltd is an operational function and Crown Resorts Ltd --- Australian Resorts is an operational and Crown Resorts Ltd was more of an administrative function in head office; is that the general breakdown?

MR PRESTON: I wouldn't describe it as administrative but it was the corporate office and, yes, Australian Resorts was more focused on the operational elements of the casino businesses.

MR FEUTRILL: In terms of function then, how was the function divided, broadly speaking, between the operational function and the corporate head office function? For example, it's probably easier to do it by way of exclusion, what functions were held by the Crown Resorts Ltd office?

MR PRESTON: As an example, as I look at this table, they had their own risk framework, so they would deal with the corporate risk profile. Crown Resorts Ltd office would deal with many ASX and corporate structure related issues. That wasn't within the remit of the Australian Resorts roles. It would oversee the various other businesses associated with Crown Resorts Ltd, which were reasonably extensive. So a function of overseeing those roles as well. That is the best way to describe it.

MR FEUTRILL: Where did treasury sit? Where was that?

MR PRESTON: Sorry, treasury would be Crown Resorts Ltd as well.

MR FEUTRILL: Was there a Chief Financial Officer Crown Resorts Ltd ultimately responsible for the treasury function of Crown Resorts Ltd group?

MR PRESTON: Yes.

MR FEUTRILL: Was there any treasury function associated with the various locations, the sites?

MR PRESTON: No. They would use the services of the Crown Resorts Ltd group, as I understand it.

MR FEUTRILL: I want to focus back now onto the Perth aspect of the structure. So that would be the operational function of the Perth Casino. Perhaps before I do that, you reported to Mr Felstead as the CEO Australian Resorts; correct?

10:23AM

MR PRESTON: Yes.

MR FEUTRILL: And he reported to the Chief Executive of Crown Resorts Ltd?

5

MR PRESTON: Yes.

MR FEUTRILL: Did you have a direct reporting line at all, yourself, directly to the Chief Executive of Crown Resorts Ltd?

10

MR PRESTON: No. However, in my capacity as Chief Legal Officer, I had a direct line of report to the executive chairman who was the chair of the Crown Perth companies and also the Crown Melbourne companies.

15

MR FEUTRILL: This is ---

MR PRESTON: He was also the executive chair of Crown Resorts Ltd.

20

MR FEUTRILL: Sorry, can you repeat your answer to the question? I didn't quite catch the ---

MR PRESTON: Sorry. I didn't have a direct line of report through to the CEO or executive chair of Crown Resorts Ltd, as a role ---

25

MR FEUTRILL: Yes.

MR PRESTON: --- but I did have a direct line through to the chair of the Crown Perth board and the Crown Melbourne board. It happened to be the same person.

30

MR FEUTRILL: Yes, okay. I was going to ask you that. So, in effect, the executive, the person occupying the executive function of Crown Resorts Ltd, was the CEO when Mr Craigie was the CEO, or Mr Alexander when he was the executive chair or anyone else who occupied that role, that same person sat with you as a director of each of the operating companies within the Crown Perth group?

35

MR PRESTON: Correct.

40

COMMISSIONER JENKINS: Sorry, can I just ask a question. I just want to ascertain in that corporate structure you have been describing, particularly the responsibilities between Australian Resorts and Crown Resorts Ltd, from what date did that occur, was it in place?

45

MR PRESTON: I'm unsure. The first time I saw the Australian Resorts reference was with the appointment of Mr Felstead as the Chief Executive Officer of Australian Resorts because that was the first time I can recall a group function at the executive level coming into existence. And from then it was --- seemed to be the path of those group functions that the business had an appetite for over a number of years.

COMMISSIONER JENKINS: Secondly, when that became the company structure, corporate structure, was there any document that put it in place and told people or told the entities what their roles were?

5

MR PRESTON: Not to that detail that I can recall. But what I do recall is certainly a note to the operating entities articulating that there was a new role, which was the compression of two previous CEOs of the individual properties into one role. And the individual properties and the executives from each property would be reporting into that single Chief Executive Officer, Australian Resorts.

10

COMMISSIONER JENKINS: So when you say you don't recall but you recall it coincided with Mr Felstead's appointment to that senior role, the CEO role in Australian Resorts, I suppose we could work that out by when he was appointed to that position. But do you have --- early 2000, late 2000?

15

MR PRESTON: No. It was, from memory, 2012 or 2013, in that range.

COMMISSIONER JENKINS: Thank you, Mr Preston. Sorry, Mr Feutrill.

20

MR FEUTRILL: May it please the Commission.

Mr Preston, if I may summarise the effect of what we have just been dealing with, and obviously you can correct me if I am wrong or feel free to disagree with me. So, is it the case that in respect of all of the operating entities for the Perth group, there was a representation on the board by the most senior executive of Crown Resorts Ltd, either the CEO or executive chair?

25

MR PRESTON: That's correct.

30

MR FEUTRILL: In addition, each entity had the most senior executive of what you describe as Australian Resorts, the operational arm, being Mr Felstead?

MR PRESTON: Yes.

35

MR FEUTRILL: It also had the most senior executive dealing with the finance role, the Chief Financial Officer, Mr Barton?

MR PRESTON: Yes.

40

MR FEUTRILL: And in the case of yourself, the most senior legal officer for Australian Resorts as the company secretary?

MR PRESTON: As the co-company secretary, yes.

45

MR FEUTRILL: Co-company secretary with Ms Manos, who was also the secretary of Crown Resorts Ltd?

MR PRESTON: And general counsel.

MR FEUTRILL: And general counsel.

5

MR PRESTON: Yes.

MR FEUTRILL: But potentially whoever was in her role before her, if there was one?

10

MR PRESTON: It was Mr Neilson, and Ms Manos replaced Mr Neilson.

MR FEUTRILL: That structure was repeated for each location, I take it? So, essentially, the same structure was repeated for Crown Melbourne and for Crown Perth and then Crown Sydney?

15

MR PRESTON: Yes, for Crown Melbourne and Crown Perth. Crown Sydney was still to be --- it was still being formed during the course of 2019/20 and it was forming up in a different manner to that which the Perth and Sydney historical structure was in place. It was something that was a little bit different.

20

MR FEUTRILL: When you say a little different, does that mean the most senior executives were going to be different people or the same people?

25

MR PRESTON: The executives were to be the same people, but the actual board structure was taking on a different form. If I'm not mistaken, it was taking into account a number of the Crown Resorts Ltd directors who were going to be sitting on that board and chairing that board, from recollection.

30

MR FEUTRILL: I see. So, if I could put it this way, at the head of the Crown Sydney group, the equivalent of Burswood Limited, it was going to be constituted in a different way, the membership of that board?

35

MR PRESTON: As I recall, yes. It was one of the Crown Resorts Ltd directors, not being the chair of Crown Resorts Ltd.

MR FEUTRILL: Just dealing then with the composition of the board at the head of each location, I know you've said Sydney was perhaps in a state of progress and hadn't been finally settled. In the case of Perth, it comprised the three executives we have dealt with, the most senior executive of Crown Resorts Ltd and the two, effectively, most senior executives of Australian Resorts, and yourself as the legal officer and Ms Manos, the general counsel, as co-secretary, and two other directors who were non-executives?

40

45

MR PRESTON: Yes. If I can just clarify one piece, the two most senior Australian Resorts executives. It was one most senior Australian Resorts executive, but the CFO, if you are referring to the CFO, it was from Crown Resorts Ltd not Australian

10:31AM

Resorts. Mr Barton was with Crown Resorts Ltd.

5 MR FEUTRILL: Oh, I see. Thank you for clarifying. So he was the most senior financial person in the Crown group?

MR PRESTON: Correct.

10 MR FEUTRILL: So you had the two most senior, effectively, executives in the Crown Resorts Ltd group who sat on each of these boards ---

MR PRESTON: (Nods head).

15 MR FEUTRILL: --- plus the most senior executive Australian Resorts?

MR PRESTON: Yes.

MR FEUTRILL: I see. Thank you for that.

20 Now, insofar as Burswood Limited was concerned, there were two directors who were not also executives of the Crown group during the period that you were involved in Crown Perth. I think for most of that period it was Mr Poynton and Mr Roberts; correct?

25 MR PRESTON: For most of that period, yes.

MR FEUTRILL: Then towards the end of that time, Mr Roberts resigned and was replaced by Ms Maryna Fewster?

30 MR PRESTON: Yes.

35 MR FEUTRILL: So it is the case, isn't it, that throughout that period, in effect, in respect of any decision that the board of Burswood Limited was called upon to make, the executive team, if I could put it that way, of the Crown group would always carry the day, correct, three of the five members?

MR PRESTON: They certainly had the numbers.

40 MR FEUTRILL: Coming down one step, if I could, just to understand how --- and I would like you to explain to the Commission something that is not entirely clear from reading all the minutes and the corporate structures, et cetera. We really would like to understand how this group in Perth operated in a daily way and the corporate responsibilities for those functions. I think we have mentioned earlier that Burswood Limited was the unit holder of the Burswood Property Trust, the sole unit holder of
45 that trust, of which Burswood Nominees was the trustee.

MR PRESTON: (Nods head).

10:34AM

MR FEUTRILL: You are nodding. You need ---

MR PRESTON: Yes, sorry.

5

MR FEUTRILL: Burswood Limited also was the shareholder of Burswood Nominees; correct?

MR PRESTON: Yes.

10

MR FEUTRILL: So what exactly was the business of Burswood Limited, in your view?

MR PRESTON: I will start by saying it was an historical structure that had been in place for a long period of time and it was operating collectively between --- my observations and from my experience, it was operating as one; Burswood Ltd, Burswood Nominees Ltd and Burswood Resort (Management) Ltd. Burswood Nominees Ltd was always recognised as the operator as it held the licence. In the context of the function from a board perspective, Burswood Ltd board was the board of the moment. It was the board that had the quarterly meetings, the full board meetings. The other two boards, the subsidiary boards, they didn't meet. But, having said that, each of the directors on the subsidiary boards were part of the composition of the directors of Burswood Ltd. So, in effect, the matters being considered were being considered by a greater number of people, including the independent directors and it was making decisions but Burswood Nominees Ltd recognised, in fact, it was its own company and had its own board, but it was all business dealt with, generally speaking, at Burswood Ltd.

MR FEUTRILL: Do I take it from that answer that the, we could call it, working assumption of the people from Crown Perth was that Burswood Ltd was the company that made the key decisions associated with running Crown Perth?

MR PRESTON: It was making decisions through the function of the board but, again, the Burswood Nominees operator directors were part of that board and my expectation is if there were any issues, they would have raised issues. But I recognise the fact they were also sitting on the Burswood Ltd board and privy to the various discussions that were taking place and the decisions that were being made. If there were specific resolutions required of Burswood Nominees Ltd, then the process would be followed and they would duly undertake that decision-making process and deal with it by way of resolution.

MR FEUTRILL: I'm just trying to understand, really. Obviously I understand you are a lawyer by background, by training. I presume you still have a practicing certificate or at least ---

45

MR PRESTON: I do.

MR FEUTRILL: You no doubt understand these structures probably better than

many other people who will be witnesses in this Commission. What the Commission would like to know is what specifically Burswood Ltd's function was in the Crown Perth operation. I understand you've said in answer to the earlier question that there
5 were independent directors on it, there were reports being made to it but, specifically, what was its function, what was it doing as part of its corporate responsibility?

MR PRESTON: I'm not for a minute suggesting it's a clean structure. It is a complex structure and one that has been in place a long period of time, well before
10 my start, for what that's worth. But my views in terms of Burswood Ltd is that it was dealing with all of the matters pertaining to the operation of Crown Perth, to the extent that it was a board, again of the moment. I use that term because that, to me, describes what it was. It was considering issues, it was understanding relevant information related to the operations and it was providing feedback.

15 From a government's perspective, it was acting in the interests of Burswood Ltd as you would expect but, again, sitting on that board with the Burswood Nominees directors. They weren't having separate meetings, they were participating in the discussions, so, in effect, it was operating as one. Collectively, they were
20 considering the issues for Crown Perth and addressing them and making the relevant decisions.

MR FEUTRILL: To your knowledge, who appointed --- let's take Burswood Nominees, to begin with. Burswood Nominees is the licensee of the Perth Casino.
25 Throughout this period its directors were, as we've dealt with in your evidence, the executives of the Crown group and, in particular, Australian Resorts. Who appointed them in their positions as directors of Burswood Nominees?

MR PRESTON: I'm unsure who appointed them. That was a matter dealt with
30 through Crown Resorts Ltd. Crown Resorts Ltd would deal with the appointments of directors and corporate structural issues.

MR FEUTRILL: Going back to the division of function, if you like, which we started with a little earlier, where Crown Resorts Ltd has effectively the structural
35 responsibility for the group, is it your evidence that a decision would be made by someone representing Crown Resorts Ltd, the group leader and that would then be implemented to place people into the appropriate positions on subsidiary boards?

MR PRESTON: Certainly as I understand it, and the changes to Burswood
40 Nominees Ltd and Burswood Resort (Management) Ltd were largely as a result of resignations of directors from the company. But, yes, I would say that is how the appointments occurred on Burswood Nominees Ltd and Burswood Resort (Management) Ltd.

45 With respect to Burswood Ltd, the only change, apart from executive composition, for example when Rowan Craigie resigned, was the more recent appointment of Ms Fewster which, if I recall correctly, went through consideration, I understand, through discussion with board members of Burswood Ltd.

10:41AM

MR FEUTRILL: For a considerable period of time you were the company secretary of Burswood Ltd?

5 MR PRESTON: Yes.

MR FEUTRILL: I take it in that role you attended the majority of the meetings?

MR PRESTON: Yes.

10

MR FEUTRILL: Was it part of your responsibility to be the person who prepared or oversaw the preparation of the minutes?

MR PRESTON: Yes.

15

MR FEUTRILL: In your role and during the period you were company secretary, were there occasions when the subject of appointment of directors of Burswood Nominees or Burswood Resort (Management), for that matter, discussed during board deliberations of Burswood Ltd with the independent directors?

20

MR PRESTON: Not that I recall.

MR FEUTRILL: So is it your evidence that, so far as you can recall, there were no discussions involving the independent directors about who would become the directors of the subsidiary companies?

25

MR PRESTON: Not that I recall.

MR FEUTRILL: When you say "not that I recall", is it simply you don't have any recollection at all or are you indicating it is something you think you would remember but you don't?

30

MR PRESTON: I can't recall any discussions about the directorships on those subsidiary companies at the Burswood Ltd board.

35

MR FEUTRILL: Is that because, in effect, the decision was made by Crown Resorts Ltd and then really just implemented by the various subsidiary companies that were required to do it?

40

MR PRESTON: I can't answer that. I can't answer exactly what Crown Resorts Ltd did or didn't do but having a look at the individuals involved, the only change I can recall during my time/involvement with the Crown Perth boards ---

MR FEUTRILL: Yes?

45

MR PRESTON: --- was the resignation of Rowan Craigie.

10:44AM

MR FEUTRILL: Yes?

MR PRESTON: --- and then the appointment of John Alexander, who became the
5 executive chairman of Resorts and also the chair of Crown Perth.

MR FEUTRILL: Yes.

MR PRESTON: So that was the only real change, so ---
10

MR FEUTRILL: Yes, I understand.

MR PRESTON: --- in the context of recalling a discussion about that, I can't recall.

MR FEUTRILL: When dealing with the day-to-day affairs of Burswood Nominees -
15 -- before I deal with that actually, can I just ask you another question about
Burswood Ltd. Burswood Ltd had no employees of its own; correct?

MR PRESTON: That's correct.
20

MR FEUTRILL: When you started at Crown Perth, the group name, who employed
you?

MR PRESTON: Burswood Resort (Management) Ltd was the employer.
25

MR FEUTRILL: Was there a contract of the employment between you and that
company?

MR PRESTON: Yes, there was.
30

MR FEUTRILL: Who was responsible for the --- presumably as your roles changed,
who was responsible for negotiating the terms of your agreements with Burswood
Resort (Management)?

MR PRESTON: It was --- it would have been Barry Felstead.
35

MR FEUTRILL: And he ---

MR PRESTON: Sorry, in conjunction with the human resources department in its
40 normal capacity.

MR FEUTRILL: To your knowledge --- and, again, if you don't know, you don't
need to answer this --- was Barry Felstead also employed by Burswood Resort
(Management)?
45

MR PRESTON: He was historically and then at a point in time he became
employed, I understand, by Crown Resorts Ltd.

10:46AM

MR FEUTRILL: Can you put a date or range of dates around that?

MR PRESTON: No. I would be speculating.

5

MR FEUTRILL: In terms of chronology, was it earlier than your appointment as the Chief Legal Officer of Australian Resorts?

MR PRESTON: Yes, it would have been.

10

MR FEUTRILL: Was he responsible for your appointment as the Chief Legal Officer of Australian Resorts?

MR PRESTON: It was a combination of Mr Felstead and Mr Alexander.

15

MR FEUTRILL: So the decision to promote you to that position was made by the executive chair of Crown Resorts Ltd and Mr Felstead; correct?

MR PRESTON: Yes. In what capacity Mr Alexander was appointing me, I couldn't answer that, but they were the two who were involved in the discussions with me about the new role.

20

MR FEUTRILL: When your role changed, was there --- perhaps we could start with your initial role first. You mentioned there was a contract of employment. Was there any document that set out your role, functions and duties from time to time?

25

MR PRESTON: Sure. I had a position description.

MR FEUTRILL: I take it from your earlier answer, was that a document prepared by human resources and/or with the assistance of Mr Felstead for Burswood Resort (Management)?

30

MR PRESTON: Yes, it would have been in that structure, yes.

MR FEUTRILL: When your role changed in 2017, was there a change in the job description, as it were?

35

MR PRESTON: Yes, there was.

MR FEUTRILL: Presumably you received some sort of formal letter or notification, did you, of the appointment?

40

MR PRESTON: I did.

MR FEUTRILL: Do you recall from what entity or which company that document came?

45

MR PRESTON: No, I don't.

MR FEUTRILL: As part of your role, were there annual reviews?

MR PRESTON: Yes.

5

MR FEUTRILL: In the course of those annual reviews, the modern expression is KPIs, but were performance targets set for you?

MR PRESTON: Yes.

10

MR FEUTRILL: Were they set in a collaborative way with Mr Felstead?

MR PRESTON: Yes, they were.

15

MR FEUTRILL: To be clear, I'm really focusing here on the period after his appointment as the Chief Executive Officer of Australian Resorts, they were effectively set by him in that role?

MR PRESTON: Yes, they were.

20

MR FEUTRILL: Actually, I will come back to that. I have digressed somewhat from dealing with Burswood Ltd.

25

At the operational level for Burswood Nominees, the licensee, did it have any of its own employees?

MR PRESTON: No, it did not.

30

MR FEUTRILL: Do I understand it to be the case then that all employees carrying out a function for the Perth Casino and by that I mean all the things, including hospitality and other things, were employed by Burswood Resort (Management), to your knowledge?

35

MR PRESTON: By and large, yes.

MR FEUTRILL: When you say "by and large", are you referring to people who might be on secondment from other Crown group companies?

40

MR PRESTON: Well, there is a couple of areas, one of which would be your standard contractor base.

MR FEUTRILL: Yes?

45

MR PRESTON: That would be employed through employment companies, for example, large numbers of casuals working in the conventions area.

MR FEUTRILL: Yes?

MR PRESTON: But then there were group employees and depending on where the group functioned --- and this was just an internal position. Depending on where the group person was domiciled, that would be the employment company. So it was a group role that sat at Crown Perth, their employer was Burswood Resort (Management) Ltd but they would provide services to Crown Perth and to Crown Melbourne. If they were a group person who was domiciled in Melbourne, they would provide services to Melbourne and Perth.

10 MR FEUTRILL: You have reminded me of something I wanted to ask you, which is the expression "group". Is "group" used to signify Crown Resorts Ltd, as in the corporate function we were discussing earlier, alone or is it a group role that can mean Australian Resorts as well?

15 MR PRESTON: I use it in the context of Australian Resorts.

MR FEUTRILL: So a group role, the designation "group", group manager AML, for instance, refers to a person who holds a position within the operational structure, Australian Resorts?

20 MR PRESTON: Yes.

MR FEUTRILL: To understand how matters worked on the ground in Perth then, I think you have said there were no formal meetings of directors of Burswood Nominees, and I take it the same applies to Burswood Resort (Management)?

