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**PERTH CASINO ROYAL COMMISSION**

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**PUBLIC HEARING - DAY 20**

**10.01 AM TUESDAY, 03 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 KANAGA DHARMANANDA SC and MS CLARA WREN and MR JESSE WINTON 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**

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PERTH CASINO ROYAL COMMISSION HR3 03.08.2021

COMMISSIONER OWEN: Please be seated, Mr Preston. Mr Feutrill.

MR FEUTRILL: May it please the Commission.

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**MR JOSHUA ROBERT PRESTON, ON FORMER OATH**

10 **CROSS-EXAMINATION BY MR FEUTRILL, CONTINUED**

MR FEUTRILL: Mr Preston, we concluded yesterday dealing with the topic of the closure of the ANZ Riverbank account in 2014. Can I ask you, if you have your statement there, to navigate your way to paragraph 141 which deals with the legal advice. It's on page 64.

I'm not going to ask you, Mr Preston, to reveal in any way the subject matter of the legal advice. The purpose of some questions I'm about to ask you are really to establish the sequence of events, because you will appreciate that one of the areas of interest of this Commission is to identify what was done in response to allegations at a particular period of time you were the AML/CTF compliance officer.

You will recall there were some allegations made in the media in the middle of 2019 when the 60 Minutes article aired? You're nodding.

MR PRESTON: Sorry. Yes.

MR FEUTRILL: And there were some other articles published in the Fairfax media.

MR PRESTON: Yes.

MR FEUTRILL: Some of those articles made reference to the Riverbank Investments account?

MR PRESTON: Yes.

MR FEUTRILL: There were allegations made at that time that the account had been used to facilitate money laundering?

MR PRESTON: Yes.

MR PRESTON: Of course not by anyone in Crown but by people operating or using the accounts for gambling purposes. You might recall you were asked some questions in the Bergin Inquiry after you had been examined by Counsel Assisting that inquiry, and responded in some written statements concerning what steps were taken after you become aware of those media articles?

10:05AM

MR PRESTON: Yes.

5 MR FEUTRILL: You haven't dealt with this, I don't think, in the communications that precede your giving evidence. I just wish to call up CRL.774.001.0047, which is the last of the statements you gave to the Bergin Inquiry.

MR PRESTON: Yes.

10 MR FEUTRILL: Have you had an opportunity to read that before today, to go over it again?

MR PRESTON: I have relatively recently.

15 MR FEUTRILL: Are you satisfied that that's an accurate record of the events that took place around August 2019?

MR PRESTON: Yes, yes, I am.

20 MR FEUTRILL: The substance of that evidence, and again you can disagree with me if you wish, is there were some communications between you and Ms Lane around that time concerning the possibility of carrying out an investigation into the Riverbank accounts; correct?

25 MR PRESTON: Yes.

MR FEUTRILL: Some advice was sought from external legal advisers?

MR PRESTON: Yes.

30 MR FEUTRILL: After that advice was received, you made a decision to not take the investigation any further?

MR PRESTON: Yes.

35 MR FEUTRILL: Is that the legal advice to which you are making reference in paragraph 141 of your statement?

MR PRESTON: No.

40 MR FEUTRILL: So it's a different topic?

MR PRESTON: Yes, that's correct.

45 MR FEUTRILL: Can I ask you, while we're in the same place in your statement, to deal with your response to topic 53. You became aware of the closure of the CBA bank account around the time it was closed, didn't you?

10:07AM

MR PRESTON: Yes. I recall, yes.

MR FEUTRILL: That was towards the end of 2019?

5

MR PRESTON: Yes.

MR FEUTRILL: At that time, were you involved in any meetings with the CBA bank?

10

MR PRESTON: Not that I recall.

MR FEUTRILL: Were you involved in any briefings with either Mr Barton or Mr Costin about it?

15

MR PRESTON: Not that I recall.

MR FEUTRILL: At that time, were you interested to understand the reason for the closure of the CBA bank account?

20

MR PRESTON: I can't recall the specifics but what I do recall was Ms Lane was managing that issue directly, if I recall correctly, with Mr Costin and she had --- she would have briefed me and of course I would have been interested in the reasons.

25

MR FEUTRILL: Ms Lane, just to remind the Commission, was the Group General Manager of AML/CTF at this time?

MR PRESTON: Yes.

30

MR FEUTRILL: She was based in Melbourne; correct?

MR PRESTON: Correct.