MR PRESTON: Yes, save for those meetings that were held by circular resolution for Burswood Nominees.

30 MR FEUTRILL: Yes. From a legal point of view, Burswood Nominees had a business; correct?

MR PRESTON: Yes.

35 MR FEUTRILL: It is the licensee of the Perth Casino?

MR PRESTON: Yes.

40 MR FEUTRILL: It owns the land upon which the casino and other structures are built?

MR PRESTON: Yes.

45 MR FEUTRILL: Burswood Resort (Management) is the employer of all of --- it is effectively a service provider, I take it?

MR PRESTON: Yes.

MR FEUTRILL: It provides the services to the licensee, Burswood Nominees?

MR PRESTON: Yes.

5

MR FEUTRILL: So, in terms of Burswood Nominees discharging its statutory or regulatory obligations, and I take it you are familiar with the Casino Control Act and other legislation that is the legislative framework, is it the case then that the individuals, the humans who are performing and discharging those roles, were all employees of Burswood Resort (Management)?

10

MR PRESTON: Yes, they were.

MR FEUTRILL: And ultimate responsibility for their management --- when I say "ultimate", not ultimate but in terms of Perth, the most senior executive was Mr Felstead?

15

MR PRESTON: Yes.

MR FEUTRILL: Somewhere, and I won't take you to it unless you cannot recall, in your statement you made a reference and I think you have mentioned on one or two occasions that this was an inherited structure when you arrived at Crown Perth. You have mentioned in passing the possible existence of some sort of agreement involving Australian resort management and Burswood --- sorry, I'm getting the names confused again.

20
25

MR PRESTON: Thank you.

MR FEUTRILL: Burswood Resort (Management) and Burswood Nominees, did you have in mind an agreement you sighted when making that comment?

30

MR PRESTON: Yes, I recall seeing a document which was --- provided high-level commentary pertaining to the manager providing services to the trustee, for it to carry its functions. That may not be the language but I recall seeing a document some considerable time ago, and I haven't looked at it or considered it for a long period of time, which provided that kind of language.

35

MR FEUTRILL: In any of your roles dealing with Crown Perth, did you familiarise yourself with the principal instruments under which the Perth Casino operated?

40

MR PRESTON: I would have over time, yes.

MR FEUTRILL: For example, I take it you would have familiarised yourself with the State Agreement?

45

MR PRESTON: Yes.

MR FEUTRILL: Were you also familiar with the Burswood Property Trust Deed?

MR PRESTON: Yes.

5

MR FEUTRILL: Is that the document you have in mind that divided responsibility between Burswood Nominees and the manager or was it some other document you had in mind?

10 MR PRESTON: That rings a bell but, again, it has been some many years since I looked at that document in any depth.

MR FEUTRILL: I want to come back to the employment structure. Were you eligible or as part of your remuneration, did it involve any incentive plans or
15 incentive structures?

MR PRESTON: Yes.

MR FEUTRILL: What were they? What were you entitled to?
20

MR PRESTON: There was a short-term incentive plan which entitled me to a bonus, depending on performance, a combination of my performance and Crown Perth's performance. Then there was a long-term incentive plan which was a broader plan which took into account the performance of the group.

25

MR FEUTRILL: Now, "the group", again are you referring there to ---

MR PRESTON: Sorry, Crown. The Crown Resorts group.

30 MR FEUTRILL: Crown Resorts proper rather than Australian Resorts?

MR PRESTON: Yes. There were various mechanics within it ---

MR FEUTRILL: Yes.
35

MR PRESTON: ---- the detail of which I haven't looked at for some time.

MR FEUTRILL: Yes, I want to deal with that at a level of generality really, just to understand. Were you eligible for those --- were all employees eligible for those
40 incentive schemes or only executives?

MR PRESTON: All employees --- not all employees were entitled to bonuses and incentive schemes. It was, generally speaking, management level and up. The long-term incentive scheme was a scheme for a smaller number of people, largely the
45 executive line.

MR FEUTRILL: The long-term incentives, was that in the nature of options and shares and things of that character?

MR PRESTON: Yes.

5 MR FEUTRILL: Insofar as the short-term incentive is concerned, you mentioned performance. Was the primary component of that financial performance of Crown Perth?

10 MR PRESTON: It was a key component. It wasn't --- I wouldn't describe it as the primary, but it was a key.

MR FEUTRILL: Again, this is at a level of generality to give the Commission a sense of how it operated, was eligibility discretionary on the part of a person higher up in the structure?

15 MR PRESTON: Ultimately it was discretionary but, generally speaking, in my experience, if you met your targets and the various targets that were being met --- were met, then an incentive would be provided.

20 MR FEUTRILL: In terms of targets, again to give us a sense of what was view, were the targets --- in light of the many roles you fulfilled, were some of those targets directed to performance in, for example, the area of compliance?

MR PRESTON: Yes.

25 MR FEUTRILL: What was the nature of those targets you had to achieve in your compliance area?

30 MR PRESTON: It depended on the areas. They have specific --- health and safety, for example, they had obviously a heavy focus on health and safety compliance in carrying out their roles. But there were, as I recall, a number of compliance related KPOs, compliance with policies, compliance with health and safety for all staff. But, aside from that, we introduced a more recent general compliance-specific KPO across the board and that had been introduced relatively recently.

35 MR FEUTRILL: If you could start with health and safety because that is something I think we all can understand and relate to. I presume, based on the common process, that the KPOs in that area would be determined by reference to lost time injuries and things of that nature that can be measured over a period and then either targets met or targets not met. So if you are responsible for health and safety, for example, you can
40 see where that target has been met in that year.

In the case of compliance, what was the nature of the target, the kind of measure that was used to identify if you had met the compliance target?

45 MR PRESTON: I can't recall specifically but we had, this is for Crown Perth, quite a mature compliance framework, where various compliance weaknesses or failures were recorded through monthly compliance certificates. So if I recall correctly, the

analysis was undertaken as to failures, rectifications and performance in that context, from determining whether it is compliant, a compliant business unit or the person who has been tested, they were doing their job from a compliance perspective.

5

MR FEUTRILL: In your particular case, did that include any aspect of the AML/CTF program?

10 MR PRESTON: It would have. Each of the departments had various compliance mechanisms to report on, including AML, including all the departments.

MR FEUTRILL: You also had a role in Responsible Service of Gambling. I think you chaired the Perth committee for that, at least at one stage.

15 MR PRESTON: I think for a period I chaired it, but Responsible Gambling reported through to me, ultimately.

COMMISSIONER JENKINS: I didn't hear that.

20 MR PRESTON: Sorry. Responsible Gambling did report through to me for a long period.

COMMISSIONER JENKINS: Thank you.

25 MR FEUTRILL: In terms of the KPOs for you, was there any inclusion in that of targets for Responsible Service of Gambling?

MR PRESTON: Not specific targets.

30 MR FEUTRILL: When you say "not specific", obviously it was a component of your management responsibility. How was performance measured for that on an annual basis?

35 MR PRESTON: For that area, like a lot of my areas, it was a KPO pertaining to having in place --- driving a Responsible Gaming positive culture, ensuring team structures were fine. I can't recall the specifics of my KPOs. They were relatively lengthy from time to time.

40 MR FEUTRILL: Just with respect to Responsible Service of Gaming, how was, for example, the culture measured? How was your immediate manager, Mr Felstead, to determine if you had met your target for instilling a culture in that regard?

45 MR PRESTON: Well, Mr Felstead was quite involved in the Responsible Gaming framework as well. He took a keen interest in it. Mr Felstead also participated from time to time in the Responsible Gaming management committee meetings. Through those meetings, which had most probably 20 senior managers in the business, there would be a discussion regarding statistical performance, there would be a discussion regarding initiatives, there would be a discussion regarding issues. So Mr Felstead

had a firsthand experience of what that looked like and I would suggest, but it would be a matter for Mr Felstead, but I would suggest he would get a very keen sense of the Responsible Gaming framework and how it applied to Crown Perth from a cultural perspective and an (inaudible) perspective during the course of those meetings.

Mr Felstead also sat on the Crown Resorts Responsible Gaming Committee management meeting. So he had a very keen understanding of where Crown Perth sat in terms of its commitment to Responsible Gaming and its framework.

MR FEUTRILL: Can I ask you then, were there any statistics that you measured with respect to --- that had an application for Responsible Gaming that were targets that were set each year?

MR PRESTON: No.

MR FEUTRILL: In order to measure performance in that area, how precisely was it measured?

MR PRESTON: We would look at the statistics pertaining to a range of data, the number of self-exclusions, number of revocations, number of breaches of self-exclusion, number of concerning behaviour reports that were lodged, details between people expressing problems with their gambling in machines versus tables, age demographics. So there was a range of statistics that were looked at and we would analyse those statistics to understand if there were spikes or if there was a change in the nature of the statistics, to understand why so we could react to it.

MR FEUTRILL: Would it be fair to say then, measuring performance in that area was not a quantitative exercise but more a qualitative one?

MR PRESTON: I would agree with that in the context of your initial question pertaining to performance generally.

MR FEUTRILL: If I understand from part of the answers to the questions I've been asking, because Mr Felstead and yourself were involved in the Responsible Service of Gaming committee structure, he was observing your involvement in that on a day-to-day basis, firsthand, or whenever that committee met and when you were reporting to the committee?

MR PRESTON: That, and Mr Felstead's engagement with staff generally who were involved in Responsible Gaming and with the various executive risk and compliance committee meetings where these matters would be discussed.

MR FEUTRILL: Can I go back to an answer you gave a little earlier to the question I asked about incentives. I think I may have phrased it that the financial performance was a key component or words to that effect, and you responded by making it clear that it was a component but it wasn't perhaps the only component or key component.

MR PENGLIS: I think the expression was --- just so we get it right, the question was "Was it a primary component" and the witness answered, "No, but it was a key component". That's my recollection.

5

MR FEUTRILL: Thank you.

However one describes it, it's easy to measure in the sense that financial performance can be measured relatively easily. In what way was it a factor in the decision as to whether or not you received a short-term incentive at the end of the financial year?

10

MR PRESTON: The KPO framework was out of 100. You would have a certain allocation, from a financial performance perspective, related to the company, as in Crown Perth. You would have a certain financial performance related to the budgets that you were responsible for. So, in my case, they were non-revenue driving budgets, they were all overheads, as you would expect. Then there would be a percentage in terms of the areas that I was responsible for.

15

MR FEUTRILL: Was there a division between, if you like, overall performance, Crown Resorts, and a weighting for that?

20

MR PRESTON: Not for the short-term.

MR FEUTRILL: Not for the short-term?

25

MR PRESTON: No.

MR FEUTRILL: So, in your case then, given that your role spread itself across the Australian Resorts group, as in at least two operating locations at this time, was part of your short-term incentive package the performance of Crown Melbourne as well?

30

MR PRESTON: It became relevant from 2017 onwards, yes.

MR FEUTRILL: So, in part, your incentive related to the financial performance of what we call Crown Melbourne and Crown Perth, and do I take it that within each of those structures --- we might need to come back to the diagram. The budgets for which you were responsible were largely in Perth; is that right?

35

MR PRESTON: They were all in Perth prior to 2017.

40

MR FEUTRILL: Prior to 2017?

MR PRESTON: Yes.

MR FEUTRILL: And after 2017 were there components ---

45

MR PRESTON: Well, they were a combination.

MR FEUTRILL: I see. And your, as you say, in your non-revenue generating areas, so performance is measured against costs incurred?

5 MR PRESTON: That was --- if I was within my budget that was set at the beginning of the year, that was an element of the short-term incentive plan.

MR FEUTRILL: Okay. So within the budget under your control then was Responsible Service of Gaming one of those?

10

MR PRESTON: Yes, it was.

MR FEUTRILL: And when --- what was the process by which the budget was set for the Responsible Service of Gaming?

15

MR PRESTON: The process would be you do it on each and every year and you would analyse the current staffing levels, any upcoming initiatives for the new financial year, any increases in salaries that were expected or increase in resources that were expected, and you would build them into the budget and seek approval from those who approved.

20

MR FEUTRILL: And who were those who approved the budget?

MR PRESTON: It was a committee, if I recall, comprising Mr Felstead, Mr Barton, I think maybe Mr Barton, the CFO of Australian Resorts and human resource had input as well. And that would be ultimately determined from that level and they would approve it or not.

25

MR FEUTRILL: So just to understand the budgeting process a little more, was there any parameters set prior to you working out how you were essentially going to --- put it this way, were you given an allocation from Crown Resorts Ltd and then it was up to you as to how you would utilise that or were you in a position to go to Crown Resorts Ltd and say, "This is how much I need for Responsible Service of Gaming"?

30

MR PRESTON: It would normally be a process where we would --- so Crown Perth would be given parameters of what the budget looked like for the following year in terms of what increases the company was willing to afford the operational areas and you would work within that budget as best you could. But in my experience, each and every department would come in with a budget over what they would ultimately get. They were looking for in a sense, new initiatives and money for their departments, and then there would be analysis as to the priorities and the budgets would be presented down to those people.

35

40

MR FEUTRILL: So, just in terms of parameters that were set for each operating area then, were they broken up --- the question really is whether an overall amount was allocated to Crown Perth or whether an indication was given to each area?

45

11:15AM

MR PRESTON: It was an overall allocation to Crown Perth.

5 MR FEUTRILL: So when it came to setting the budget for a particular area of your responsibility, were you given parameters before that process began by someone within Crown Perth?

MR PRESTON: Yes.

10 MR FEUTRILL: Who was that?

MR PRESTON: It would normally be information provided by the CFO who would circulate a note to the executives in general management team as to what the expected, for example, salary increase, you could work within. And depending on
15 the staff members and their performance they would get increases to one degree or another.

MR FEUTRILL: I see.

20 Now, the CFO, use the period during which you were responsible for Australian Resorts, the CFO at Crown Perth at that time was who?

MR PRESTON: It was a CFO of Australian Resorts, it was Alan McGregor.

25 MR FEUTRILL: I see. Would that be a convenient time?

COMMISSIONER OWEN: Yes, we'll come back at 11.30.

30 **ADJOURNED** **[11:16A.M.]**

RESUMED **[11:33A.M.]**

35 COMMISSIONER OWEN: Yes, Mr Feutrill.

MR FEUTRILL: May it please the Commission.

40 Mr Preston, prior to the adjournment I was asking you questions about the budget process for Crown Perth. We were dealing at that stage with Responsible Service of Gaming, which is one of your areas of responsibility. Do I take it that the answer to the question about that would be the same were I to ask you about the compliance
45 role as well?

MR PRESTON: That's correct. It was the same process.

MR FEUTRILL: Within compliance, what was included in that area, what specific

functions are included? Audit or just the compliance role?

MR PRESTON: They were separate. Separate areas.

5

MR FEUTRILL: There was a budget for compliance; correct?

MR PRESTON: There was a budget for legal, regulatory and compliance as one budget. There was a budget for internal audit, which had internal audit and risk in one budget line. There was a budget for Responsible Service of Gaming, and there was a budget for AML as well.

10

MR FEUTRILL: So there was a separate budget for AML/CTF?

MR PRESTON: There was, ultimately, from 2017. It sat within other departments but then we drew it out, as I recall, for a separate budget.

15

MR FEUTRILL: Okay.

MR PRESTON: If I recall correctly.

20

MR FEUTRILL: Were you responsible for the AML/CTF budget as well?

MR PRESTON: Yes.

25

MR FEUTRILL: So you were responsible for, I will call it, RSG, Responsible Service of Gaming, legal, regulatory and compliance, AML/CTF. What about internal audit, who was responsible for the budget for that?

MR PRESTON: I assisted in the budget. There was a reporting line to me regarding internal audit from an administrative perspective, but there was a direct line to the CEO. So I assisted with the budget preparation from an administrative perspective.

30

MR FEUTRILL: Can I take you to paragraph 9 of your statement. You will recall earlier you deleted the words "government and". I think, just to go back one step, internal audit and risk were part of the same budget?

35

MR PRESTON: Sorry, I was mistaken. Historically, risk was within the broader legal and compliance and regulatory budget. Audit was a budget on its own.

40

MR FEUTRILL: Right. Coming back to where you deleted "government and", so it should just read "public relations", what falls within public relations responsibility?

MR PRESTON: Corporate communications, community engagement, sponsorship, general public relations related matters.

45

MR FEUTRILL: Was there a role or a position that dealt with government within Crown Perth?

MR PRESTON: That was a --- the role was dealt with by a number of people, including myself, including Mr Felstead, depending on the relevant government sector that was being dealt with. For example, human resources would deal directly
5 with relevant government departments, and the like, for human resources related issues or health and safety related issues. But generally speaking, the reference to government, from my perspective, was dealing with the regulator.

10 MR FEUTRILL: Dealing with the regulator?

MR PRESTON: Dealing with the regulator.

MR FEUTRILL: By that do you mean the Gaming and Wagering Commission?

15 MR PRESTON: And the department.

MR FEUTRILL: And the department. The regulatory function in the legal regulatory compliance, then, what aspect of --- was there no aspect of that that involved liaison with the regulator?
20

MR PRESTON: No. I know the terms are confusing but it was a general descriptor in terms of my areas included government relations, particularly with respect to the gaming regulator, regulatory functions specifically was dealing with the regulator as well, particularly the department, dealing with day-to-day and other regulatory
25 specific matters.

MR FEUTRILL: So I understand the distinction, because I'm not sure I do ---

30 MR PRESTON: I don't think I've explained it very well, that's probably why.

MR FEUTRILL: Starting with regulatory matters, plainly you had responsibility for that?

35 MR PRESTON: Yes.

MR FEUTRILL: In that role, to some extent, you would have been required to deal with members of the regulating authority?

40 MR PRESTON: Yes.

MR FEUTRILL: When you are referring to government relations, is that a reference to contact outside the strict regulatory environment?

45 MR PRESTON: Yes, it can include that, yes.

MR FEUTRILL: What falls into that context, things like policy?

MR PRESTON: Yes, there would be discussions pertaining to policy that would be in my area but, again, it was being dealt with by people in my area as well.

5 MR FEUTRILL: So you were dealing with it but are you saying you didn't have responsibility for it, is that ---

MR PRESTON: No, I'm not saying that, I'm saying that if it was a denomination in terms of government relations, all of the issues pertaining to government from a regulatory perspective would come through my areas. And my guess is that's an historic reference to the role that I was playing, in that we would deal with regulatory matters and because I was the most senior person there, I would be dealing with what would be referred to as the government-related matters as well, so dealing directly with the Gaming and Wagering Commission. And it wasn't me solely, it was other senior members dealing with the regulator or Gaming and Wagering Commission. It was just a denomination, I suppose, within the various functions that I held.

MR FEUTRILL: The deletion of "government", what were you intending to convey by deleting the word "government"?

MR PRESTON: When I drafted this --- originally, it was called government and public relations and that portfolio moved from me but only to the extent that it involved public relations, so none of the government or regulatory stuff moved. That's the only point I was trying to make.

MR FEUTRILL: It is the internal way in which you referred to it in Crown Perth?

MR PRESTON: Yes.

MR FEUTRILL: It did not have that tag associated with your role internally?

MR PRESTON: Not for public relations after 2015.

MR FEUTRILL: But you are not suggesting that you had no role to play in interactions with the government departments and GWC?

MR PRESTON: No, hence the reason I've deleted that because that gave an indication from 2015 it changed, but it didn't from that perspective.

MR FEUTRILL: Thank you for that clarification.

Can I draw your attention now to paragraph 21 of your statement and this is a related matter to those people who reported to you. Before I ask you a question about that, when you were, I take it, promoted to the role of Chief Legal Officer, Australian Resorts, did that involve a relocation to Melbourne or did you remain based in Perth?

MR PRESTON: I lived in Perth on the weekends and I commuted to Melbourne

most weeks for normally three to four days a week and then often one day back in Perth.

5 MR FEUTRILL: Did you have your own office in the Melbourne ---

MR PRESTON: Yes.

10 MR FEUTRILL: ---- premises. As a consequence to that, did you take up some form of residence in Melbourne as well?

MR PRESTON: I lived in the hotel.

15 MR FEUTRILL: You lived in the --- of course.

Would it be fair to say you divided your time between the two locations but predominantly spent your time in Melbourne during the week?