MR FEUTRILL: Is it also the case that she was on leave around this time?

35

MR PRESTON: She was on leave around about that time, around about October, if I recall correctly. I'm not saying she had the discussions right up to that point in time but if I recall correctly, she had been involved in discussions with Mr Costin pertaining to the account.

40

MR FEUTRILL: She also left the employ of the Crown group some time in 2019, didn't she?

MR PRESTON: Yes, towards the end of October, if memory serves.

45

MR FEUTRILL: Mr Stokes replaced her in that role?

MR PRESTON: Yes, that's correct.

10:09AM

MR FEUTRILL: Do you know, of your own knowledge, if he took up the work she had been doing with Mr Costin?

5 MR PRESTON: I can't recall whether he did or whether he did not.

MR FEUTRILL: Did you become aware of the reasons for the CBA closing the Riverbank Investments account in 2019?

10 MR PRESTON: I would expect I would have been aware of them.

MR FEUTRILL: Were you aware the reason was that the CBA bank was concerned about the potential for that account being used for facilitation of money laundering?

15 MR PRESTON: I can't recall specifically but I think at the Bergin Inquiry it was brought to my attention that was the reason. I couldn't recall specifically then either.

MR FEUTRILL: You don't have any specific recollection, as we discussed yesterday, an independent recollection of being aware of that in 2019?

20

MR PRESTON: I think I became aware of it, I just can't recall the specifics.

MR FEUTRILL: Is it your evidence that the direct management of that issue at that time lay with the Group General Manager of AML/CTF?

25

MR PRESTON: If memory serves, Ms Lane was dealing with it direct with Mr Costin but, again, she was leaving at about that point in time when they were closed. I think she was dealing with them prior to the closure in communications with Mr Costin, if I'm correct.

30

MR FEUTRILL: I think you said earlier you think you were briefed ---

MR PRESTON: I expect I would have had a briefing from Ms Lane on it.

35 MR FEUTRILL: To your knowledge, were the independent directors of Burswood Ltd informed of the closure of the Riverbank Investments account?

MR PRESTON: No.

40 MR FEUTRILL: Is it your evidence they were not informed then of the reasons for its closure either?

MR PRESTON: No.

45 MR FEUTRILL: Were the directors, to your knowledge, of Crown Resorts informed of the closure of the Riverbank Investments accounts in 2019?

10:11AM

MR PRESTON: Not to my knowledge. I didn't participate in the Crown Resorts (inaudible) meetings (inaudible).

5 MR FEUTRILL: Do you know if any steps were taken by Crown Perth to investigate opening an account for Riverbank Investments with another institution at that time?

MR PRESTON: Not to my knowledge.

10

MR FEUTRILL: If steps had been taken to do that, would the person involved have been Mr Costin?

MR PRESTON: Possibly, but I'd be speculating.

15

MR FEUTRILL: The account opening function, though, did that lie with the Treasury in Melbourne?

MR PRESTON: It would usually lie with the Treasury in Melbourne, from my experience, but I wasn't involved in opening and closing the bank accounts, but my understanding was they facilitated opening and closing.

20

MR FEUTRILL: Am I right in thinking around this time the International Commission Business was predominantly managed from Melbourne?

25

MR PRESTON: All of the group roles were situated in Melbourne, yes.

MR FEUTRILL: For International Commission Business?

30 MR PRESTON: Yes.

MR FEUTRILL: If there was a desire to open another account for Riverbank Investments as part of that business group, would one expect to find the person responsible in Melbourne?

35

MR PRESTON: I'm not sure who was making the decisions but from a group perspective, the ICB business group roles were in Melbourne and Treasury was in Melbourne.

40 MR FEUTRILL: At the head of the group role in Melbourne was Mr Felstead, wasn't it?

MR PRESTON: It reported through to him.

45 MR FEUTRILL: If there was a desire to open another account, it would be part of his responsibility as head of International Commission Business; correct?

MR PRESTON: I wouldn't say head of International Commission Business. ICB

reported through to him like various other functions reported through to him.

MR FEUTRILL: Who was at the top of the ICB function in Melbourne at that time?

5

MR PRESTON: There would be most probably two people. It was split, without a single head. The single head position wasn't replaced after the end of 2016. The two people would have been Roland Theiler and Jacinta Careri, Maguire maybe, maiden name.

10

MR FEUTRILL: Do you know if they are still employed by the Crown group?

MR PRESTON: I don't believe they are.