20 MR PRESTON: It ebbed and flowed but I spent more time in Melbourne certainly, physically in Melbourne. But, like a lot of businesses, there was an enormous amount of time communicating with video link, and the like, between the properties.

25 MR FEUTRILL: I understand. Would it be fair to say the Melbourne operation is somewhat larger than the Perth operation?

MR PRESTON: Yes.

30 MR FEUTRILL: With the promotion in role, does that mean you devoted more of your time to the Melbourne operation than the Perth operation?

MR PRESTON: That was certainly the outcome as a result of a number of matters that were occurring in Melbourne when I started.

35 MR FEUTRILL: In the case of Mr Felstead, to your knowledge, did he relocate to Melbourne or did he remain in Perth?

MR PRESTON: He had largely the same arrangement as myself.

40 MR FEUTRILL: Did that mean you spent a fair bit of time together on aeroplanes, did it?

MR PRESTON: Far too much time on planes, full stop.

45 MR FEUTRILL: Can I just ask you then to identify the location of some of the people in paragraph 21 and which office they belong to. I think Mr Marais is in Perth?

MR PRESTON: Yes.

11:44AM

MR FEUTRILL: Sasha Grist?

MR PRESTON: Perth.

5

MR FEUTRILL: Brian Leigh?

MR PRESTON: Perth.

10 MR FEUTRILL: Drew Stuart?

MR PRESTON: It was Melbourne.

MR FEUTRILL: When you say "was", has he left the organisation?

15

MR PRESTON: He's left the organisation.

MR FEUTRILL: Sonja Bauer?

20 MR PRESTON: Melbourne.

MR FEUTRILL: Michelle Fielding?

MR PRESTON: Melbourne.

25

MR FEUTRILL: Anne Siegers?

MR PRESTON: Melbourne.

30 MR FEUTRILL: Louise Lane?

MR PRESTON: Melbourne.

MR FEUTRILL: Nicolas Stokes?

35

MR PRESTON: Melbourne.

MR FEUTRILL: Jan Williamson?

40 MR PRESTON: The next three are all Crown Melbourne.

MR FEUTRILL: They are all Melbourne?

MR PRESTON: Yes.

45

MR FEUTRILL: So the first three are Perth and the balance are based in Melbourne?

MR PRESTON: Yes, and of that, five of them held group roles.

MR FEUTRILL: Yes. "Group" here referring to Australian Resorts?

5

MR PRESTON: Yes.

MR FEUTRILL: Trying to understand the structure, there is a degree of replication between many of these committees in Perth and in Melbourne which you sat on. But trying to focus on Perth, if I may, the AML/CTF committee --- my apologies. Paragraph 22 of your statement and I'm on page 10, paragraph g. You indicate it was established in about 2018. Was there a committee that specifically dealt with AML/CTF matters before then?

10
15 MR PRESTON: The committee that dealt specifically with those matters was the Executive Risk and Compliance Committee and there was information that would be fed into that committee as a result of the AML office preparing papers through me.

MR FEUTRILL: From 2018 there was a structural change, there was a specific committee established?

20
MR PRESTON: That's correct.

MR FEUTRILL: Where was that committee based?

25

MR PRESTON: Perth.

MR FEUTRILL: You are just speaking about Crown Perth?

30
MR PRESTON: I am, yes.

MR FEUTRILL: Was there an equivalent in Crown Melbourne?

MR PRESTON: There was a committee of this form established at the same time in Melbourne, which was a new form of committee that was already in Melbourne, historically.

35
MR FEUTRILL: Were you chair of the AML/CTF committee?

40
MR PRESTON: No, I wasn't.

MR FEUTRILL: Who was the chair of that committee?

MR PRESTON: The Group General Manager of AML.

45

MR FEUTRILL: Was that Louise Lane, initially, and then Nick Stokes?

11:47AM

MR PRESTON: That's correct.

5 MR FEUTRILL: I think you said it effectively reported to the ERCC, which is the Executive Risk and Compliance Committee?

MR PRESTON: Yes.

10 MR FEUTRILL: There was one of those in Perth and one in Melbourne; correct?

MR PRESTON: There was one in Perth for a longer period of time and one more recently in Melbourne.

15 MR FEUTRILL: You sat on both of those?

MR PRESTON: I chaired both of those.

20 MR FEUTRILL: Yes, you chaired both of them. Turning to Perth again, and this is i, page 11, was the composition of the ERCC permanent members and then invitee members, typically?

MR PRESTON: Yes.

25 MR FEUTRILL: Of the permanent members, you were the chair?

MR PRESTON: Yes.

MR FEUTRILL: Who else was a permanent member?

30 MR PRESTON: The whole of the Crown Perth executive.

MR FEUTRILL: By that do you mean CEO ---

35 MR PRESTON: Yes.

MR FEUTRILL: --- of Australian Resorts, Mr Felstead?

MR PRESTON: Yes.

40 MR FEUTRILL: The COO?

MR PRESTON: Yes.

45 MR FEUTRILL: At the time that was Mr Bossi, was it?

MR PRESTON: He was COO gaming and his title changed to, I think, just COO but he was a permanent member.

MR FEUTRILL: He was a permanent member. Obviously you were a permanent member. Who else?

5 MR PRESTON: The Chief Operating Officer of Food, Beverage and Entertainment, the Executive General Manager of Hotels, the Executive General Manager of Human Resources and there were some group executive roles as well. The CFO of Australian Resorts is a permanent member.

10 MR FEUTRILL: Mr Barton?

MR PRESTON: Mr McGregor.

MR FEUTRILL: Was Mr Barton on the committee as well?

15

MR PRESTON: He was an invitee too. It changed. Historically, there would be a separate report. All of the papers would be provided to Mr Barton and Mr Neilson and there would be a separate meeting held with Mr Barton and Mr Neilson to take them through the papers. But they didn't attend the meeting with the rest of the

20 executives. That changed in 2017/2018, when Mr Barton and Ms Manos attended the meetings and participated in the ERCC meetings.

MR FEUTRILL: Did they attend in person, usually, or remotely?

25 MR PRESTON: Depended. Often in Perth remotely but, if I recall correctly, Mr Barton did attend a couple when he was here.

MR FEUTRILL: Remind me, Mr Barton's position at the time was CFO?

30 MR PRESTON: CFO Crown Resorts.

MR FEUTRILL: Crown Resorts. Mr McGregor was the CFO of Australian Resorts?

35 MR PRESTON: At the time, yes.

MR FEUTRILL: At the time. So there were, either by separate meeting or by invitation and attendance, two executives of Crown Resorts participating in the Perth ERCC meetings?

40

MR PRESTON: Yes, that's correct.

MR FEUTRILL: Was there a direct line of reporting from the ERCC to the board of Crown Resorts?

45

MR PRESTON: No.

MR FEUTRILL: Was the purpose for which each of the executives of Crown

Resorts either got separate briefings or attended meetings to ensure that Crown Resorts' corporate structure, as in the corporate entity, was informed of the deliberations on the ERCC?

5

MR PRESTON: I don't think I can answer what their position was with respect to it. From my perspective, having Mr Barton and Ms Manos across the issues that were being dealt with, particularly since Mr Barton was a director of the Burswood companies and Ms Manos was co-company secretary, our view was it was an appropriate governance arrangement so information was being provided to an array of people.

10

MR FEUTRILL: The practical effect though was at least two executives of Crown Resorts were being informed, via their participation either directly or indirectly in the ERCC, of the deliberations of that committee?

15

MR PRESTON: Yes.

MR FEUTRILL: Senior executives reported to the board of Burswood Ltd?

20

MR PRESTON: Yes.

MR FEUTRILL: Can you explain the process by which the papers were prepared for the board of Burswood Ltd?

25

MR PRESTON: Post the meeting of the ERCC, there would be at times amendments required or follow-up items post the discussion on all the papers. If those matters were attended to, once they were settled, there would be various extracts from the papers that would form part of the legal risk and compliance and audit papers, and it was key and material matters. They would be prepared, they would go in draft to Mr Felstead and, historically, Mr Craigie and then Mr Alexander for review and then they would be settled and they would form part of the board pack.

30

MR FEUTRILL: Was it your responsibility as chair of the ERCC to prepare that paper for review by Mr Felstead, Mr Craigie or Mr Alexander?

35

MR PRESTON: It was certainly --- it certainly came from me in the final format, yes.

MR FEUTRILL: But people within your group, presumably it wasn't you every time, but still prepared it?

40

MR PRESTON: Yes, that's correct.

MR FEUTRILL: Settled it, and it then went on to someone else?

45

MR PRESTON: Yes.

MR FEUTRILL: So the decision as to what information from the ERCC made its way to the members of the board of Burswood Ltd was made by a combination of you, Mr Felstead and the chair, for the time being, of the board of Burswood Ltd?

5

MR PRESTON: Yes, and I can't recall timing but Mr Barton may have also looked at the papers but I can't recall whether that's my memory, him looking at them after he became CEO or in his capacity of getting briefed in the capacity of CFO.

10 MR FEUTRILL: Would it be fair to say that by the time the board papers had been prepared and delivered or distributed to the members of the board of Burswood Ltd, the only members of the board of Burswood Ltd who were unaware of the activities of the ERCC were the two independent directors? All of the others who attended the ERCC ---

15

MR PRESTON: Yes, that would be --- save for the chair.

MR FEUTRILL: The chair being Mr Alexander?

20 MR PRESTON: Mr Alexander, yes.

MR FEUTRILL: I want to ask you some general questions about risk and responsibility in the context of the casino licensee. Perhaps before starting on that, when you joined Crown Perth, prior to that did you have any experience with respect to, broadly speaking, risk and vulnerabilities of casino operations?

25

MR PRESTON: No.

MR FEUTRILL: I take it that over the course of many years involved in the business you were educated about those things?

30

MR PRESTON: Yes.

MR FEUTRILL: I'm now speaking broadly about casinos not specifically about Perth. As part of their operations they offer gambling for entertainment but they also undertake various activities that are similar to those of a financial institution?

35

MR PRESTON: I would agree with that, yes.

MR FEUTRILL: Just to be clear on what we are discussing, they accept funds on account, they open accounts, internally at least, for patrons and they conduct money exchanges and transfers and things of that nature. They have a financial institution-like function?

40

MR PRESTON: There are some elements of it that reflect that, yes.

45

MR FEUTRILL: Not all elements but many similar features?

MR PRESTON: Yes.

MR FEUTRILL: Would you agree with me that casino operations are a cash
5 intensive business?

MR PRESTON: Yes.

MR FEUTRILL: And the cash intensive nature of that business makes it attractive
10 for criminal elements of society?

MR PRESTON: That's a vulnerability, yes.

MR FEUTRILL: Would you agree with the proposition that casinos are targeted by
15 criminals for criminal influence and exploitation?

MR PRESTON: They can be.

MR FEUTRILL: Yes, they can be. I'm dealing with this totally at the level of
20 generality and vulnerability.

MR PRESTON: Yes.

MR FEUTRILL: And, therefore, potentiality. Again at the level of generality and
25 vulnerability, do you accept the proposition that criminals will attempt or may
attempt to infiltrate or influence casinos to facilitate various criminal activities such
as theft?

MR PRESTON: Yes.

30 MR FEUTRILL: Fraud?

MR PRESTON: Yes.

35 MR FEUTRILL: Money laundering?

MR PRESTON: Yes.

MR FEUTRILL: Other possible crimes, loan sharking or distribution of drugs on the
40 premises?

MR PRESTON: Yes.

MR FEUTRILL: The Perth Casino, specifically, is vulnerable to those attempts by
45 criminals in the same way any other casino is vulnerable?

MR PRESTON: Generally speaking, yes.

MR FEUTRILL: Would you accept the proposition that if --- and now I'm speaking to you as a person who has appeared before the Commission, has been involved in the operations of the Perth Casino and the Melbourne casino for many years, no longer employed by Crown Casino, so as the individual. If criminals are permitted to successfully infiltrate the Perth Casino, would you agree that may undermine public confidence and trust in the credibility and integrity of casino operations?

MR PRESTON: Yes. However, it depends on the circumstances.

MR FEUTRILL: Just explain what you mean by that? Do you mean the gravity of the extent or nature of the infiltration?

MR PRESTON: The nature and the circumstances. It's a relatively broad statement you put to me.

MR FEUTRILL: Yes.

MR PRESTON: I'm not trying to be obstructive ---

MR FEUTRILL: I understand, I understand.

MR PRESTON: --- but it's a very broad statement.

MR FEUTRILL: Yes, and I did put it to you at a level of generality.

MR PRESTON: Yes.

MR FEUTRILL: Subject to that qualification that gravity or magnitude may affect the outcome of the effect on public confidence, do you agree with the proposition that I put to you?

MR PRESTON: With some broader circumstances. If you consider the broader circumstances of any infiltration of that nature, for example, if an employee was complicit, because there is a whole range of circumstances where this could occur, but generally speaking I would agree with the proposition.

MR FEUTRILL: If I could put it to you slightly differently then. If a casino licensee took no measures whatsoever to take steps to prevent infiltration by criminals, that is something you would expect to undermine public confidence?

MR PRESTON: I agree with that, yes.

MR FEUTRILL: If appropriate measures are taken and nonetheless there is some infiltration, that is a different matter?

MR PRESTON: Yes.

12:01PM

MR FEUTRILL: I just want to understand your sense of the responsibility of the casino licensee.

5 MR PRESTON: Yes.

MR FEUTRILL: In a similar way and again at a level of generality, and feel completely free to qualify any answers to these questions in the way you wish, while casinos offer gambling for entertainment, would you agree with the proposition that
10 gambling can result in harm to some patrons?

MR PRESTON: Yes.

MR FEUTRILL: The harm may take a number of forms but primarily they can
15 develop an addiction to gambling?

MR PRESTON: Yes.

MR FEUTRILL: Addiction to gambling can lead to financial hardship?
20

MR PRESTON: Yes.

MR FEUTRILL: And it may sometimes lead to mental illness as well, or may be the
25 cause?

MR PRESTON: Yes.

MR FEUTRILL: Would you agree again, and feel free to qualify this in your
30 answer, with the general proposition that causing harm to patrons through gaming activities may undermine public confidence in the credibility and integrity of the casino operations?

MR PRESTON: I would agree, specifically if those services are provided in an
35 irresponsible manner, so the same kind of qualifications as you expressed before.

MR FEUTRILL: I understand, and the qualifications you have made, I think, are directing attention to specifically the role that the licensee has to play in maintaining the public confidence; correct?

40 MR PRESTON: (Nods head).

MR FEUTRILL: Again, I will just deal with this broadly because we don't need to delve into the intricate details of how services are provided but, broadly speaking, the Perth Casino offers two categories of gambling services; table games and electronic
45 gaming machines?

MR PRESTON: Yes.

MR FEUTRILL: Is it your understanding that patrons who regularly play on, I will call them EGMs, electronic gaming machines have a higher risk of developing a gambling addiction?

5

MR PRESTON: In very general terms, yes, that is what the research indicates.

MR FEUTRILL: Then would you accept the proposition that when offering gambling services through EGMs, it carries with it a greater responsibility on the part of the licensee to address potentiality for addiction to those machines?

10

MR PRESTON: General sense, yes.

MR FEUTRILL: I just want to ask you a few questions around the structure of the risk management framework you have described in your statement. Again, I won't take you to every paragraph because there are quite a few, but I will give you an overview and you can tell me if I'm wrong about this. Broadly speaking, there was a risk management framework whereby risks were identified, a register was prepared and controls were identified to control the risk in a way that brings it down to an acceptable level?

15
20

MR PRESTON: Yes, I would agree with that description.

MR FEUTRILL: The risk management, in other words, the development of the risk register --- and I've seen reference to something called CURA. Am I right in thinking that is the risk management program or software that is utilised by Crown Perth?

25

MR PRESTON: That is the IT solution or IT program which the risk information is loaded into, together with other --- it holds other areas of information as well.

30

MR FEUTRILL: At the time you joined Crown Perth, was that system I have just described already in place?

MR PRESTON: No, it wasn't.

35

MR FEUTRILL: Can you tell me approximately when that system was developed for Crown Perth?

MR PRESTON: I would have thought it would have been some time 2010 to 2012 or 2013.

40

MR FEUTRILL: That probably reflects a general trend, if you like, in the corporate world towards risk management practices?

45

MR PRESTON: I would agree with that.

MR FEUTRILL: Were you responsible for the development of the risk management

framework for Crown Perth?

MR PRESTON: That was a portfolio I was responsible for.

5

MR FEUTRILL: Given you were there at the inception, by what process was the risk register prepared? By that I mean was there, for instance, a session at which management, members of management and/or directors attended and brainstormed potential risks?

10

MR PRESTON: The process was, the dedicated risk person would meet with the departmental managers and their teams. They would explore the risks associated with their part of the business, they would define what that risk was, they would identify existing controls, they would identify controls necessary to be implemented, they would identify any emerging issues and they would build a risk profile against that backdrop.

15

That would then be developed with the next level up in management to ascertain management's views of those departmental risk registers. And that was rolling all year, essentially, working with risk registers on a periodic basis.

20

Those departmental risk registers were then compressed, as I recall, into corporate risk registers and those corporate risk --- we used the terms "register" and "profile" interchangeably. Those risk profiles were then presented to the relevant executive and senior general managers, where there was again a critique of the risk information, a challenge to that information, an assessment of status of controls that were to be implemented. Then once those profiles were settled, they would then form part of the Executive Risk and Compliance Committee and they would be --- the profiles were in every quarter but annually there would be a full review of each and every risk, which comprised a lengthy Executive Risk and Compliance Committee meeting with the whole of the executive. That would go through all the risks, change in risk profile, change in consequence and likelihood associated with any particular risk or emerging risk. Then those risk profiles, as I recall, formed part of the board pack on a regular basis but it didn't involve the whole board in that discussion.

25

30

35

MR FEUTRILL: Can I describe that possibly as a bottom-up approach. So you are starting at an operational level with people identifying ---

40

MR PRESTON: Yes.

MR FEUTRILL: --- risks and then by a process of refinement, you summarise --- there's a summary of the various risks through the process you've described. Then management took a role in reviewing and, I take it, forming a view about whether the controls for risks of a certain critical --- heightened risks were adequately controlled. Is that a fair summary?

45

MR PRESTON: Largely. I wouldn't describe it simply as a bottom-up. The

executives and the general management who were involved had critiqued them hard. So I would describe it as a bottom-up and a top-down, and they would go back to the relevant department or back to line management to appreciate issues pertaining to risk in their areas.

MR FEUTRILL: Did the overall system and risk register make its way to the ERCC at any point in time?

MR PRESTON: Yes, the ERCC was well-versed in --- the risk papers were put in every ERCC meeting, together with the annual review process we went through.

MR FEUTRILL: Was the annual review and the initial implementation a matter that went to the board of Burswood Ltd?

MR PRESTON: I can't recall, sorry.

MR FEUTRILL: Were there any discussions or sessions in which what I might call strategic risks of the Perth Casino were identified and discussed?

MR PRESTON: In any particular environment or?

MR FEUTRILL: Any particular area or environment?

MR PRESTON: Definitely at the Executive Risk and Compliance Committee, there were often discussions pertaining to the high-level strategic risks. And there were discussions at the board level pertaining to risk issues as well, in terms of key threats to the business and what Crown would be doing, management would be doing to manage those to the satisfaction of the board.

MR FEUTRILL: You might recall you were asked some questions around the phraseology "risk appetite" or "risk tolerance"?

MR PRESTON: Yes.

MR FEUTRILL: In your view, who determined the level of acceptable risk for Crown Perth?

MR PRESTON: Well, again, as you've referenced, the concept of risk has evolved dramatically in the last decade. Risk appetite and risk tolerance, maybe it's my memory but I can't recall them being specifically referred to initially. But what did evolve through the development of the framework was the consequence of the risk matrix, which was your likelihood and consequence which was setting your qualitative and quantitative positions pertaining to what the business was willing to accept, where risks sat against --- an analysis against the likelihood and consequence impacts, and that was the articulation of appetite and tolerance. But it wasn't overtly called out, it was embedded within the documentation and that's how risk appetite and risk tolerance lived for a long period of time. Then more recently there's been

a more overt statement pertaining to risk appetite and tolerance.

5 MR FEUTRILL: Let's just take the two periods, then, the period during which there was no overt statement but it was, I think you said, buried in the documentation. In general terms, when did that period end and when was the more refined version?

10 MR PRESTON: From 2017, one of my projects was to review a number of frameworks but risk being a key one of them. So from 2017 onwards, that was a detailed review of the whole of the risk frameworks for Perth and for Melbourne, which resulted in a detailed articulated appetite tolerance position and also a new risk management strategy.

15 MR FEUTRILL: When you say a "detailed articulated tolerance" statement, what form did that take? Where does one find an expression in writing of the risk appetite of Crown Perth?

20 MR PRESTON: We put a paper to various boards, because it was capturing Melbourne and Perth, which articulated that very point, the appetite and the tolerance, together with a detailed risk management strategy, which also included in that the overt commentary pertaining to appetite and tolerance.

25 MR FEUTRILL: In your view, what was the risk appetite of Crown Perth in that period? In your own words, would you articulate it?

30 MR PRESTON: I find that hard to articulate because the risk tolerances were varied depending on the relevant part of the actual risk process. So the risk tolerance for issues related to staff were described with tolerance levels at a particular point. Risk tolerance levels pertaining to infrastructure were described in a different manner. So I'm not sure I could really describe it, generally speaking. It's a collective position, the whole of the information presented.

35 MR FEUTRILL: Do I understand from that it could be different levels of tolerance for risk depending on the nature of the activity in which Crown Perth was involved?

MR PRESTON: That's correct.

40 MR FEUTRILL: When one is dealing, then, with the vulnerabilities I described or dealt with earlier, is there, to your knowledge, a written articulation of Crown Perth's risk appetite when it comes to infiltration of a casino by criminals?

45 MR PRESTON: I would have to refresh my memory with the relevant risk documentation but it would be captured within the departmental and corporate risk registers, with their careful articulation as to what the risk might be and how to control it. And to the point regarding criminal infiltration, Crown's appetite to criminal infiltration was zero tolerance. That was the policy we had and that was the way that the various control measures were structured around that.

MR FEUTRILL: In terms of zero tolerance, there are different ways in which this can manifest itself. I will give you an example to understand what we mean by that. Let's say, for example, a person applies to be a junket operator at Perth. I know they
5 are not doing junkets now but I just use this as an example. They apply to be a junket operator at Perth Casino and the person is known to have been convicted of a number of crimes in connection with money laundering. To what extent would that person be approved to be a junket operator for Crown Perth?

10 MR PRESTON: My view is they shouldn't be approved.

MR FEUTRILL: At all?

MR PRESTON: Not if they have been convicted of money laundering.
15

MR FEUTRILL: What if a person has been charged with an offence of money laundering but not yet convicted?

MR PRESTON: Well, it would depend on the circumstances.
20

MR FEUTRILL: So the fact of a charge of money laundering would not necessarily rule a person out from operating a junket at Crown Perth?

MR PRESTON: In my view, it would be a very clear red flag and there would need
25 to be compelling reasons why they would be a junket operator.

MR FEUTRILL: What if there was simply information circulating publicly that the person had connections to organised criminal gangs?

30 MR PRESTON: It would require an investigation into the nature of those allegations as to the veracity of them or not.

MR FEUTRILL: Coming back to zero tolerance, then, there is an element of judgment involved in what that means, isn't there, in that rumour or unsubstantiated
35 allegations of criminal activity would not meet zero tolerance, in your view?

MR PRESTON: Again, it depends on the circumstances. If there is --- if it's overwhelming, then the position should be clear. But if there is explanations or further information that is relevant, all I'm saying is these matters need to be
40 considered.

MR FEUTRILL: Just so we understand, I'm obviously speaking here about the time that you were an employee, broadly speaking, of Crown Perth.

45 MR PRESTON: Yes.

MR FEUTRILL: Do I take it the answers you've made are from the perspective of you when you were an employee at that time, what level of tolerance there was for

that kind of risk?

MR PRESTON: Yes. That was the process that was in place at the time.

5

MR FEUTRILL: In terms of the risk management process more broadly, you have described the mechanisms by which risks were identified and controls put in place. I think you've described also some aspects of monitoring the risks. For example, audit is an example of a monitoring process. There was an internal audit?

10

MR PRESTON: Yes, there was.

MR FEUTRILL: And external audit?

15

MR PRESTON: For financial measures.

MR FEUTRILL: What did the internal audit encompass?

MR PRESTON: I'm not sure I understand.

20

MR FEUTRILL: What areas were --- sorry. Let's take this one step back. Addressing now the specific vulnerabilities of criminal infiltration, what areas of internal audits dealt with auditing of activities that controlled those risks?

25

MR PRESTON: As an example, they would audit security, they would audit surveillance, they would audit cage account, they would audit food and beverage and accounting food and beverage that pertained to the financial transactions, they would audit the AML program. So their audit profile through their strategic plan was across the business.

30

MR FEUTRILL: Who was responsible for developing the strategic audit plan?

MR PRESTON: The internal audit department.

35

MR FEUTRILL: Did you have a role in that at all?

MR PRESTON: As part of the executive, I would see the plan and I would have the opportunity to review it, like all of the executive, and it was presented to the Executive Risk and Compliance Committee as part of the papers for discussion and/or approval.

40

MR FEUTRILL: Who specifically was responsible for identifying what aspects of each area would be audited as part of the strategic audit plan?

45

MR PRESTON: It was a combination of the relevant executive, the general management and other people relevant to those areas.

MR FEUTRILL: If we take AML/CTF as an example, was that an area where you

would have been consulted ---

MR PRESTON: Yes.

5

MR FEUTRILL: --- on developing what would have been audited?

MR PRESTON: Yes.

10

MR FEUTRILL: The process of developing the audit, and I'm now speaking specifically about AML/CTF, did that involve having an understanding of the operating procedures of the Perth Casino?

MR PRESTON: Yes.

15

MR FEUTRILL: And the elements of, obviously, the AML/CTF program that related to those operating procedures?

MR PRESTON: Yes.

20

MR FEUTRILL: Do I take it from that you had an intimate knowledge of the AML/CTF program?

MR PRESTON: I had a good knowledge of the AML/CTF program.

25

MR FEUTRILL: And the operating procedures of each department of the Perth Casino that were exposed to an AML/CTF risk?

MR PRESTON: I had a working knowledge of departmental procedures.

30

MR FEUTRILL: What about the casino manual? You know what I'm referring to there, the casino manual?

MR PRESTON: Yes.

35

MR FEUTRILL: Were you very familiar with its terms?

MR PRESTON: I had been through it a number of times and I was familiar with its terms.

40

MR FEUTRILL: I expect that in your role as AML/CTF compliance officer, you were specifically familiar with the areas of the casino manual that dealt with AML/CTF matters?

45

MR PRESTON: Yes.

MR FEUTRILL: After an audit was undertaken of --- I'm talking about the general procedure now, not anything specific. After internal audits were undertaken, from

time to time non-compliances with internal procedures were identified, were they not?

5 MR PRESTON: Yes.

MR FEUTRILL: Let's assume, and I'm talking in general again, there is identification of a non-compliance. What was the procedure for dealing with, and I know this may depend on the gravity of it, but let's say there was a non-compliance
10 in an area of relatively high risk. What was the procedure of dealing with a non-compliance of that character?

MR PRESTON: In general terms ---

15 MR FEUTRILL: Yes.

MR PRESTON: --- if it was a material issue, it would be broad to the attention of the general manager as to the issue and it would, again depending on the issue, more than likely be raised with the executive responsible for that area and there would be a
20 rectification plan required or a response required as to how to address it and also an understanding of how it occurred.

MR FEUTRILL: Would that information you have summarised appear in any document that made its way to the ERCC?
25

MR PRESTON: Yes, often the internal audit reports --- I can't recall off the top of my head whether all the internal audit reports went to the ERCC, but they all went to a distribution list which was always on the front cover of the internal audit reports, which included the executives, and if there was a finding that the actual internal audit
30 was a significant or severe, I can't quite remember the categories, it would also be provided to the CEO.

MR FEUTRILL: I don't remember the exact phrase you used but it was to do with the rectification of whatever was found to have been the non-compliance. I think
35 rectification plan was the words to the effect. Sometimes things of that nature are referred to as corrective actions or ---

MR PRESTON: Yes.

40 MR FEUTRILL: Whatever your internal reference was, where were they recorded?

MR PRESTON: They were in the internal audit report.

MR FEUTRILL: The specific nature of the corrective action, where is that
45 documented?

MR PRESTON: In the internal audit report.

MR FEUTRILL: Was there a process by which the organisation was able to keep track of implementation of corrective actions?

5 MR PRESTON: Yes, there was. There was two ways, one of which --- internal audit had a process which was follow-up audits. So they would set a timeline, as I recall, to follow up on any action items that needed to be considered and they would follow up over an agreed period. They also, as I recall, had a spreadsheet which listed all of those items across the business that were being managed and being
10 worked through and the status of how they were progressing and deadlines and the like.

MR FEUTRILL: Who had control of that spreadsheet?

15 MR PRESTON: Internal audit.

MR FEUTRILL: Was the progress against corrective actions or actions recorded and brought to the ERCC?

20 MR PRESTON: As I recall, it was, if I recall correctly.

MR FEUTRILL: What about the board of Burswood Ltd?

MR PRESTON: There was an internal audit report with each board meeting. I can't
25 recall whether the narrative in there included --- if I recall correctly, it did include status of rectification details. It might have been a higher level set of commentary as opposed to the granular. I can't recall.

MR FEUTRILL: If we have regard to the ERCC packs and minutes, we ought to
30 find reference to the kind you are referring to?

MR PRESTON: Yes. If I recall, that information was included.

MR FEUTRILL: In terms of risk management again, talking in generalities, are you
35 familiar with the phrases "lead indicator" and "lag indicator"?

MR PRESTON: Yes.

MR FEUTRILL: Audit is essentially a process by which you identify lag indicators?
40

MR PRESTON: Yes.

MR FEUTRILL: Was there any process by which Crown Perth sought to identify
45 lead indicators, that is to say, for instance, to use occupational health and safety near misses and things of that character, specifically addressing vulnerabilities of the casino to criminal infiltration?

MR PRESTON: Not with the science associated with near miss, using your example.

MR FEUTRILL: What sort of lead indicators did you have regard to?

5 MR PRESTON: Well, we had what I would describe as lead indicators come through our compliance framework. They would often talk or have reports pertaining to issues related to compliance and they were often minor issues, but through debate we often saw them as lead indicators as to particular trends, which is a bit different to the lag element. That would be my best way of describing where I would see lead indicators.

10 MR FEUTRILL: If you go back to the example I gave earlier, the casino junket operator, would it be possible to characterise someone who has been charged with an offence or there was public knowledge or notoriety of association with criminals as a lead indicator?

15 MR PRESTON: Yes.

MR FEUTRILL: Was any consideration given to adopting a framework for lead indicators of that character?

20 MR PRESTON: Not in my time. I started to play a role with the junket approvals from about mid-2017 and the depth of information being provided had increased as part of a revamp of the process. Those details would be considered by three senior people and those were key considerations when that information came to our attention.

25 MR FEUTRILL: Can I ask you to turn to your statement. I want to go back to the section dealing with governance. You have used the expression a few times in this, and again today, that Burswood Ltd was the board of moment. I just want to understand what you mean by that expression.

MR PRESTON: As I attempted to explain before, that was the board that met on all the matters pertaining to Crown Perth.

35 MR FEUTRILL: Do you mean by that it is the one that held formal meetings, it had board packs and it convened with the independent directors?

MR PRESTON: Yes.

40 MR FEUTRILL: Now that board met about four times a year?

MR PRESTON: Yes.

45 MR FEUTRILL: The duration of meetings, would you accept, were around an hour?

MR PRESTON: That would be the average, yes.

MR FEUTRILL: Again as a matter of general proposition, would it be fair to say that the --- can I go back one step. The minutes of the meetings were the first item, the previous meeting, were the first item on the agenda for the next meeting?

5

MR PRESTON: Yes.

MR FEUTRILL: Inevitably those minutes were passed with or without corrections and signed by the chair?

10

MR PRESTON: Correct.

MR FEUTRILL: Again with a level of generality, would you agree that the minutes --- presumably you were the person responsible for preparing them?

15

MR PRESTON: Yes.

MR FEUTRILL: And that they are, generally speaking, an accurate record of what transpired at the meetings?

20

MR PRESTON: Yes, to best of my ability.

MR FEUTRILL: Can you recall, again in a general sense, that the nature of the discussions at those meetings, and again feel free to disagree with me, largely centred on the financial reporting and the CEO's report?

25

MR PRESTON: That would be more time spent on that than other items.

MR FEUTRILL: Okay. And that's reflected, generally speaking, in the way the minutes are recorded as they often contain extensive explanation of what was said for those items and not much for some others?

30

MR PRESTON: That's --- yes, that's the minutes, yes.

MR FEUTRILL: Would it also be fair to say that at these meetings, again generally, not always, but generally, the legal, regulatory and compliance matters and the internal audit matters were addressed by way of taking the reports as noted?

35

MR PRESTON: They were on a regular basis and discussion would ensue on those reports with specific items called out.

40

MR FEUTRILL: Again, I'm not asking you to remember every single meeting you attended, I would like you to give the Commission a flavour for how these meetings ran and the extent to which, in particular, the independent directors were giving attention to internal audit and compliance matters?

45

So, was it your experience that questions were asked of you relating to the legal, regulatory and compliance matters.

MR PRESTON: Yes, they were.

5 MR FEUTRILL: And what was the nature of the questions were you asked, broadly speaking.

10 MR PRESTON: Broadly speaking, it would be further explanation on top of what the papers had articulated, it would be questions as to how an issue occurred, could be a question as to how were these matters resolved, a question as to impact. There would be questions at times as to adequate resource. That's the flavour of all --- it's anything, depending on the issue that was being considered.

15 MR FEUTRILL: Were you left with the impression from the meetings that you attended that the legal, risk and compliance reports were being read by all members of the board?

MR PRESTON: That was my impression.

20 MR FEUTRILL: Does that apply equally for the internal audit reports?

MR PRESTON: That was my impression.

25 MR FEUTRILL: Is it the case then if you had given an explanation, or there had been any significant discussion about either of those reports, was it your practice to record that in the draft minutes?

MR PRESTON: Generally speaking, but depending again on the nature of the discussion.

30 MR FEUTRILL: Were there occasions when you were called upon to speak specifically to a report you had prepared?

MR PRESTON: Yes.

35 MR FEUTRILL: And how frequently would you say that happened over the period you were

40 MR PRESTON: Relatively frequently. Specific matters within reports more particularly.

45 MR FEUTRILL: Now, given the commonality of a number of the directors, in the sense that they were executives with you on other committees and so forth, who --- would it be fair to say those asking questions at board meetings tended to be the independent directors?

MR PRESTON: Not entirely, but they certainly asked questions because they hadn't been involved in the ERCC process. But questions were posed from all of the

members of the board.

5 MR FEUTRILL: Again, coming back to the formalities, and just dealing again as a general matter, if Burswood Ltd made a decision that required implementation, was it the practice to record that in a formal resolution?

10 MR PRESTON: If it was a decision requiring a formal resolution, yes. But most of the formal resolutions would have been related to Burswood Nominees Ltd.

MR FEUTRILL: Okay. So if we take --- just to understand that, take, for example, the risk management framework and risk registers, et cetera, which entity in the Perth group did you consider responsible for managing the risk?

15 MR PRESTON: Burswood Nominees Ltd.

MR FEUTRILL: So, to best of your knowledge, was there a resolution of Burswood Nominees itself adopting a risk management framework?

20 MR PRESTON: I can't recall historically. But more recently, as I recall, they did formally adopt the risk management strategy which comprised an overarching position pertaining to the enhanced risk framework.

25 MR FEUTRILL: Okay. Do I take it the answer to that question is because in your mind, the legal person with the regulatory responsibility for managing risks is actually Burswood Nominees?

MR PRESTON: Yes.

30 MR FEUTRILL: So, the decision-makers at the Burswood Nominees level, however, would be in all cases executives of the Crown Perth group; correct?

MR PRESTON: Yes, that's correct.

35 MR FEUTRILL: So are you suggesting that any decision requiring resolution implementation by the entity performing the casino operations, that is Burswood Nominees, one would find a resolution to that effect in its records?

40 MR PRESTON: Technically speaking. I just can't recall all the resolutions that were made, all the resolutions that were made by Burswood Nominees Ltd.

45 MR FEUTRILL: I'm just having some difficulty understanding how this operated in practice because you have described the board of Burswood Ltd as the board of moment.

MR PRESTON: Yes.

MR FEUTRILL: It met four times a year for approximately an hour. That's four

hours a year to manage Perth Casino. It had two independent directors who asked you questions from time to time. But when it came to implementation of the actual --
- what the licensee was required to do, implementation occurred at the level down at
5 the Burswood Nominees level; that is as I understand the effect of your evidence?

MR PRESTON: The formalisation of adoption of a resolution occurred at the Burswood Nominees level for particular matters. Yes.

10 MR FEUTRILL: Again, from a legal point of view, as you would understand, the decisions are being made by Burswood Nominees then, are they not?

MR PRESTON: Yes, but not entirely independently. They are making their decisions, yes, in their capacity as Burswood Nominees Ltd, but they've been privy
15 to and involved in the discussions of Burswood Ltd with a broader array of people considering the issue at that point in time. The formalisation of resolutions required would be dealt with by Burswood Nominees Ltd.

MR FEUTRILL: Let's say, for example, I suppose it doesn't really matter because if
20 the executives agree with something it will happen in any event because they are both the majority on the Burswood Ltd board and the only composition of Burswood Nominees. I was trying to hypothesise a situation where there could be disagreement with a proposition at the level of Burswood Ltd and yet still be implemented by Burswood Nominees. For instance, if the two independent directors disagree on a
25 particular course of action, it would not prevent Burswood Nominees from undertaking that activity.

MR PRESTON: That's true. I never observed that. But technically speaking, Burswood Nominees would act in its own interests.

30 MR FEUTRILL: Again, just to understand how this entity referred to as Crown Perth worked in practice, what say really did the independent directors really have in the operation of Crown Perth?

35 MR PENGLIS: Well, can my learned friend clarify whether he means in theory or in fact?

COMMISSIONER OWEN: Mr Feutrill?

40 MR FEUTRILL: I will start with in theory.

MR PRESTON: Well, in theory, they were involved in all of the discussions. But, technically speaking, if the Burswood Nominees directors did not wish to adopt a position at Burswood Ltd, they were entitled to. That could happen.

45 MR FEUTRILL: And in practice?

MR PRESTON: I never saw it happen.

MR FEUTRILL: So, in practice, you are saying there was generally consensus at the Burswood Ltd level and then implementation at the Burswood Nominees level?

5 MR PRESTON: That would be in practical effect, yes.

MR FEUTRILL: I'm still trying to understand what functional role, really, the two independent directors played at the Burswood Ltd level?

10 MR PRESTON: Well, they were providing their independent positions pertaining to Burswood Ltd.

MR FEUTRILL: So they were two voices in a board of five that may have influenced in some way the decision-making of Burswood Ltd; correct?

15

MR PRESTON: Yes.

MR FEUTRILL: And you accept that if the three executive directors of Burswood Ltd disagree, their vote would carry the day at Burswood Ltd anyway?

20

MR PRESTON: With those numbers, that could occur.

MR FEUTRILL: So, in theory, at least, Crown Perth was an arm of the executive of Crown Resorts, was it not?

25

MR PRESTON: I don't agree with that.

MR FEUTRILL: In what way ---

30 MR PRESTON: I'm not saying there is no relationship, that is obvious, but that's not my view.

MR FEUTRILL: I'm simply saying there is no way the two independent directors could independently have changed the course of any decision that Burswood Ltd made?

35

MR PRESTON: If it was a vote, then that is correct if they didn't have the numbers.

MR FEUTRILL: And they would know that as directors of that company, would they not?

40

MR PRESTON: They knew the positions of the people on the board that they sat with held.

45 MR FEUTRILL: Are you familiar with the constitution of Burswood Ltd?

MR PRESTON: I'm familiar with it. I haven't looked at it for a very long time.

MR FEUTRILL: Perhaps we could call that up. PUB.0026.0002.0001. Can I start by directing your attention to article 3.20. Can we scroll that, please.