15

MR FEUTRILL: Mr Preston, I want to move to a different topic, if I may, which is the response to the Sixth Review by the VCGLR of the Crown Melbourne licensee. Do you recall that you were requested, or Crown Perth was requested to provide a response to the recommendations of the Victorian regulator to the Western Australian regulator, the GWC?

20

MR PRESTON: Before the Sixth?

MR FEUTRILL: The Sixth.

25

MR PRESTON: The Sixth. Yes, it was in the context of the presentation on Responsible Gaming.

MR FEUTRILL: Yes.

30

MR PRESTON: There was a piece to that presentation pertaining to the recommendations out of the Sixth Review.

35

MR FEUTRILL: Yes. Could I call up GWC.0002.0016.0260. I believe this document is an agenda for a GWC meeting. Could we navigate to page 14 of that document. I don't know, Mr Preston, if you've had an opportunity to reread this document prior to today.

MR PRESTON: I have.

40

MR FEUTRILL: I have a few questions about this document and the contents of it, to understand the Responsible Service of Gambling process at the time of this letter. Could I ask you to move to the heading "RSG SG Framework", which is on page 15. I will ask you to provide some additional information to that which is in the letter, really. At the time, who were the members --- how many members of the RSG team

45

MR PRESTON: Approximately 10.

10:17AM

MR FEUTRILL: Approximately 10. Does that involve the departmental head, the name of which there was --- the title I can't now recall.

5 MR PRESTON: General Manager, Responsible Gaming.

MR FEUTRILL: General Manager. Was there a supervisor or someone beneath that position?

10 MR PRESTON: There was, if memory serves, one or two seniors. There was an administrator and then there was a number of advisers.

MR FEUTRILL: How was it structured? Were they all on shifts at --- were all 10 in the casino at any given time or was it a shift structure?

15

MR PRESTON: It was a shift structure. There would be two or three or four who would cover office hours and the remainder would rotate through to cover a 24/7 roster.

20 MR FEUTRILL: In the middle of the night there would be someone available in the casino as the Responsible Service of Gambling person?

MR PRESTON: Yes.

25 MR FEUTRILL: How many of those would be available 24 hours a day?

MR PRESTON: We had increased that complement to try to have two on shift at all times.

30 MR FEUTRILL: Two. What were the qualifications of the people who were on shift? What was their professional background?

MR PRESTON: It varied. Our attitude towards who we wanted to have in the Responsible Gambling Advisory Team, we wanted some broad skill sets.

35 Historically over the journey, we've had psychologists, social workers, people with table games experience, people with gaming machine experience, we've even had some former surveillance operators, maybe some security. They were broad and what was very important for us was their ability to engage with patrons.

40 MR FEUTRILL: Just to give us a picture of how they operated, were they all staffed and located in the Responsible Service of Gaming Centre?

MR PRESTON: Yes, they were. Sorry, they were, except for the general manager had a separate office.

45

MR FEUTRILL: During the shift, did they stay in that location or is there some other activities they engaged in?



MR PRESTON: No, they spent as much time as they could on the floor, walking around the property to observe patrons, to interact with patrons. But obviously they would need to spend time in the office, carrying out other functions as well.

5

MR FEUTRILL: How was the size of the RSG team determined? The number of people that you employed, for instance?

MR PRESTON: It originally started as one when I started, There was an RSG team of one, and it evolved over the years. There was a material shift in staff complement when we went to 24/7, to manage that roster, which was one person 24/7 and then we moved to two people because we believed it was the appropriate thing to do, to provide further support for anyone who had gambling problems. Also from a staffing perspective, having two people cover the property is an important aspect from where we were sitting.

10  
15

MR FEUTRILL: I'm asking you, was there any analysis done of the need for the services to be provided and then the size of the team determined in accordance with need?

20

MR PRESTON: We were employing people based on the advice from the general manager as to the workload. So if there was --- if more work needed to be done, there would be a proposition for a greater number of staff members.

MR FEUTRILL: The General Manager for the relevant period was Ms Fawkes?

25

MR PRESTON: It's been a number of them but most recently and currently it's Ms Fawkes.

MR FEUTRILL: She reported directly to you?

30

MR PRESTON: No, she reported to the Group General Manager of Responsible Gaming. She reported to me until 2017 and then with the group structure I put in place, she was reporting through to the Group General Manager of Responsible Gaming.

35

MR FEUTRILL: Do you recall a period when Ms Fawkes complained to you that the remuneration of the members of the RSG group was too low?

MR PRESTON: Yes, I do.

40

MR FEUTRILL: She was quite persistent about seeing their salaries increase?

MR PRESTON: Yes, I do.

45

MR FEUTRILL: She also complained that she didn't consider that proper recognition was being given to the work they were doing in the casino?

MR PRESTON: I don't recall that.

5 MR FEUTRILL: In your view, was part of the culture at the time of the Perth Crown Casino one where due recognition was given to those parts of the business that do not involve revenue raising?

MR PRESTON: Sorry, can you repeat the question?

10 MR FEUTRILL: In your view, was due recognition given to those parts of the business that didn't involve revenue raising? For instance ---

MR PRESTON: Yes, I do.

15 MR FEUTRILL: --- RSG and compliance?

MR PRESTON: I do.

20 MR FEUTRILL: In what way, in your view, was that recognition given?

MR PRESTON: There was a recognition program across the business which had monthly employee awards, yearly employee of the year and all departments and all staff members from below management level, certainly below general management level, participated in that. There were a number of Responsible Gaming advisers  
25 who did participate and were recognised for their efforts.

MR FEUTRILL: After the complaints received from Ms Fawkes about the level of remuneration, what, if anything, was done about that?

30 MR PRESTON: It was escalated to me directly by the Group General Manager and also by Ms Fawkes. If I recall correctly, I did secure an increase from the business which Ms Fawkes allocated. And it wasn't exactly what she wanted but there was an allocation provided for increases that Ms Fawkes managed, and I suspect it wasn't  
35 entirely to her satisfaction but it was what I could get at the time.

MR FEUTRILL: Do you mind explaining what exactly the Responsible Gambling information centre is?

40 MR PRESTON: It's a dedicated location off the gaming footprint but close enough to the gaming footprint where patrons can attend if they want information, if they want support. Also, it's a location where, if a patron wanted to self-exclude or wanted to speak to someone in private, they can go there and there is a dedicated meeting room as well.

45 MR FEUTRILL: I think you said earlier it was staffed by at least two people at all times; is that your understanding?

MR PRESTON: That was the roster.

MR FEUTRILL: Was there signage to direct patrons to its location?

MR PRESTON: Yes, there was, as I recall.

5

MR FEUTRILL: Was it located in a prominent part of the casino gaming area?

MR PRESTON: No, it wasn't and it deliberately was not.

10 MR FEUTRILL: Where is it located?

MR PRESTON: It's the Riverside entrance. I'm not quite sure if you know where the fast food outlets are, adjacent to one of the key car parks on the western side of the property. It's at the base of the elevators.

15

MR FEUTRILL: Do I understand from your answer to that question that it was more discreetly located because patrons may not wish to be seen going there?

MR PRESTON: That's exactly right, but we wanted to make sure it was close enough to the entrance that they could easily access it, if need be.

20

MR FEUTRILL: Was some advice taken before you decided on the location of the centre?

MR PENGLIS: Can I clarify that? The "you", is that a general "you" or Mr Preston in particular, because there's no suggestion he made that decision.

25

MR FEUTRILL: To your knowledge, was advice taken by Crown Perth, meaning a person in Crown Perth, as to the location of the Responsible Gambling Information Centre?

30

MR PRESTON: As I recall, the development team, as in the property development team, engaged with the Responsible Gaming team as to an appropriate location, so advice was taken as to the location, which also depended on availability of building space and the like. So there would have been a number of options and that was the option that was ultimately determined to be appropriate.

35

MR FEUTRILL: In your letter you have written, you've mentioned an organisation called Centrecare Gambling Help WA. What is that organisation?

40

MR PRESTON: That's a government organisation which provides a range of counselling services, and Crown Perth determined it should have a stronger relationship with them because they were services provided to our customers who needed counselling services and also had expanded to include financial counselling services as well. Crown Perth spent some considerable time educating Centrecare about our programs, so when patrons who required counselling services were referred there, Centrecare had some strong understanding of Crown's processes and

45

10:27AM

practices.

5 MR FEUTRILL: Do you know who its members are, the members of that Gambling Help WA?

MR PRESTON: As in employees?

10 MR FEUTRILL: The composition of its governing body?

MR PRESTON: I can't recall specifically. I can't recall which government department it reported through to ultimately.