5 Now you were the company secretary of Burswood Ltd.

MR PRESTON: I was the company secretary, yes.

10 MR FEUTRILL: To the best of your knowledge, was there compliance with article 3.20 of Burswood Ltd's constitution whilst you were its secretary?

MR PRESTON: Not to my knowledge.

15 MR FEUTRILL: Were you aware of this provision as company secretary?

MR PRESTON: I don't recall it.

20 MR FEUTRILL: Do you recall any discussion around whether or not to send notices to the GWC?

MR PRESTON: No, I don't.

25 MR FEUTRILL: Would you agree with this proposition that if a member of the GWC attended a meeting of Burswood Ltd, as an invitee, they would opportunity to observe the deliberations of that company?

MR PRESTON: Just give me a moment to reread it, please.

30 MR PENGLIS: Could I ask for the witness to be shown what precedes that because I see it refers to "of such meetings" and it is not clear what that is referring to.

MR FEUTRILL: Fair point.

35 COMMISSIONER OWEN: Take it back to the previous page, if you wouldn't mind.

MR PENGLIS: I think that is relevant to your point.

MR FEUTRILL: Yes, it is.

40 MR PRESTON: Yes, I see that.

MR FEUTRILL: So is it your evidence that at no time while you were company secretary of Burswood Ltd a notice of a meeting of directors was given to the GWC?

45 MR PRESTON: Not to my knowledge.

MR FEUTRILL: And, during the period that you are a director, sorry, an officer of

Burswood Ltd, was there any occasion you can recall a member of the GWC attending a meeting?

5 MR PRESTON: No.

MR FEUTRILL: Can we scroll back to clause 3.12. I just want to ask you whether in your view, dealing here with where central management and control are exercised, in your view, was central management and control of Burswood Ltd exercised in
10 WA?

MR PRESTON: Yes.

MR FEUTRILL: Why do you say that?
15

MR PRESTON: Because the central management was focused in WA.

MR FEUTRILL: And do you mean by that the physical location of the directors and the meetings?
20

MR PRESTON: This is referencing central management, not --- are you contemplating that is referencing the directors or?

MR FEUTRILL: I'm referencing where the business of the company is located, from where it is managed?
25

MR PRESTON: And I would suggest that it is managed from WA on the ground. There are group roles that cross the borders and others are domiciled over east, but from my perspective, central management of Crown Perth is from Perth.
30

MR FEUTRILL: Okay. So it is easy to do this, I understand, to conflate Burswood Ltd with Crown Perth, so when you are answering that question, and I appreciate the way you are answering it, you are equating Burswood Ltd with Crown Perth and, in your view, central management and control of Crown Perth was exercised in Perth; is that what you are saying?
35

MR PRESTON: Yes.

MR FEUTRILL: Can I call up PUB.0016.0018.0001. You've referenced this in your statement on page 27. You became aware of the provisions in clauses 21.1(r) and 21(ra) in approximately 2017?
40

MR PRESTON: Approximately, yes.

MR FEUTRILL: Now, can I go back --- it's impossible to juggle so I won't. There were common directors in terms of executives of Crown Resorts who sat on both the board of Burswood Ltd and the board of Crown Melbourne Ltd, correct?
45

MR PRESTON: Yes, that's correct.

MR FEUTRILL: And they were Mr Felstead?

5

MR PRESTON: He wasn't on the board of Crown Resorts.

MR FEUTRILL: He wasn't on the board of Crown Melbourne?

10

MR PRESTON: He was on Melbourne.

MR FEUTRILL: And Mr Barton was on the board of Crown Melbourne?

MR PRESTON: Yes.

15

MR FEUTRILL: And, depending on the period of time, the CEO of Crown Resorts or the chief executive, sorry, the executive chair of Crown Resorts, was on the board of Crown Melbourne?

20

MR PRESTON: Yes.

MR FEUTRILL: And those three individuals were roles also sat --- the three executive directors of Burswood Ltd; correct?

25

MR PRESTON: Yes.

MR FEUTRILL: Did it occur to you after you had considered these provisions of the Crown Melbourne agreement with the government there that there was a potential for there to be a conflict between the interests of Burswood Ltd on the one hand and the

30

MR PRESTON: Not necessarily.

MR FEUTRILL: Not necessarily, but I'm talking about potentiality here. There could be circumstances where, for instance, it was not in the interests of Burswood Ltd for there to be compliance with those provisions of the agreement in Melbourne.

35

MR PRESTON: Potentially.

MR FEUTRILL: To the best of your knowledge, and given that potentiality, that could feature in many possible decisions made involving Burswood Ltd. It would depend on the decision, but it has a potentiality?

40

MR PRESTON: Can I trouble you to bring up 22.1(r) and (ra)?

45

MR FEUTRILL: Yes, I should have done that. Sorry. 22.1(r) and (ra). So you can highlight all the way down to the end of (ra).

MR PRESTON: Please repeat the question if you don't mind.

5 MR FEUTRILL: There is a potential in many decisions that may take place at the Burswood Ltd board level for the interests of Burswood Ltd, let's call it WA, to conflict with the obligation under the Victorian agreement to, essentially, prefer the interests of Victoria?

10 MR PRESTON: Potential with some of it.

MR FEUTRILL: That's right. But I'm only interested in the potentiality.

MR PRESTON: With some of it, for example, (ra)(iii).

15 MR FEUTRILL: Yes.

MR PRESTON: So if Crown Perth was to become a larger, higher scale property than Crown Melbourne, that would be something that had the potential to be an issue.

20 MR FEUTRILL: What about (r)(i)?

MR PRESTON: That is with respect to Crown Melbourne.

25 MR FEUTRILL: Yes, but it is to ensure that the holding company uses its best endeavours to ensure the business is conducted in a manner which is beneficial to essentially Victoria.

30 MR PRESTON: Sorry, (r)(i) or (ra)(i).

MR FEUTRILL: (r)(i) and (ra).

MR PRESTON: Yes.

35 MR PRESTON: There are more parts to (i). It is beneficial to both of that business. So beneficial to Burswood Ltd, Crown Perth ---

MR FEUTRILL: Beneficial to that business being the business of the holding company, is it not?

40 MR PRESTON: No. My reading of it is the holding company group, if it pursues anywhere in Australia, a business ---

MR FEUTRILL: Sorry, quite right.

45 MR PRESTON: So, my reading of that, if it pursued Perth, which was Burswood as it was then known --- -

MR FEUTRILL: --- Yes, yes, yes.

MR PRESTON: --- so it is beneficial to Crown Perth and the company which promotes, and, and, promotes tourism and economic development generally in the state of Victoria.

5

MR FEUTRILL: It's the second limb I'm referring to.

MR PRESTON: I don't necessarily see that in conflict with what Crown Perth would be doing.

10

MR FEUTRILL: Okay. Did you consider whether it was necessary to draw to the independent directors' attention on Burswood Ltd boards the obligations or the provisions of this agreement?

15

MR PRESTON: No, it didn't and I say that because when I came across this provision and I changed my roles, my assessment, and I spoke to a couple of people about how this had been managed over the years, was that these matters had never been close to coming into conflict.

20

MR FEUTRILL: So, do I understand from your answer to that question then that you did recognise when you read it the potentiality for there to be a conflict?

MR PRESTON: Well, I saw and I recognised that I wanted to understand because I hadn't seen that clause, it was new to me.

25

MR FEUTRILL: Who did you raise it with?

30

MR PRESTON: I spoke with, if I recall correctly, the Group General Manager of Regulatory and Compliance in Melbourne, to ask how they had managed this over the years. If I recall correctly, I came across it during the Sixth Review that the VCGLR was undertaking in Melbourne, and she explained to me Crown's assessment of this over the years, particularly with respect to (ra)(iii) and (ra)(iii).

35

MR FEUTRILL: Yes.

Now, do I take it from that answer then that the view that was expressed to you was because that conflict in the view of the person you had spoken to had not manifested itself it was not necessary to draw it to the attention of the independent directors of Burswood Ltd?

40

MR PRESTON: I was satisfied with had I read through this --- I accept there is potential. I accept that. But I was satisfied with the facts surrounding, again particularly (ii) and (iii) which jumped out originally, Crown Perth is at a different scale. It is a different scale property with respect to the Commission-based business. In Australia it was a smaller property, Crown was by far a larger property. Crown Melbourne had by far a dominant Commission-based business in comparison to Perth. Perth was very small in comparison to Melbourne.

45

01:00PM

MR FEUTRILL: If the potential for conflict had realised itself, is it your expectation that the executives of --- directors of Burswood Ltd would have brought that to the attention of non-executive directors?

5

MR PRESTON: Yes, that would have been my expectation.

MR FEUTRILL: Is it a convenient time?

10 COMMISSIONER OWEN: It is, thank you.

COMMISSIONER JENKINS: Sorry, can I just ask a question about that seeing as we have it up on the screen. Putting aside the potential for conflict in (r)(i), isn't there an obligation on CRL there to ensure that the Perth Casino is conducted in a manner which promotes tourism, employment and economic development generally in the state of Victoria?

15

MR PRESTON: Using best endeavours and ---

20 COMMISSIONER JENKINS: So, leave it there. Wouldn't the best endeavours of CRL include advising the non-executive directors of Burswood Ltd of that fact?

MR PRESTON: Yes, I accept that.

25 COMMISSIONER JENKINS: Thank you.

COMMISSIONER OWEN: We will resume at 2 pm.

30 **ADJOURNED** **[1:02P.M.]**

RESUMED **[2:00P.M.]**

35

COMMISSIONER OWEN: Please be seated. Thank you, Mr Feutrill. We will vary the program a little this afternoon and take a break around 3 pm for 15 minutes and aim to finish at 4.15 rather than 4.

40 MR FEUTRILL: May it please the Commission.

Mr Preston, just before the luncheon adjournment I was asking you some questions about the Victorian agreement between Crown Melbourne and the Victoria Government. Under the Victorian legislative framework, the Victorian regulator periodically reviews the Crown Melbourne licence; correct?

45

MR PRESTON: Yes.

MR FEUTRILL: Do you recall there was a review in around 2018, the Sixth Review?

5 MR PRESTON: Yes, I do.

MR FEUTRILL: Part of your responsibility was to deal with Crown Melbourne's response to that review; correct?

10 MR PRESTON: I assisted in the response, that's correct.

MR FEUTRILL: Yes. It is quite a long document and I won't take you to the whole document, I just want to draw your attention to aspects of it, or an aspect of it at this stage. Can I call up CRL.508.001.8052. That is the front page and then the actual
15 page to pinpoint is page .8111. You might recall that one of the recommendations that came out of this report concerned the way in which the Crown Melbourne board functioned and it led to a recommendation concerning increasing the level of independent oversight?

20 MR PRESTON: Yes.

MR FEUTRILL: Can I draw your attention on this page to the second column. There is a heading that begins "In the Review Period", and there is a number of bullet points. Read that through to the bottom of the page and let me know when you have
25 completed.

MR PRESTON: Yes.

MR FEUTRILL: I want to focus in on --- obviously, there are some similarities
30 between the discussion there about the which in which Crown Melbourne was managed and the way in which, I think, Crown Perth was managed in this period. Can I ask you to draw your attention to the paragraph that says:

35 *The duration of board meetings, the nature of resolutions, the frequency, the majority of directors being senior Crown executives and the replication of information presented in papers to the Crown Resorts board does not provide evidence that the Crown Melbourne board has an active role in overseeing the Melbourne casino.*

40 Did you accept at the time, and do you accept now, that that is a fair assessment of the process or the oversight of Crown Melbourne as of 2018?

MR PRESTON: I might just put this into context if you don't mind?

45 MR FEUTRILL: Sure.

MR PRESTON: This section 25 review commenced almost upon my

commencement in Melbourne, so I had little background to the history of Melbourne or the functional aspects of the Crown Melbourne board, and this was all for a period prior to my involvement with Crown Melbourne and in relation to the board. From
5 my time on the board as co-company secretary onwards, a lot of these issues weren't apparent to me, in that the duration was a lot longer, there were revisiting of the papers that were prepared, particularly that went through the committee process. So this was a little bit different, this was more historical, so I'm just conscious that I can't really comment on exactly what was transpiring in that period before my time.

10 MR FEUTRILL: Leaving that to one side, having regard to the nature of the observations made in that paragraph about the way in which Crown Melbourne was being governed, would you accept that the governance structure for Crown Perth was of a similar nature?

15 MR PRESTON: I did see some points of difference, particularly because the board members on the Crown Melbourne board were all, if I recall correctly, Crown Resorts Board members as well, whereas Perth had two independents. So that was a difference to me.

20 The other thing which was a difference, in the context of what jumped out to me, was the committees that were a regulatory requirement, but committees of the Crown Melbourne board. So that presented a different form of passage of information and the way the board meetings were conducted, because they had committees involved
25 as well.

MR FEUTRILL: Are you speaking now about the regulatory requirement for there to be an audit committee and a risk committee?

30 MR PRESTON: Yes. A compliance committee and an audit and risk committee.

MR FEUTRILL: Would you accept the proposition that the duration of the board meetings for the Perth Casino, I'm talking here about Burswood Ltd, the nature of resolutions, the frequency of the meetings and the majority of directors being senior
35 members of the Crown group executive, doesn't provide a level of comfort that the board --- that there is independent oversight of that board?

MR PRESTON: Again, they were different boards and they functioned differently and had different compositions. I'm not trying to ---

40 MR FEUTRILL: I'm talking about Perth. What is your view on Perth?

MR PRESTON: My view on Perth, as I expressed before, it did have an oversight of Crown Perth. It came from a different background. Perth --- my observations are
45 Perth was very much alone in the Crown group in comparison to Crown Melbourne because that was the central hub where Crown Resorts had come from. My observations were that Crown Perth was always different. I accept the fact of what you said about the board meetings, in terms of the duration and some of the

formalisations but it did, to me, have a level of difference.

MR FEUTRILL: What was that level of difference, in your view?

5

MR PRESTON: Certainly it didn't have that same relationship with Crown Resorts because the directors on the board, the independent directors weren't Crown Resorts directors. Whereas in Melbourne they were all Crown Resorts directors during my time. Previous to that they had independents but during my time, as I recall, they

10

MR FEUTRILL: Would it be fair to say the primary difference being the composition of the board?

15

MR PRESTON: Yes, I would agree with that. The actual nature of the discussions that took place were not too dissimilar in the context as you articulated earlier on in the day about discussions pertaining to finance and the CEO's report, so the structure and the agenda items were not too dissimilar.

20

MR FEUTRILL: I want to move to a more specific aspect of risk management and AML/CTF framework for which you were responsible. Can I start by putting to you some propositions that summarise the position, so we can move to a more detailed analysis of some of the things in a moment. A reporting entity under the AML/CTF Act, you know what I'm talking about there, the Commonwealth legislation, is

25

obliged to submit threshold transaction reports, or TTRs?

MR PRESTON: Yes.

30

MR FEUTRILL: That is when physical currency is received or transferred of more than \$10,000?

MR PRESTON: Yes.

35

MR FEUTRILL: There is also a requirement to submit something known as a suspicious matter report?

MR PRESTON: Yes.

40

MR FEUTRILL: There is no definition of suspicious matter per se but, in simple terms, the Act requires a reporting entity to provide reports of unusual behaviour or transactions where there are reasonable grounds to suspect that a customer or a transaction is related to criminal activity or there are reasonable grounds to suspect the customer is not who they claim to be.

45

MR PRESTON: Yes, that's ---

MR FEUTRILL: Is that a fair assessment? There is also an obligation to report international fund transfer instructions, or IFTIs?

MR PRESTON: Yes.

MR FEUTRILL: There is a requirement to identify and verify your customer,
5 known as Know Your Customer or KYC, for customers who conduct foreign
exchange transactions where the transaction involves an equivalent of \$1,000 or
more.

10 MR PRESTON: That's one reason why we have to, yes.

MR FEUTRILL: There is an annual requirement to submit a compliance report to
AUSTRAC?

15 MR PRESTON: Yes.

MR FEUTRILL: There are a number of different financial institutions that are
reporting entities under the AML/CTF Act; correct?

20 MR PRESTON: Yes.

MR FEUTRILL: Casinos fall within one of the limbs?

MR PRESTON: They have their own specific gambling services piece, as I recall.

25 MR FEUTRILL: That's what I meant to say. There are specific provisions that
relate to casinos. Now, is it your understanding, or I should ask you was it your
understanding that Burswood Nominees was a reporting entity under the AML/CTF
Act?

30 MR PRESTON: Yes.

MR FEUTRILL: Was it your understanding, or what was your understanding with
respect to Burswood Resort (Management) Ltd?

35 MR PRESTON: It was not a reporting entity.

MR FEUTRILL: Can I ask you to explain that a little more in that it employed
everyone and you think there was some form of Management Agreement in place
between it and Burswood Nominees, so the actual individuals carrying out all of the
40 functions at the Burswood casino would have been employees of that entity. In those
circumstances, why was it not considered to be a reporting entity?

MR PRESTON: Because Burswood Nominees Ltd was the casino licensee and it
was the operator of the business. Burswood Resort (Management) Ltd provided the
45 employees for the purpose of Burswood Nominees Ltd to carry out its functions as
the casino licensee and, hence, the reason Burswood Nominees Ltd was the reporting
entity providing the gambling services.

MR FEUTRILL: To put it in legal terms, if it has been carried out through the agency of a third party, the principal remains the party responsible as a reporting entity?

5

MR PRESTON: Yes, the reporting entity that holds the licence and is providing the services.

MR FEUTRILL: In that same context, do I take it that Burswood Ltd was also not considered to be a reporting entity?

10

MR PRESTON: That's correct.

MR FEUTRILL: In that framework I have described, a suspicious matter report is one that requires an element of judgment on the part of the reporting entity.

15

MR PRESTON: On the part of those who are lodging the suspicious matter reports, on behalf of the reporting entity.

MR FEUTRILL: The people who are involved in performing the functions for the reporting entity?

20

MR PRESTON: Yes.

MR FEUTRILL: In this instance, all those people were employed by Burswood Resort (Management)?

25

MR PRESTON: Yes.

MR FEUTRILL: One of the requirements of the legislation is the reporting entity has to have an AML/CTF program?

30

MR PRESTON: Yes.

MR FEUTRILL: It is divided into Part A and Part B?

35

MR PRESTON: Yes.

MR FEUTRILL: What was your level of involvement, starting in 2007 when the Act was introduced, for the development of the AML/CTF program for Crown Perth?

40

MR PRESTON: In short, the program was developed --- best way to describe it is a template by an external law firm on behalf of the casinos association, and the reason for that was this was new territory. Casinos hadn't confronted this program before. It had been in place in banks, I think, a bit before, but the Australian Casino Association group together developed a program with input from the various casinos around WA and New Zealand casinos to develop the template, and I was involved in a working group.

45

MR FEUTRILL: So it began with some form of template document and was it developed and amended to cater for Perth Casino's specific circumstances?

5 MR PRESTON: Yes, that's right.

MR FEUTRILL: That particular program evolved over time?

MR PRESTON: Yes.

10

MR FEUTRILL: For the purpose of identification of the relevant program --- I think there is a non-publication order on this document. No, there's not. This is CRL.554.001.0377. You will recall you gave some evidence to the Bergin Inquiry and part of the evidence you gave concerned identification of what was then the Perth Casino AML/CTF program?

15

MR PRESTON: Yes.

20

MR FEUTRILL: Can you look at this document, version 17. You may need to scroll through it to satisfy yourself that it was the last Perth Casino AML/CTF program.

25

MR PRESTON: On the face of the first few pages, it looks as if it's the one that was relevant at the time.

MR FEUTRILL: In 2019 there was the development of a joint AML/CTF program across the Melbourne and Perth Casinos?

30

MR PRESTON: That was a program that was developed from mid to late 2017 onwards, a review of the whole framework, but it came to fruition in 2019.

MR FEUTRILL: At the time you gave your evidence in the Bergin Inquiry, had that been fully implemented?

35

MR PRESTON: No, it had not.

MR FEUTRILL: Do you know if it had been fully implemented by the time you left at the end of 2020?

40

MR PRESTON: I understand that it had been implemented but not fully implemented. There was a range of steps to go through to fully implement the whole of the program, supporting positions that were being developed, but I can't say for sure exactly what stage it was at.

45

MR FEUTRILL: Can you explain how the changes between the Perth specific program, the joint program, were identified? What was the process by which you developed the joint program?