15 MR FEUTRILL: Is it your understanding it's funded through the Government, then?

MR PRESTON: It's a combination of Government and I believe there's some contributions maybe even from Crown Perth through some contributions it made through its levies or other funding as a part of Crown Perth's activities.

20 MR FEUTRILL: Do you know of your own knowledge if Crown Perth may direct donations or funding arrangements with that centre?

MR PRESTON: No.

25 MR FEUTRILL: Your letter refers to, and I think you may have alluded to this in answer to one of my earlier questions, that Crown Perth was working in partnership with this centre?

30 MR PRESTON: I don't think I used the term partnership, but working closely with them because it's a really important support service for patrons in need.

MR FEUTRILL: It offers, I think you said earlier, counselling of some kind?

35 MR PRESTON: Yes.

MR FEUTRILL: Does part of the Crown Responsible Service of Gambling also offer counselling?

40 MR PRESTON: I wouldn't describe it as counselling.

MR FEUTRILL: I think you mentioned earlier there was a referral. Is it the case that if a person within the Crown Perth Responsible Service of Gambling division determines that someone should receive counselling, they're referred to an external organisation?

45 MR PRESTON: Part of the process, and excuse me for the detail, but as best as I recall, is if there was a patron who was expressing some concerns with their gambling or if they wanted to self-exclude from the property, they would meet with

the Responsible Gaming team and the Responsible Gaming team would take them through a process, ask a range of questions and then provide various pieces of information pertaining to referral services.

5

If they self-excluded and at a point in time wanted to have that self-exclusion revoked so they could return to the property, there was a process to follow. One of the steps required was to receive counselling or support, to make sure they had addressed the issues they suffered. One of the key support areas that was provided in those counselling was Centrecare, if the patient wanted to use Centrecare.

10

MR FEUTRILL: I want to understand a bit more about a specific example case. If a person, a patron, has developed obvious signs of a gambling addiction, for example, and they present to the Responsible Gaming Information Centre, and the Crown Perth representative determines that person does have a gambling addiction, what steps would be taken, is your understanding, to deal with that situation?

15

MR PRESTON: Depends on the circumstances but, generally speaking, the RSG team would recommend self-exclusion to prevent the person --- or get the person to take ownership of their gambling issues, and that's an important step, and part of the self-exclusion process would be to deal with a range of support services. So there would be a strong recommendation to speak to counsellors from Gambling Help WA.

20

If the situation was far more severe in terms of the person, for example, is in a really dire strait, they might take other action. They might engage with police to help from a welfare perspective. But they were the general steps that would be taken.

25

MR FEUTRILL: Do I understand it that you had psychologists on staff? Crown Perth itself was not offering any counselling in respect to the gambling addiction itself, they would refer the person to an external party?

30

MR PRESTON: It was a support service and the key was to support those people who needed some assistance, and that support provided referral to a third party agency.

35

MR FEUTRILL: As part of the Responsible Service of Gambling, is there a process by which Crown Perth itself can unilaterally determine to exclude a person?

40

MR PRESTON: Yes, there is.

MR FEUTRILL: In this context, not now referring to known criminals or someone who should be excluded for those reasons, in what circumstances would Crown Perth exclude a person who it had identified as having a gambling problem?

45

MR PRESTON: As an example, if someone had self-excluded.

MR FEUTRILL: I'm not talking about self-exclusion, I'm talking here about identification of a person with a gambling addiction or problem, and Crown Perth

deciding that it's in the interests of that person to be excluded.

5 MR PRESTON: The process would be, if they --- once they're identified, they would try to engage with the person to assist them and support them, and if the person --- they would try and continue to communicate with them, request meetings. If they refused to meet and the position was that there was concern pertaining to their welfare, then they could issue them with a barring and serve a barring on them.

10 MR FEUTRILL: To your knowledge, in the time you were the chair of the Responsible Gaming Management Committee, were there occasions when that power was exercised by Crown Perth?

15 MR PRESTON: As I recall, there was, but it was often seen in conjunction with the self-exclusion process or a third party exclusion process, another process that had identified patrons beforehand.

20 MR FEUTRILL: To understand that, a patron may wish to self-exclude and that's one way in which they can be excluded?

25 MR PRESTON: They may wish to self-exclude and they may not and that's where the unilateral piece comes in because the first step would be to try and get someone to take ownership, which is an important step. And if they didn't self-exclude, there would be ongoing engagement as best the RSG team could. And if there was failure to engage and they refused to participate, then the decision could be made to take the step of unilaterally barring them.