MR PRESTON: The Group General Manager spent considerable time understanding the details of the Melbourne framework because my instructions to her at the time were review the frameworks, understand if there are any issues or opportunities to
5 enhance it. That was the guidelines for her. She reviewed the Perth framework as well, including all the supporting structures around it and then from that position developed the joint program which was to be consistent across the properties, which included a range of other supporting measures which were going to enhance the AML framework. That was the process that was undertaken.

10 MR FEUTRILL: Once you had settled on a version of the joint program, who made the decision to implement that across the two properties?

MR PRESTON: I might just add two more parts, if you don't mind. In terms of the
15 process, a key element to the program, being the transaction monitoring program, was reviewed by an external party and the actual joint program was reviewed. We took legal advice on the joint program from a legal perspective as well. That was the process.

20 It was then presented to, initially, the Crown Resorts Risk Committee. They had asked for it to be presented to them for comment, which occurred. It was then presented to the Crown Resorts Board for comment and review. It was then presented to both the Crown Melbourne board and the Crown Perth board for their review and comment and adoption, if they agreed with it.

25 MR FEUTRILL: Just to understand this process, the general manager for AML/CTF, which at the time presumably began with Louise Lane?

MR PRESTON: Originally it was Louise, up until mid-2019.

30 MR FEUTRILL: Under your supervision, you prepared the joint program?

MR PRESTON: Yes.

35 MR FEUTRILL: It then went from an AML/CTF committee of some kind, did it, to the ERCC?

MR PRESTON: It was considered by a number of people in the business. I can't
40 recall whether a specific committee meeting was convened for it, but input was taken from a number of people across the business who had relevance to the AML framework.

MR FEUTRILL: But its next port of call after your department was the Risk
45 Management Committee for Crown Resorts group?

MR PRESTON: Yes, that's correct. But, as I recall, I briefed the CEO of Australian Resorts about this and he was obviously well aware of the process we were going through. It was a long and detailed process to analyse the frameworks to get to this

point but it did ultimately end up in a paper being prepared, which is a framework paper, broader than just the program. The program was an important part of it that went to the Crown Resorts Risk Committee to start with.

5

MR FEUTRILL: From there it went to the board of Crown Resorts?

MR PRESTON: Yes.

10 MR FEUTRILL: Then from Crown Resorts board down to the two boards of Crown Perth and Crown Melbourne?

MR PRESTON: Yes, that's correct. It might have also gone to the Crown Melbourne compliance committee, if I recall correctly, compliance or risk
15 committee, one of the committees.

MR FEUTRILL: By the time it reached Crown Perth or the Burswood Ltd board, was it effectively set in stone?

20 MR PRESTON: No.

MR FEUTRILL: In what ways could a joint program have been changed independently in Perth and in Melbourne?

25 MR PRESTON: If there were issues, they could have been raised. There was nothing off limits. If there was an issue pertaining to something that Crown Perth or Crown Melbourne had specifically about it at the board level, they would have been considered and understood. And, practically, there were none. There was discussion about it but there weren't any --- they could have raised issues if they had issues.

30

MR FEUTRILL: Given that it was a joint program, though, does that mean ultimately it would have to have been settled between both locations to agree on a joint program?

35 MR PRESTON: That's correct.

MR FEUTRILL: There was a commonality of executives across those two organisations, was there not?

40 MR PRESTON: There were a number of executives who were common, yes.

MR FEUTRILL: As part of the AML/CTF program there is a specific AML risk register, isn't there?

45 MR PRESTON: There is a risk register that is part of it, yes.

MR FEUTRILL: Insofar as the programs were joint, was the risk register for Perth separate and distinct from that of Melbourne?

MR PRESTON: Historically, they were. For the joint program, there was a detailed review undertaken by the Group General Manager of AML and we landed on one to cover both properties.

5

MR FEUTRILL: Is that because the operations of each location were sufficiently similar for the programs to be regarded as the same?

MR PRESTON: Sufficiently similar in the context of the issues that we believed Melbourne would confront would be the same kind of risk issues that Perth would confront. There were some nuances between the original transaction monitoring, or the risk assessments between Perth and Melbourne, but our view was, when we looked at them holistically, we could compress them and enhance them and that was sufficient or that would suffice for the terms.

15

MR FEUTRILL: This is for illustrative purposes only, I know the programs have changed but I wish to --- and this one may be subject to non-publication --- to show you a clearer colour version of the Crown Perth AML/CTF program which I took you to earlier. It is CRL.533.001.3787. I don't know if it is public or not, but can I take you to page 27 of the document. This is not public?

20

UNKNOWN SPEAKER: It's fine.

MR FEUTRILL: The program we are referring to, the Crown Perth program, was in place for some time prior to the adoption of the joint program; correct?

25

MR PRESTON: Yes.

MR FEUTRILL: This risk register that is referred to on this page was part of the Crown Perth program?

30

MR PRESTON: Yes, if that's the one that's attached to the AML program, yes.

MR FEUTRILL: I want to indicate or take you through, if you like, what information is being provided by this document. You can see that it identifies on this page by table games, illustratively, a risk in the left-hand column and what the risk is and then you have a control, a specific control in relation to those two. It goes through each risk in the same way.

35

MR PRESTON: Yes.

40

MR FEUTRILL: If, without taking you through every one, not all of these are connected to, if you like, transactions involving cash or transactions involving money themselves. Some involve cash transactions, as in money received by the casino, but there are other typologies that relate to other activities in the casino. For example, there are some that deal with the way in which games are played and people playing games in a particular way that leads to the ability to launder money.

45

MR PRESTON: Yes, I get that.

5 MR FEUTRILL: So the controls in respect of, if you like, the activities on the casino floor, in general terms, involve surveillance; correct?

MR PRESTON: That's one of the controls, yes.

10 MR FEUTRILL: What are the other controls?

MR PRESTON: Without reading this but off the top of my head, security, table games, staff generally. All the staff who are involved in designated services have training and it's not just limited to what is articulated in the risk register, it's about general suspicion. That's a control, to have a wide range of staff trained.

15 MR FEUTRILL: Yes. I appreciate that any person involved in any activity in the casino that could lead to a risk of money laundering or terrorism financing has a requirement to be alert to that, but would it be fair to say that the units with the primary responsibility or the most contact with those areas was a unit known as the
20 AML team?

MR PRESTON: Can I get you to repeat the question?

25 MR FEUTRILL: There was a unit known as the AML team?

MR PRESTON: Yes, I get that but in terms of the contact ---

30 MR FEUTRILL: It had one of the primary responsibilities for dealing with the AML and CTF parts of the business?

MR PRESTON: They are a very important part to it, there is no doubt, but the departments are equally as important.

35 MR FEUTRILL: I am coming to those but I am just looking at those that have, if you like, frontline responsibilities. AML seem to be one?

MR PRESTON: I wouldn't describe them as frontline. They are not there doing the transactions, they are not dealing with the customers.

40 MR FEUTRILL: No.

MR PRESTON: They have a different function.

45 MR FEUTRILL: They are monitoring; correct?

MR PRESTON: They are monitoring the influence of the transaction monitoring program in accordance with the other obligations the AML team has got.

MR FEUTRILL: Right. Leave aside the expression of "frontline", AML is involved. The AML team is involved, AML. Surveillance team?

5 MR PRESTON: Surveillance plays a role, yes.

MR FEUTRILL: The cage?

10 MR PRESTON: Cage is very important, yes.

MR FEUTRILL: Presumably the people operating the table games as well?

MR PRESTON: Yes, and machine staff as well.

15 MR FEUTRILL: Machine staff. Are there any others who have that sort of direct contact?

MR PRESTON: The Responsible Gaming team.

20 MR FEUTRILL: The Responsible Gaming team have an AML/CTF function?

MR PRESTON: They are trained in AML/CTF and they are engaging with customers on the floor, observing, the same as with security who are on the floor, observing customers and customers' behaviour 24/7.

25 MR FEUTRILL: In terms of trying to understand the structure of the way in which the employees are informed of the AML/CTF requirements, there is the AML/CTF program. Is that available to all staff?

30 MR PRESTON: It is available. I would be surprised if all staff are looking at it. They would rely heavily on training.

MR FEUTRILL: Is the Perth Casino --- the casino manual is another source of information about AML/CTF procedures?

35 MR PRESTON: It is, it's related, but the main AML procedures are focused through the program and then down through the standard operating procedures that the relevant departments are subject to.

40 MR FEUTRILL: The standard operating procedures would, be presumably, the main document that an employee would rely on for information about the AML/CTF?

MR PRESTON: That would dictate how they do their job.

45 MR FEUTRILL: Yes.

MR PRESTON: They are crafted in a way which captures the essence of compliance

with AML and their awareness of AML-related matters.

5 MR FEUTRILL: Could I start with the cage, which is a colourful expression. What exactly is the cage in a casino?

10 MR PRESTON: The cage is the area where chip exchanges --- people can exchange their chips for cash after they have won. People go there to undertake transactions on --- when you say an "account", it's a patron account, it's not an account as in a bank account of sorts. A patron account which they can go and transact on. They can take gaming tickets that they have won there for payouts. They can go there to have their loyalty card --- money put on their loyalty card for the purposes of gaming machines. So the function is largely dealing with cash and chips through the cage.

15 MR FEUTRILL: Was there anyone in the area of cage who reported directly to you?

MR PRESTON: For a period. I had responsibility for cage for a couple of years, if I recall correctly. David Brown reported to me for a period.

20 MR FEUTRILL: When did Mr Brown stop reporting directly to you?

MR PRESTON: I can't recall.

25 MR FEUTRILL: After he stopped reporting to you, who was his direct report then?

MR PRESTON: I think it was Alan McGregor.

MR FEUTRILL: Mr McGregor is involved in the CFO function in Perth Casino?

30 MR PRESTON: He was CFO of Australian Resorts.

MR FEUTRILL: So far as the cage is concerned, who is the most senior manager in that area before reporting to the CEO of Australian Resorts.

35 MR PRESTON: The CEO?

MR FEUTRILL: The most senior person involved in cage.

40 MR PRESTON: The General Manager of Cage and Account who is responsible for the operations of cage and account.

MR FEUTRILL: That was Mr Brown; is that right?

45 MR PRESTON: It was, yes.

MR FEUTRILL: Are there other managerial positions involved in cage and account?

MR PRESTON: There are a number of shift managers, as I recall, and then there are

supervisors, if I recall again, who have managerial responsibilities as well.

5 MR FEUTRILL: In terms of dealing here now with AML/CTF matters, suspicious matter reports, who was responsible for identifying suspicious matters and making the reports in the cage area?

MR PRESTON: In the cage area? Anyone.

10 MR FEUTRILL: Any cashier?

MR PRESTON: Anyone in the cage, any staff member in the cage could lodge a suspicious matter report.

15 MR FEUTRILL: All right.

MR PRESTON: Sorry, could raise a suspicion.

20 MR FEUTRILL: Raise a suspicion?

MR PRESTON: Yes, and they could prepare the details of it. Ultimately, all suspicious matters would go to the AML team, who would look at them and ultimately lodge them.

25 MR FEUTRILL: I'm just trying to understand the process. So a cashier observes something that he or she considers to be suspicious.

MR PRESTON: Yes.

30 MR FEUTRILL: The next step that person takes is what?

35 MR PRESTON: They can liaise directly with the AML --- the relevant AML person, they can liaise directly with their manager to escalate it for the purpose of understanding what the issue might be, and then a suspicious matter report can be generated from that detail.

MR FEUTRILL: Is there a process of evaluation of the matter before an AUSTRAC report is generated?

40 MR PRESTON: Well, the process was it would be raised, it would be understand what had happened, why do you have a suspicion, and then it would inevitably be lodged by the AML manager. It was very rare for one, in my experience that I'm aware of, for them not to lodge a suspicion when an issue had arisen.

45 MR FEUTRILL: Was it open for a cashier, for example, to raise a suspicion with his or her manager and then the decision as to whether a report would be made rests with the manager?

MR PRESTON: That's a possibility.

5 MR FEUTRILL: The ultimate decision as to whether a report was made would sit with the cage management?

10 MR PRESTON: Yes, but I just can't recall the exact process. But it never came to my attention that a departmental manager overrode a decision of a staff member in terms of a suspicious matter being raised.

MR FEUTRILL: That may be the case, I'm just trying to understand the actual reporting structure, the way in which it was intended to operate.

15 MR PRESTON: Yes. And, my apologies, I just can't recall whether the report went to the departmental manager and the AML team at the same time or whether it was direct to the general manager. I just can't recall.

20 MR FEUTRILL: Who had responsibility for the supervision of the cage supervisors and the cage shift managers?

MR PRESTON: Through the General Manager of Cage and Account.

MR FEUTRILL: Mr Brown again, is it?

25 MR PRESTON: That's the position, yes.

MR FEUTRILL: How frequently was the General Manager of Cage on site at the casino?

30 MR PRESTON: In my experience with Mr Brown, he spent a lot of time at the casino. Definitely long office hours and often out of office hours.

MR FEUTRILL: Were there shifts though, or not?

35 MR PRESTON: Not for him. The shift managers, as the title indicates, were there -- - one of them was there 24/7, and Mr Brown would be there on occasion outside office hours as well if the business required.

40 MR FEUTRILL: When he was not on site, who had responsibility for management of cage affairs then?

MR PRESTON: The shift manager.

45 MR FEUTRILL: I think you have already answered this question but I have forgotten the answer to it. After you ceased to be the direct report for security and surveillance, who was the person who had that responsibility?

MR PRESTON: Mr Bossi.

MR FEUTRILL: Mr Bossi.

5 So far as the cage is concerned, was there any process by which the day-to-day recording of transactions was checked by a manager within the cage area?

MR PRESTON: I'm unsure.

10 MR FEUTRILL: Perhaps it's a hard question to answer in the abstract. It is the case that cashiers in the cage were responsible for recording amounts of cash, either in physical currency or by transfer, that were allocated to a patron account; correct?

MR PRESTON: Yes.

15 MR FEUTRILL: As part of their procedures, they were to record the receipt of that currency into the SYCO system, the system of accounting for the Perth Casino?

MR PRESTON: Yes.

20 MR FEUTRILL: In order to ensure that activity was taking place in accordance with the standard operating procedures, was there a process of which you were aware by which a supervisor for the cashiers checked regularly to see that that process was being undertaken in accordance with the SOP?

25 MR PRESTON: I'm unsure, sorry.

MR FEUTRILL: Is that something you would have expected to have been the subject of an internal audit?

30 MR PRESTON: Well, internal audit audited cage and account on a periodic basis and that would be something I would expect, supervisors' duties, to be looked at.

35 MR FEUTRILL: Is it your expectation that during an audit of the cage and account procedure, someone would audit the process by which, either in terms of electronic transfers or physical currency, funds was received by the casino and recorded in SYCO?

40 MR PRESTON: I don't know if I can be that specific, but my --- to the best I can recollect, internal audit looked in quite an amount of detail with cage operations and that would have been something that would be looked at.

MR FEUTRILL: If there was such an audit, one would expect to find it in the records of Crown Perth?

45 MR PRESTON: Well, particularly for the transactions at the front desk. With respect to the transactions in terms of the electronic ones, I can't recall the supervisory capabilities or obligations, so

MR FEUTRILL: Turning now to the AML team, there are a number of reports that they receive through the SYCO system. Was it their obligation or their responsibility to review on a daily basis the receipt of funds into the casino, into the Perth Casino?

5

MR PRESTON: Not all funds.

MR FEUTRILL: Did they receive a transaction report of funds received by the Perth Casino?

10

MR PRESTON: Depends.

MR FEUTRILL: At the cage I'm talking about?

15 MR PRESTON: It depends. They wouldn't be seeing reports on a daily basis of all funds received at the casino. They wouldn't be receiving reports of someone coming into the casino and depositing money on their account. There would be thresholds in terms of reports that were being prepared. There are thousands and thousands of transactions at the cage.

20

What they did see was a telegraphic transfer listing report which they saw, I believe it was daily, but some reports were daily, some were weekly and others were periodic. They certainly saw a telegraphic transfer listing report, a report generated from SYCO.

25

MR FEUTRILL: What information does the telegraphic transfer listing report contain?

30 MR PRESTON: That's designed to capture all deposits into --- all electronic deposits into Crown's accounts.

MR FEUTRILL: "Crown's accounts" being its own bank accounts?

35 MR PRESTON: All of Crown's accounts. All of Crown Perth's bank accounts.

MR FEUTRILL: Was there a system called iTrack as well?

MR PRESTON: There was.

40 MR FEUTRILL: What was iTrack?

MR PRESTON: iTrack's, as I recall, main function was --- its predominant function originally was security and surveillance, incident management and recording of data. Then I think --- I can't recall specifically, but iTrack then was expanded to include reporting on other areas. I just can't recall specifically what was in iTrack outside of security and surveillance.

45

MR FEUTRILL: Was there something called a SYCO alert report?

MR PRESTON: Yes, there were SYCO alert reports.

5

MR FEUTRILL: What are they?

MR PRESTON: That is a report generated from SYCO set against certain parameters, as I recall.

10

MR FEUTRILL: Is that a report generated by the software itself?

MR PRESTON: I believe so.

15 MR FEUTRILL: So you set parameters and the report is generated based on information that is entered into the SYCO system?

MR PRESTON: Yes. For example, you could have a SYCO alert report, for example, of a particular buy-in level or particular turnover level. You could say I want to see every patron with a turnover level of X dollars, and a report would be produced from SYCO of that information.

20

MR FEUTRILL: Who within Crown Perth was responsible for AML/CTF training?

25 MR PRESTON: The responsibility sat with me in my portfolio.

MR FEUTRILL: There was an online training module?

MR PRESTON: There was.

30

MR FEUTRILL: In respect of the cage, is it correct to say that part of their training was receiving a briefing from cage management?

MR PRESTON: Yes, that was involved.

35

MR FEUTRILL: Would we be right in thinking that briefing was given by Mr Brown?

MR PRESTON: Yes, but normally in conjunction with the AML officer, as I recall.

40

MR FEUTRILL: Who would the AML officer have been at that time?

MR PRESTON: It changed. It changed. There was a number of AML officers over the journey.

45

MR FEUTRILL: So, an AML officer?

MR PRESTON: Historically, there was one AML officer but that person changed.

MR FEUTRILL: Is it correct to say there was only one AML officer at Crown Perth Casino?

5 MR PRESTON: Yes, until I think maybe 2016 or 2017. I can't recall the year where there was an additional AML person allocated.

MR FEUTRILL: Is this one?

10 MR PRESTON: Yes.

MR FEUTRILL: Was that the position at the time you left the Crown group, there were two AML officers at Perth?

15 MR PRESTON: It was supported by a group function. So there were some group --- there was a group analyst that had been appointed. There was a number of group roles that were being created to support both Perth and Melbourne.

MR FEUTRILL: Just going back for a moment in terms of the analysis of the
20 telegraphic transfer listing reports, was that a manual operation?

MR PRESTON: It was.

MR FEUTRILL: Did that require the AML officer or officers, once there was more
25 than one, to physically go through the telegraphic transfer reports on a daily basis and look for signs of suspicious matters?

MR PRESTON: That's correct. It was a manual process for all of the reports, which
30 would be delivered electronically, they would get the reports electronically, but they would look at them on the screen or they would print them out and review them.

MR FEUTRILL: Do you have any appreciation of what sort of volume of
information they needed to review each day?

35 MR PRESTON: No, I'm not sure.

MR FEUTRILL: Who trained the cage management in the AML/CTF area?

MR PRESTON: Well, there are a few levels of training. It's a bit broader than your
40 question, so I apologise, but there was induction training, which obviously included all staff for AML. There was the online training which needed to be completed and refreshed every two years, I think. Then the AML officer at the time often spent, or spent a considerable amount of time with cage originally and then on an ongoing basis the AML officer would often present to cage staff on AML-related issues.

45

MR FEUTRILL: So there was an internal training of cage staff by an AML officer?

MR PRESTON: Yes, there was over a period of time.

5 MR FEUTRILL: Were there any occasions you can recall when external AML/CTF training was provided?

10 MR PRESTON: It's digging my memory but, as I recall, we did have a former law enforcement officer come and speak with a number of departments, but that was some time ago, some considerable time ago. But otherwise, no.

MR FEUTRILL: Was there a standard operating procedure for the surveillance team?

15 MR PRESTON: Yes, there were operating procedures for surveillance.

MR FEUTRILL: Was part of their responsibility to carry out surveillance and detect any signs of possible criminal behaviour on the casino footprint?

20 MR PRESTON: Yes, there was.

MR FEUTRILL: Would it be correct to say that within the responsibility for surveillance, one of their responsibilities would have been or is to be aware and on the lookout for money laundering activities?

25 MR PRESTON: Yes.

MR FEUTRILL: And money laundering activities that do not only involve the transfer of cash or transactions in a cage environment?

30 MR PRESTON: Yes.

MR FEUTRILL: So the kind of money laundering that can take place during the playing of a game, for instance?

35 MR PRESTON: Yes.

MR FEUTRILL: In what way, without giving away any secret information, is that surveillance undertaken? Is it by CCTV?

40 MR PRESTON: Yes, there is CCTV.

MR FEUTRILL: Do people walk the floor?

45 MR PRESTON: On occasions, surveillance would walk the floor but not regularly.

MR FEUTRILL: Is considering the possibility of criminals utilising gaming machines, for example, or table game playing to launder money, something that is at the forefront of the surveillance operation?

MR PRESTON: They are very much aware of it and alive to it.

5 MR FEUTRILL: If a member of the surveillance team were to observe anything, I'll call it unusual, unusual behaviour that might involve a criminal activity, what was their obligation by way of reporting?

10 MR PRESTON: They would investigate it and the surveillance technology was to the point that their ability to track back and review carefully with clear footage was very strong by the time I left Crown. So they would investigate it, understand the issue and escalate it if there was a concern.

15 MR FEUTRILL: How many members of the surveillance team were there at the time you left the Crown group?

MR PRESTON: Possibly 20. Might be wrong.

MR FEUTRILL: Were they all on at one time or was there a shift system?

20 MR PRESTON: No, there were shift systems.

MR FEUTRILL: In addition to the internal audit of the AML/CTF program, was there any external audit undertaken by an independent party?

25 MR PRESTON: Yes, there was. There was an external audit undertaken by Ernst & Young some time ago.

MR FEUTRILL: Does 2010 sound about right to you?

30 MR PRESTON: Yes, that does.

MR FEUTRILL: Were there any other external audits undertaken after 2010 while you were the AML/CTF compliance officer?

35 MR PRESTON: The only one I can recall was a focused review of the transaction monitoring program in 2018 to assess it from an external perspective.

40 MR FEUTRILL: Is there any reason you can recall why there was not another external audit in that eight-year period?

MR PRESTON: No, I can't recall any reason why.

45 MR FEUTRILL: Do you consider that to be a reasonable period between external audits of the AML/CTF program?

MR PRESTON: No.

MR FEUTRILL: Did you raise at all with your management the need or a desire to undertake an external audit at an earlier point in time?

5 MR PRESTON: I don't recall.

MR FEUTRILL: I think we mentioned earlier that there were some internal audits undertaken biannually, I think you said, with respect to AML/CTF?

10 MR PRESTON: It might have changed over the years but my most recent recollection is there was a biannual audit, unless I'm mistaken.

MR FEUTRILL: Do you recall the extent to which the internal audits of the AML/CTF program revealed non-compliances?

15

MR PRESTON: I don't recall, sorry.

MR FEUTRILL: Do you recall whether there were instances where the audit identified an absence of training?

20

MR PRESTON: Not specifically, sorry.

MR FEUTRILL: As you sit here today, does it ring a bell to you at all that there were non-compliances involving the training of the AML/CTF program?

25

MR PRESTON: Not really. Non-compliances, yes, I would expect them in all internal --- I'd be surprised if there weren't non-compliances generally with any internal report, but I can't recall specifically about absence of training.

30 MR FEUTRILL: Is this a convenient time?

COMMISSIONER OWEN: Yes. We'll come back at 3.10.

35 **ADJOURNED** [2:55P.M.]

RESUMED [3:09P.M.]

40

COMMISSIONER OWEN: Thank you, Mr Preston. Mr Feutrill?

MR FEUTRILL: May it please the Commission.

45 Mr Preston, I will return briefly to one of the topics we covered a little earlier which concerned observations of the casino gaming floor by surveillance security. Can you step us through the process for reporting that internally? Let's say a member of the security surveillance team identifies a suspicious activity, what is the next step that

person should take?

MR PRESTON: Two separate teams.

5

MR FEUTRILL: Okay.

MR PRESTON: Starting with security, if there is an issue they observe, they will try to call, as a matter of process, contact surveillance, for a couple of reasons, to assist them with identifying it but also from a health and safety perspective, so they can have some overwatch. They will then log it into their direct reports. If it's a material matter that needs attention immediately, they will confront the patron, they will engage with their line management and address it, and that would form part of their daily reports.

15

MR FEUTRILL: Can I stop you there then.

MR PRESTON: Sure.

MR FEUTRILL: I want to ask you about two things you have mentioned. One is logging it in the report and the daily report. What sort of documentation is that?

MR PRESTON: I think it all goes into iTrack ultimately.

MR FEUTRILL: It ends up in iTrack. Is iTrack accessible? It is an electronic platform, is it?

MR PRESTON: Yes, it is.

MR FEUTRILL: That can be interrogated, can it, for reports?

MR PRESTON: Yes, it can.

MR FEUTRILL: That would identify the extent to which members of the security team are making reports of the kind you just described?

35

MR PRESTON: It has all their reports on it.

MR FEUTRILL: Is there a feature with a daily report identifying any identification of unusual behaviour at the casino?

40

MR PRESTON: There is a daily report produced, yes.

MR FEUTRILL: Thank you. You were going to say something about surveillance?

45

MR PRESTON: Sorry, I hadn't finished that part of it. Just to help, that daily report would be circulated to a number of people, including the AML team, as I recall.

MR FEUTRILL: Very well. That is security. Now we are at surveillance.

5 MR PRESTON: That is security. Surveillance would often have a replica report or
they would add to the report, if need be. They would add footage if required. But
surveillance would have their own reports where they observed behaviours from their
perspective that didn't involve security and they would but that in their daily logs as
well and that would go into --- they have their own arm of iTrack which is
10 surveillance specific, if I remember correctly. That information would be
incorporated into the iTrack system as well.

MR FEUTRILL: Was there a process by which the manager of that area received
some form of daily, weekly or monthly update on their reporting?

15 MR PRESTON: Managers got it every day.

MR FEUTRILL: Every day?

MR PRESTON: As I understand it, yes.

20

MR FEUTRILL: It was an automatically generated report from the iTrack system,
was it?

MR PRESTON: Yes, it was.

25

MR FEUTRILL: I want to return --- Mr Preston, I do not expect you to remember
this event. I want to ask you some questions about the document, again for the
purposes of identifying what records should exist. Could I ask the witness be shown
CRW.702.001.2374 and the pinpoint is 2445. This is an internal audit activity report
30 for a board pack in 2014.

I want you to confirm a couple of things. A little earlier in your evidence we dealt
with the topic of internal audits and reporting and you indicated there were some
features of that. I want to draw your attention to the top line of that report under the
35 heading "Audit Activity and Scope and Telegraphic Transfers".

MR PRESTON: Yes.

40 MR FEUTRILL: You will see there are some issues identified. They are the non-
compliances identified by the audit.

MR PRESTON: Yes.

45 MR FEUTRILL: There is a cause attributed to it, there is a risk implication and then
the area I am interested in is under "Management Response" and it indicates that
action plans have been agreed by management. Where would we find the action
plans? I think you said earlier it would be in the report. It doesn't appear to be in the
report, so where would they be?

MR PRESTON: This is a summary report for board purposes. There is an internal activity report for each of these line items, which is a 5 to 20 page document which has greater depth of the internal audit report undertaken and, as I recall, the action plans were documented in those reports.

MR FEUTRILL: In those reports, do they go on to deal with corrective actions, implementation and timing?

MR PRESTON: That is part of the action plan, as best I recall.

MR FEUTRILL: In the case of the board of Burswood Ltd, in what way was information provided to it that each of the actions had been completed?

MR PRESTON: Generally speaking, because I can't recall this period specifically, but there was part of the internal audit report, certainly the more recent ones that I can recall, if I recall correctly, there was an articulation of status of, I think they ultimately turned into outstanding recommendations for implementation or action plans to be implemented, and then there was an articulation of numbers, not necessarily with the (inaudible) action plan.

MR FEUTRILL: Dealing specifically with AML/CTF as an example, obviously this is an area of interest, to the best of your knowledge, where there were non-conformances identified either by way of audit or in the course of ordinary business, was there any process by way of disciplining employees involved in breaches?

MR PRESTON: Yes.

MR FEUTRILL: What was that process?

MR PRESTON: There would be remedial action taken. As an example, if a cage cashier or a supervisor had not complied with their obligations, it was always raised to the attention of the AML officer. The AML officer would communicate with the cage management and it would range from documented discussion through to retraining. It could lead to termination of employment.

MR FEUTRILL: In the course of your time with the Crown group, can you recall an instance where it resulted in termination?

MR PRESTON: Not that I can recall.

MR FEUTRILL: Again, would there be records of this in the Crown Perth human resources area, would there, of the discipline?

MR PRESTON: It would be in human resources and/or their departmental, and also in our compliance reporting piece for the compliance framework there was

a reflection of, in those instances, that remedial training had been undertaken or documented discussion had taken place or otherwise, as I recall.

5 MR FEUTRILL: Who undertook the remedial training in the AML area?

MR PRESTON: Generally, it was a combination of the AML officer and management in the cage or sometimes possibly AML officer direct. I can't recall specifically.

10

MR FEUTRILL: Thank you. Can I ask you some questions now about Riverbank Investments. It is a name I am sure you are familiar with.

MR PRESTON: Yes.

15

MR FEUTRILL: It was a subsidiary of Burswood Ltd?

MR PRESTON: Yes.

20 MR FEUTRILL: You were its company secretary between 2014 and 2020?

MR PRESTON: Yes.

25 MR FEUTRILL: As I understand your evidence, its sole function was to operate bank accounts?

MR PRESTON: Holder bank account, yes.

30 MR FEUTRILL: Holder bank accounts. It received funds from patrons who intended to gamble at the Perth Casino?

MR PRESTON: Yes.

35 MR FEUTRILL: Am I right in thinking it was operated to receive funds from patrons who reside overseas?

MR PRESTON: It could be overseas or local.

40 MR FEUTRILL: Overseas or local. Just talking about your knowledge here, by the way. To your knowledge, was it used by people domestically?

MR PRESTON: I believe there was some domestic funds deposited into Riverbank.

45 MR FEUTRILL: To your knowledge, was it operated as part of the --- it operates under different names, international commission business or VIP gaming or words of that description?

MR PRESTON: Yes, it received funds for that gaming activity.

MR FEUTRILL: I know this document deals with the Southbank Investments material. You may have seen this document before. I will ask you some questions about whether it is equally applicable to Riverbank. This document is
5 CRL.570.001.1789.

I know you were not involved in this communication, I just want to draw your attention to the third major paragraph. I know you were not around at the time the accounts were set up originally for Riverbank Investments but in terms of the way in
10 which the accounts were operated, in the way in which they are operated here described for Southbank, was that the same, to your understanding, as the way they operated for Riverbank Investments?

MR PRESTON: Same or similar, yes.
15

MR FEUTRILL: Although they may have been used from time to time for domestic players, was the main purpose for the accounts to facilitate the transfer of funds from overseas?
20

MR PRESTON: Yes, by overseas players.

MR FEUTRILL: Overseas players, yes. Do you know which area of the Crown group was responsible for opening the bank accounts in the name of Riverbank Investments?
25

MR PRESTON: No, I don't. Not specifically.

MR FEUTRILL: Which group within the Crown --- which part of the Crown group, typically, was responsible for opening and dealing with banks in respect of bank
30 accounts?

MR PRESTON: The treasury department.

MR FEUTRILL: Was the treasury department located primarily in Melbourne?
35

MR PRESTON: Yes.

MR FEUTRILL: Who, if anyone, had responsibility for that function in Perth?

MR PRESTON: Opening and closing accounts?
40

MR FEUTRILL: Yes.

MR PRESTON: I don't think there was a responsibility in Perth for the opening and closing of accounts. I might be wrong but my understanding is it was always done
45 through treasury.

MR FEUTRILL: In Melbourne?

MR PRESTON: That's the Resorts treasury.

5

MR FEUTRILL: But historically, obviously Riverbank Investments was around longer than perhaps even Southbank Investments?

MR PRESTON: No.

10

MR FEUTRILL: No?

MR PRESTON: No.

15

MR FEUTRILL: In the course of the information you have acquired as the AML/CTF compliance officer for the Crown companies, have you become aware or are you familiar with informal banking systems?

MR PRESTON: Yes.

20

MR FEUTRILL: They are sometimes referred to as money changers?

MR PRESTON: Yes.

25

MR FEUTRILL: Could you explain to the Commissioners your understanding of the way in which a money changer transaction operates to transfer funds between customers?

MR PRESTON: Between customers?

30

MR FEUTRILL: Yes. How does the money changer informal arrangement work?

MR PRESTON: Generally speaking, it would be a customer depositing money with a money changer or remitter and they would transfer the money to an intended location.

35

MR FEUTRILL: Typically, on your understanding, it operates across borders?

MR PRESTON: Yes, typically.

40

MR FEUTRILL: For example, a person may go to a money changer in Indonesia with Indonesian currency and the money changer will arrange for that same customer to receive currency in Australia in Australian currency?

45

MR PRESTON: That's correct.

MR FEUTRILL: Is it the case, is it your understanding, that patrons might be attracted to use the services of money changers because the foreign exchange rates

offered by them are sometimes lower than traditional financial institutions?

MR PRESTON: Yes.

5

MR FEUTRILL: Is it also the case, with respect to patrons of Crown Perth, a patron may have used a money changer because Crown Perth did not have a bank account in the currency of the patron? For example, Crown may have operated AUD, USD, SGD, HKD, but not the currency for Indonesia or Malaysia, for example?

10

MR PRESTON: Yes, I agree with that.

MR FEUTRILL: So a person who wished to provide front money to gamble in Perth from one of those jurisdictions may have been attracted to the use of a money changer?

15

MR PRESTON: Yes.

MR FEUTRILL: Plainly, the bank details for Riverbank Investments does not involve any description that associates it with the Perth Casino. It doesn't use Burswood, it doesn't use the name Crown. Is it your understanding that the account was established in that name in order to allow patrons to deposit funds with, effectively, Crown Perth without revealing that the funds were to be used for gambling?

20

MR PRESTON: As you indicate, I wasn't around when it was set up so I can't speak specifically, but it was set up post-Southbank when PBL purchased and we (inaudible) Southbank, the reasons for Southbank. I can't say for sure what Riverbank was, but that is clearly an outcome.

25

MR FEUTRILL: Yes.

MR PRESTON: In that the name --- it's clearly an outcome in terms that it doesn't reference the casino.

30

MR FEUTRILL: So the patron is able to transfer funds by whatever means to an account in the name of Riverbank Investments, historically, and if that transaction was shown to someone in their home jurisdiction, it would not indicate the transfer had taken place to Crown Perth?

35

MR PRESTON: That's correct.

MR FEUTRILL: Are you aware that gambling is not legal necessarily in all jurisdictions in the world?

40

MR PRESTON: Yes.

MR FEUTRILL: Are you aware that marketing of gambling in some places is also

unlawful?

MR PRESTON: I'm more recently aware of that, yes.

5

MR FEUTRILL: Are you also aware that in some jurisdictions there are restrictions on the amount of currency that can be withdrawn from that country?

MR PRESTON: Yes.

10

MR FEUTRILL: They are often referred to as foreign exchange restrictions?

MR PRESTON: Yes.

15

MR FEUTRILL: Is it your understanding that money changers can be used as a means by which to circumvent foreign exchange restrictions?

MR PRESTON: That is a possibility, depending on the jurisdiction.

20

MR FEUTRILL: By way of example, a patron of Crown Perth who resides in a country that has these foreign exchange restrictions could utilise the services of a money changer to withdraw larger sums of money or effectively transfer larger sums of money than he is permitted under the home country's laws?

25

MR PRESTON: It's possible.

MR FEUTRILL: Is it your understanding that money changers are also known to have associations with organised criminal gangs?

30

MR PRESTON: I'm aware that is a vulnerability.

MR FEUTRILL: In the same way that a money changer can be used for a legitimate purpose to move currency from one jurisdiction to another, they can be used to move funds illegitimately?

35

MR PRESTON: It's a possibility, yes.

MR FEUTRILL: Would you accept that operating the Riverbank account exposed Crown Perth to an increased risk that that account would be utilised by money changers for illegitimate purposes?

40

MR PRESTON: It has the potential for an impact on risk, yes.

MR FEUTRILL: It increases the risk, doesn't it?

45

MR PRESTON: I wouldn't say it decreases it, so it is potentially an increase in risk for the reasons you've described.

MR FEUTRILL: It is more than a potential, isn't it, it's an actual increase in risk. The name is not associated with Crown Perth, so there is an element of nondisclosure of the true purpose of the funds?

5

MR PRESTON: Yes, I agree with that.

MR FEUTRILL: Is it the case that at your time you were involved in Crown Perth's gaming activities, management was not concerned so much about of the source of the funds, only that the funds made their way into the casino as front money?

10

MR PRESTON: I wouldn't necessarily say concerned with. I think Crown's concern would be holistic.

MR FEUTRILL: Just in terms of the actual responsibility for AUSTRAC reporting, would you accept that one way in which money changers may be used to launder money is to utilise what is known as structuring or smurfing or cuckoo smurfing, or whatever you want to call it, where a large sum of money is broken up into small parcels?

20

MR PRESTON: Yes, I agree with that.

MR FEUTRILL: The deposits are made into an account in smaller than the threshold transaction of 10,000?

25

MR PRESTON: Yes.

MR FEUTRILL: During the course of your examination in Bergin, you were shown some accounts of Riverbank that revealed a number of multiple deposits of cash under \$10,000, under the threshold limit. I think you probably accepted then that breaking multiple transactions of that nature on any given day is an indication of money laundering?

30

MR PRESTON: Yes.

35

MR FEUTRILL: It is also the case, isn't it, that as a matter of reporting obligation, that is to say the reporting entity that has the obligation to report, that would rest with the financial institution or the bank that received the cash?

40

MR PRESTON: At the first stage, yes.

MR FEUTRILL: Is it your understanding, in the case of Riverbank Investments for instance, if a money changer were to transfer funds illegitimately in the way I have described, there should have been or would be a threshold transaction report prepared by the bank?

45

MR PRESTON: Depends on the volume --- depends on the amount of the transaction.

MR FEUTRILL: Sorry, you are quite right. I will go back a step. I'm not talking about --- it's a suspicious matter report. The obligation would be on the financial institution that received the funds to make a suspicious matter report?

5

MR PRESTON: If they deemed it suspicious, yes.

MR FEUTRILL: If they considered it to be suspicious.

10 Now, as I understand your evidence, because Riverbank --- Well, Riverbank Investments didn't have --- wasn't a reporting entity?

MR PRESTON: Correct.

15 MR FEUTRILL: But at the time that the patron funds were to be identified patron to patron, if you like, the cage staff were required then to allocate the deposits into the Riverbank accounts to the patron account in the SYCO account?

MR PRESTON: That's correct.

20

MR FEUTRILL: As I understand your evidence, what you considered should have taken place is that a member of the cage staff should have individually indicated in SYCO each individual deposit in the case of any transaction to a particular patron. So, if there were ten transactions of \$9,000 in a day, each of those transactions should have been recorded in SYCO as an individual deposit on that day?

25

MR PRESTON: Yes.

MR FEUTRILL: And do I also understand correctly your evidence to be that as a consequence of that, what should have then happened is the daily transaction report that the AML receives should have received --- they should have received a report indicating there were ten deposits under \$10,000 on that day?

30

MR PRESTON: That's correct.

35

MR FEUTRILL: So, if the system had operated in the way I just described, is it your evidence that there should have been two suspicious --- potential sources of suspicious matter reports by Crown Perth? The first would have been by cage staff on identifying the multiple transactions on identifying multiple transactions under \$10,000 on entry into the SYCO system, that is one point, and the second would be when the telegraphic transport report was reviewed by the AML staff?

40

MR PRESTON: They were the two opportunities to observe transactions of that nature.

45

MR FEUTRILL: All right. Now, I understand that after you had given evidence on one particular day in the Bergin Inquiry, an investigation was undertaken to some

extent of transactions on the Riverbank Investments accounts?

MR PRESTON: As I recall, that is correct.

5

MR FEUTRILL: And as a consequence of that investigation you wrote a letter to AUSTRAC?

MR PRESTON: Yes.

10

MR FEUTRILL: Can I call up CRL.663.001.0001, please. Now I think with the benefit of the description of how the system should have worked, I think perhaps the letter is written to someone who has that perceived understanding. If I could just draw your attention --- or I could summarise it perhaps and then you tell me if I'm right or wrong about this. When you undertook --- was it you or someone else who undertook the review of the Riverbank account?

15

MR PRESTON: It was someone else. It wasn't me.

20

MR FEUTRILL: Who was it that undertook the review?

MR PRESTON: I think there were a number of people involved in it whilst I was still in the witness box. If I recall correctly, it involved the AML team, broadly, Mr Claude Marais was assisting, and the cage teams as well if I'm not mistaken. They were all involved in understanding the issue.

25

MR FEUTRILL: Okay. Now, it was identified, as I understand your evidence, and I don't know if you did this to yourself or if this was reported to you by someone else, instead of the individual transactions being recorded in SYCO in a way in which you say they should have been, which is each deposit is recorded as a separate deposit, the cage staff, someone in the cage, at the time they allocated the funds to the patron account they aggregated it. So, in other words, using the example I gave earlier, instead of there being ten individual deposits of 9,000, there was a single deposit of 90,000 recorded.

30

35

MR PRESTON: As I understand it, that's correct.

MR FEUTRILL: Is the consequence of that that when the telegraphic transfer report was reviewed, or could have been reviewed by an AML member, what they would have observed is a deposit of 90,000 on any given day?

40

MR PRESTON: That's correct.

MR FEUTRILL: Is it also the case that that would not result in a requirement for Crown Perth to make a threshold transaction report because the funds had already been received in cash by the financial institution before it was transferred to Crown Perth?

45

MR PRESTON: That's correct.

5 MR FEUTRILL: So the consequence of the aggregation then is that no one in the AML team was under any obligation to make a report to AUSTRAC; correct?

MR PRESTON: Well, not necessarily. If they deemed that suspicious, so if they looked at ---

10 MR FEUTRILL: Sorry, I will finish that. If they made a threshold transaction report?

MR PRESTON: Either way they wouldn't have to make one.

15 MR FEUTRILL: No, because there would be nothing in the telegraphic transfer report that would indicate anything suspicious.

MR PRESTON: But it wasn't cash. If, for example, if they saw your example of ten 9s, there was still no obligation for a threshold transaction. The threshold transaction 20 obligations sits, as indicated, with the bank. So Crown has received an electronic transfer of funds, not the threshold transaction which is physical currency, cash.

MR FEUTRILL: But just in terms of whether it would alert someone to the possibility of an account being used in an inappropriate way, without the 25 aggregation, the effect of the aggregation is to cloak the separate transactions?

MR PRESTON: Indeed. I agree with that entirely.

MR FEUTRILL: Now, after you became aware of, can I characterise it as a misfire 30 of the system in terms of the SYCO allocation of individual amounts to the patron account?

MR PRESTON: I'm happy for you to characterise it as misfire --- (overspeaking) ---

35 MR FEUTRILL: It should not have happened that way?

MR PRESTON: Correct.

MR FEUTRILL: Now, I appreciate this was in a period that was before the time you 40 gave the evidence at the Bergin Inquiry in 2020, can you recall, and I know the account was closed in December 2019, so in what time frame was the review undertaken at that time, the time of this letter to AUSTRAC?

MR PRESTON: I don't recall, particularly as I was --- I saw a draft of the report, or 45 the review I should say, which was a time --- I saw a draft, but largely that matter was handed to others to manage and continue to explore and then I had to go back and give further evidence to the inquiry.

MR FEUTRILL: All right.

MR PRESTON: But it was over a number of years that it was looked at as I recall,
5 the draft that I saw.

MR FEUTRILL: Okay. At this point in time was the focus on the CBA account?

MR PRESTON: I think it was.
10

MR FEUTRILL: Did the review include the ANZ account?

MR PRESTON: I can't recall whether it included an ANZ or a HSBC. I can't recall,
15 I'm sorry.

MR FEUTRILL: In any event, there was a review of at least one of the bank
accounts in that period that revealed this system failure?

MR PRESTON: Yes.
20

MR FEUTRILL: Now, can I ask you a question about the cage staff. Is there a high
turnover of cage staff?

MR PRESTON: Not necessarily that I would describe that I'm aware of.
25

MR FEUTRILL: As of 2020, August 2020, were the same shift supervisors in place
that were in 2014?

MR PRESTON: No, there would have been changes.
30

MR FEUTRILL: Was the general manager of cage and account the same person?

MR PRESTON: I think so, however, Mr Brown was leaving Perth for a new role
with Crown.
35

MR FEUTRILL: At this time, when I say "this time", I mean in the period up to the
closure of the CBA account, Mr Brown was the General Manager of Cage and
Account; was he not?

MR PRESTON: I believe so.
40

MR FEUTRILL: Now, who had direct responsibility for ensuring that the cage
procedures were properly followed?

MR PRESTON: It would have been the general manager line for the operation of the
45 department.

MR FEUTRILL: And by that do you mean Mr Brown?

MR PRESTON: Yes.

5 MR FEUTRILL: And after it was discovered there had been a failure of the system, was any investigation undertaken as to how that occurred at the time it occurred? In other words, why it was in whatever time period that was relevant, members of the cage staff were aggregating deposits?

10 MR PRESTON: I can't answer that, sorry. This piece of work was being managed by others at this stage. I was occupied with the Bergin ---

MR FEUTRILL: All right, so you were not aware of any investigation into the precise mechanism by which the cage staff came to aggregate funds?

15 MR PRESTON: That was part of the consideration that we were to explore. If I recall, I haven't read this letter to AUSTRAC for some period of time, but I did want to understand the root cause, which would necessarily include speaking to the relevant staff. But, again, I was moved.

20 MR FEUTRILL: All right. Given the potential for this to create an inability for the AML team to perform their function, would you regard it as a serious failing of the cage system?

25 MR PRESTON: It's a serious failing full stop.

MR FEUTRILL: And, in circumstances where there is a serious failing of this nature, would you expect there to have been some disciplinary proceedings taken against those responsible?

30 MR PRESTON: It's hard to answer when I am not aware of the review that was undertaken and the root causes and people's conduct. So it is very hard for me to say.

35 MR FEUTRILL: Well, one would expect, would you not, there to have been an internal investigation of a thorough nature; correct?

MR PRESTON: Yes.

40 MR FEUTRILL: And that those members of management, if any, responsible for any serious failing, disciplined?

MR PRESTON: Yes.

45 MR FEUTRILL: And one would also expect there to have been retraining of cage staff?

MR PRESTON: That would seem reasonable, at least, at the very least.

MR FEUTRILL: And would you expect that to take place immediately, wouldn't you?

5 MR PRESTON: This was going back in some considerable time. The years I recall they were looking at was many years ago. So, to understand who was involved, there is quite a lengthy process to establish that firstly and who might still be involved and still current employees.

10 MR FEUTRILL: Yes, but as of August 2020, Crown Perth continued to operate bank accounts; correct?

MR PRESTON: That's correct.

15 MR FEUTRILL: And although the name "Riverbank Investments" was not involved in those bank accounts, the same kind of transaction could take place on any bank account, couldn't it?

MR PRESTON: That's correct.

20

MR FEUTRILL: So, if an overseas patron wished to use the services of a moneychanger to transfer funds into a Crown Perth account, the same process could be involved?

25 MR PRESTON: It could, but there were processes put in place immediately. I say immediately, very quickly, pertaining to all bank statements were to be provided to the AML team for review. So they weren't relying on the cage staff to input details into SYCO, which was an immediate step to prevent that weakness from continuing, which was the important piece because that seemed to be where the breakdown was.

30

MR FEUTRILL: All right. You have two AML officers in Perth at the time; is that right?

35 MR PRESTON: Yes. And they were being supported by the group who were looking at these as well if I'm not mistaken.

MR FEUTRILL: The group being people in Melbourne?

40 MR PRESTON: Yes, performing group roles, yes.

MR FEUTRILL: Returning to my question about retraining, to your knowledge was there any instruction or retraining undertaken immediately with respect of cage staff as regards operating accounts at that time?

45 MR PRESTON: I'm not sure on the retraining. I'm not trying to not answer the question, but I was taken out of a lot of this activity from that point onwards because I had the Bergin Inquiry and preparing statements and the like. But I did meet with the relevant senior members of cage, legal, group of maybe 15 people, to express ---

to ask them about this issue and to express a very clear position from my perspective that this could no longer continue at all. And it was off the back of that if I recall that AML took custody of the bank accounts to review them, even though cage continued to do their job, it was made abundantly clear that no such process of this nature could continue at all.

MR FEUTRILL: All right.

10 Could I take you to another document. You were taken to this document I believe during the Bergin Inquiry and asked some questions about it. I don't want to ask the same questions again, but I think you may have an explanation for it. CRL.563.002.4035. This, I believe, will be subject to non-publication. Is it redacted in its entirety? I have one coloured in yellow.

15 ELLY STURGEON: Yes, it is.

MR FEUTRILL: Well, that's that then.

20 Can I take you to your statement. I do appreciate that many of these events are of some time ago. This is to do with --- the question I wish to deal with now is the closure of Riverbank's accounts in 2014 by the ANZ Bank. Do you remember being asked some questions about that in Bergin Inquiry?

25 MR PRESTON: Yes.

MR FEUTRILL: And you have indicated in your statement that from review of documents you accept you attended a meeting in 2014?

30 MR PRESTON: I accept it, yes.

MR FEUTRILL: But you don't have any independent recollection of doing so?

MR PRESTON: No, I don't.

35 MR FEUTRILL: I wish to show you some documents, if I may, that I will ask to see if any of these might facilitate your memory being refreshed. The first is a document CRW.529.008.8581. Now, this may be one of the documents you are referring to having been shown that did not assist you. There is an email about halfway down the page from Mr Neilson to you, probably to Mr Spence?

40

MR PRESTON: Yes.

MR FEUTRILL: Now, given Mr Neilson was the General Counsel of the Crown Resorts group at the time; is that right?

45

MR PRESTON: Yes.

MR FEUTRILL: And you were the AML compliance officer for Crown Perth at that time, not Crown Melbourne?

5 MR PRESTON: Yes, I was.

MR FEUTRILL: So were you the most senior person in the Crown Resorts group at that time with specific AML/CTF knowledge?

10 MR PRESTON: It would have been myself and Debra Tegoni who was my equivalent in Melbourne.

MR FEUTRILL: And the request for your assistance would be directed to you in your role as the AML/CTF compliance officer for Crown Perth?

15

MR PRESTON: More than likely.

MR FEUTRILL: Can I ask if you can be shown the agenda, which is CRW.529.001.9086. And if you don't mind taking a moment to read it and see if that helps refresh your memory. I will show you some more documents after this, Mr
20 Preston. Have you finished with that one?

MR PRESTON: I just need to pan up for a second.

25 MR FEUTRILL: Yes, just tell the operator what you would like to do.

MR PRESTON: If we could just go up, thank you. Yes, thanks.

MR FEUTRILL: There is another one to come CRW.529.001.9139. For context for
30 you, it is from Mr Barton to a number of people, including you, and it is essentially forwarding an email from Mr Birch who seems to be someone from ANZ, to him, regarding the agenda.

MR PRESTON: I need to get you --- thank you.

35

MR FEUTRILL: Then, if I could ask you to be shown CRW.529 ---

MR PRESTON: Sorry, I haven't finished reading.

40 MR FEUTRILL: Sorry, my apologies, I didn't appreciate that.

MR PRESTON: Thank you.

MR FEUTRILL: CRW.529.001.9136. It is an email chain. The relevant part starts
45 about halfway down the page where there is an email from Ms Tegoni to you and others. And below that is an email commencing "Dear Josh, Deb, Travis". And what I want to draw to your attention is over the page there is from Crown, third bullet point, we will have "Joshua Preston (leading the discussion, please Josh).

MR PRESTON: Yes, I see that.

MR FEUTRILL: There is another document, ANZ.334.002.0001. I suppose it is
5 just a meeting maker. CRL.557.001.0815. Now, in the case of this document, I need
to draw to your attention, I do not believe you were the recipient of it, but there is a
passage on page 0815 where Ms Brown from the ANZ is writing to Travis and
confirming to her understanding of previous conversations. You see the reference
there is to aggregation of deposits throughout the course of the day.

10 And the last document I want to take you to is CRL.557.001.0805. It is an email
chain, but the one that is relevant is from Mr Costin to you, among others, indicating
the account be closed. And, in this respect, I also wish to draw to your attention the
paragraph in the (inaudible) closure of the Riverbank account was expected and
15 reference that customers be advised of relevant cash deposits et cetera.

Now, having reviewed those communications, are they some of the communications
you were shown that referred to in your statement or are these additional new ones?

20 MR PRESTON: I believe they are a collection of maybe I think all of them possibly,
but I can't be sure. Some of them I saw during the Bergin Inquiry.

MR FEUTRILL: All right. Is it your evidence to this Commission that you have no
25 recollection at all of the closure of the ANZ Riverbank Investments account in 2014?

MR PENGLIS: Well, can we --- I rise to ask my learned friend in this area to direct
the witness's attention to an independent recollection as opposed to a recollection
because of other proceeding involved with.

30 COMMISSIONER OWEN: Try and put it in a temporal context.

MR FEUTRILL: All right.

35 I'm speaking now about as you sit here today, giving evidence to this Commission, is
it the case, and I'm happy to use the word "independent recollection", you have no
"independent recollection" of the closure of the ANZ bank account in 2014?

MR PRESTON: I didn't have a recollection when this was put to me during the
40 Bergin Inquiry.

MR FEUTRILL: You did not then?

MR PRESTON: No, but obviously ---

45 MR FEUTRILL: And now?

MR PRESTON: Obviously now with respect to these documents I've reseen ---

MR FEUTRILL: Yes.

MR PRESTON: --- I can see that they were closed.

5

MR FEUTRILL: All right. So, just to be clear, do you now have, and you know what I mean by "independent recollection", you can remember that event, the closure of the ANZ account?

10 MR PRESTON: I can remember it --- sorry, I understand it happened. I have an independent recollection of it actually occurring at the time and when I saw this information during the Bergin Inquiry I had no independent recollection of it then. It was only these documents that drew it to my attention.

15 MR FEUTRILL: And is it also the case that your evidence is while you accept from reading the documents you attended a meeting, you have no recollection at all of attending the meeting?

MR PRESTON: No, I do not.

20

MR FEUTRILL: Having read that last email communication, do you have a recollection of the circumstances in which the CBA accounts were opened?

MR PRESTON: No, I do not.

25

MR FEUTRILL: To your knowledge, was there ever a direction given to --- actually, before I go to that question, perhaps I will ask you this.

30 Who was responsible for advising customers of the existence, as in the BSB number and the account number, of the Riverbank Investment accounts.

MR PRESTON: As I understand it, it would have been through the international operations team.

35 MR FEUTRILL: And who comprised the international operations team?

MR PRESTON: There was not multiple, multiple people but essentially those dealing with the ICB business.

40 MR FEUTRILL: If we look at this email, which is CRL.557.001.0805, the email is addressed from a Mr Costin ---

MR PRESTON: Yes.

45 MR FEUTRILL: --- to various people. And Mr Costin is described as the Treasury and Finance Manager Crown Resorts Limited. Do you know if he is still employed in that position?

MR PRESTON: I don't know.

5 MR FEUTRILL: Was he when you were last an employee of the Crown group?

MR PRESTON: He was when I was there, yes.

10 MR FEUTRILL: And Mr Trevor Costin --- sorry, Travis Costin is someone who is located or works out of Melbourne; is that right?

MR PRESTON: Yes.

15 MR FEUTRILL: Now he has sent this email to Mr Neilson, who was the General Counsel at the time.

MR PRESTON: Yes.

MR FEUTRILL: Was he involved in the international business?

20 MR PRESTON: Not directly.

MR FEUTRILL: Not directly. But, like you, he knew of it?

MR PRESTON: Yes.

25 MR FEUTRILL: And Debra Tegoni?

MR PRESTON: She was same capacity as me in Melbourne.

30 MR FEUTRILL: So she was the legal counsel in Melbourne?

MR PRESTON: Yes.

35 MR FEUTRILL: So, again, she had a working knowledge but was not directly involved in the ICB business?

MR PRESTON: Yes.

40 MR FEUTRILL: And Roland Theiler?

MR PRESTON: Yes. He was in the ICB business.

MR FEUTRILL: And Stephen Hancock?

45 MR PRESTON: He was the General Manager of Cage and Account in Melbourne.

MR FEUTRILL: Craig Spence, we know who he is.

Vasula Kessell?

MR PRESTON: She was, at that time, financial controller of Crown Perth.
5

MR FEUTRILL: Of Crown Perth?

MR PRESTON: Yes.

10 MR FEUTRILL: And David Brown, we've spoken of earlier about, General Manager of Cage and Account.

MR PRESTON: Yes.

15 MR FEUTRILL: At each instance, at least, the General Manager of Cage and Account has been provided with this communication?

MR PRESTON: Yes.

20 Q. Is it your evidence that the General Manager of Cage and Account in both Melbourne and Perth form part of the international Commission business?

MR PRESTON: No.

25 MR FEUTRILL: They are recipients of this email. Why are they receiving it?

MR PRESTON: Because it was about cash deposits into the accounts.

MR FEUTRILL: Of those people, the only one who had direct responsibility for
30 ICB is Mr Theiler; is that right?

MR PRESTON: Yes.

MR FEUTRILL: So is it the case that the person who would be responsible for
35 informing customers of the ICB business of the Riverbank Investments account was Mr Theiler?

MR PRESTON: From that group, primarily.

40 MR FEUTRILL: And who in his team would be responsible for passing on the instruction that cash deposits under \$10,000 are not to be made?

MR PRESTON: I'm not sure who would have been in his team, sorry.

45 MR FEUTRILL: Mr Brown was the recipient of this email.

MR PRESTON: Yes.

04:09PM

MR FEUTRILL: What, if any, steps were taken at Crown Perth to ensure that amounts --- deposits were not made into the Riverbank account of less than \$10,000?

5 MR PRESTON: I'm not sure.

MR FEUTRILL: Were any steps taken to your knowledge?

MR PRESTON: I'm not sure.

10

MR FEUTRILL: Did you undertake any process by which you investigated to see if that was the case, if deposits of less than \$10,000 continued to be made?

MR PRESTON: I can't recall.

15

MR FEUTRILL: Now, it's the case, is it not, that Crown Perth did not, to your knowledge, undertake any investigation into the operation of the ANZ accounts after their closure?

20 MR PRESTON: In 2014?

MR FEUTRILL: In 2014 and not until 2020?

MR PRESTON: As I understand it. I can't talk to 2014, sorry, but in the more recent
25 period I can't recall any review being undertaken.

MR FEUTRILL: Can you provide this Commission with any explanation for the reason that no one involved in the AML/CTF program management of Crown Perth undertook an investigation into the operation of the ANZ account until the Bergin
30 Inquiry?

MR PRESTON: No, I can't.

MR FEUTRILL: To your knowledge, were independent directors of the board of
35 Burswood Ltd informed of the closure of the ANZ bank account?

MR PRESTON: I wasn't on the board. I can't answer that, sorry. But not to my knowledge.

40 MR FEUTRILL: Not to your knowledge. All right.

Commissioners, would that be a convenient time?

COMMISSIONER OWEN: Yes. Mr Preston, we will resume at 10 am tomorrow.
45 Thank you. We'll adjourn until 10 am.

ADJOURNED AT 4.26 PM UNTIL TUESDAY, 3 AUGUST 2020 AT 10.00 AM

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EXHIBIT #JRP.0001.0002.0001 - CONFIDENTIAL SUPPLEMENTARY WITNESS STATEMENT OF JOSHUA ROBERT PRESTON DATED 29 JULY 2021	P-1687
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