30 MR FEUTRILL: To step through that, the first step that would be taken is to try to have the patron take ownership of their addiction or their problem?

MR PRESTON: We'll try and help them.

35 MR FEUTRILL: Try and help them. You mentioned that if that doesn't work, it may lead to Crown Perth excluding the patron themselves?

MR PRESTON: Yes.

40 MR FEUTRILL: Were there instances where that took place during the time you were ---

MR PRESTON: Yes.

45 MR FEUTRILL: You also mentioned a third party exclusion process. That's where, for example, a family member or someone known to the patron might approach the casino and ask that the person be excluded?

MR PRESTON: Yes, that's correct.

10:35AM

MR FEUTRILL: Were there instances where that took place during the period you were the chair of the Responsible Gaming Management Committee?

5 MR PRESTON: Yes, there was.

MR FEUTRILL: To get a sense of the magnitude, approximately how many people would be self-excluded per year?

10 MR PRESTON: Oh, I can't --- I can't recall numbers but it would have been --- I'd be speculating. There were statistics presented on a regular basis but I just can't recall the numbers. But my guess is it would be maybe 10 to 15 a month.

MR FEUTRILL: So, hundreds in a year?

15

MR PRESTON: Yes. I stand to be corrected but that's ---

MR FEUTRILL: I understand. I'm just trying to get a sense of magnitude.

20 COMMISSIONER JENKINS: Perhaps I can help because I have December 2017 statistics here, and rather than (inaudible), it might be better to actually have a look.

MR FEUTRILL: All right.

25 COMMISSIONER JENKINS: CRW.704.001.3266 is the page of the document that starts at 3245.

MR FEUTRILL: It doesn't appear to have been loaded on our system.

30 COMMISSIONER JENKINS: Mr Preston can have a look at it.

MR PENGLIS: Can I have the date again please, Commissioner?

35 COMMISSIONER JENKINS: That was December 2017. It's the minutes of the RSG --

MR PENGLIS: Thank you.

40 MR FEUTRILL: Mr Preston, do you mind flicking to the first page of that. I take it you were the chair at that time?

MR PRESTON: Yes, that's correct. I can't see the specific number pertaining to self-exclusion entered into.

45 COMMISSIONER JENKINS: I can identify for you the line which I thought it might be because, really, I wanted you to tell me whether that was the right line or not. There is a line about three quarters of the way down.

MR PRESTON: Yes. Revocation inquiry of self-exclusion and self-exclusion inquiry. But that doesn't indicate the actual numbers of people who ultimately self-excluded.

5

COMMISSIONER JENKINS: Right.

MR PRESTON: So the revocation would be those people who were inquiring to revoke their self-exclusion, and the self-exclusion inquiry would be people who are inquiring about self-exclusion, but it doesn't have the next step in terms of those that were entered into. There might be a different ---

10

COMMISSIONER JENKINS: That's (inaudible).

MR PRESTON: There is at 3260 self-exclusions from July to November, which indicate most probably, on average, about 20 a month.

15

MR FEUTRILL: We might hang on a sec because I have a few more questions that may also provide an answer for these. That's self-exclusion, so approximately twice what your recollection was, your best recollection?

20

MR PRESTON: Yes.

MR FEUTRILL: In terms of third party exclusions, were they a common event?

25

MR PRESTON: No, no.

MR FEUTRILL: Again, in terms of proportion or magnitude, how many a month or a year of those would you ---

30

MR PRESTON: Might I refer to the document based on my previous form?

MR FEUTRILL: You certainly may. You don't know if that's a typical year or not?

35

MR PRESTON: It was a far smaller number. I'm not sure (inaudible).

MR FEUTRILL: You may as well stay in that document because it might help with this one as well. What about where neither self-exclusion nor third party exclusion results in an exclusion, but Crown Perth took it upon itself to exclude a person? How frequently, in your experience, did that take place?

40

MR PRESTON: Not as frequently as self-exclusion arrangements entered into. I would suggest it would be in the same range as the third party exclusions. It was a smaller number.

45

MR FEUTRILL: Again, to give us a sense of magnitude, are you talking in tens per year or less or more?



10:41AM

MR PRESTON: It did shift over. We've had third party exclusions for a long period of time.

5 MR FEUTRILL: To be clear, I'm talking now about the situation where Crown Perth unilaterally excludes a person.

MR PRESTON: Yes, I understand that.

10 MR FEUTRILL: Not a third party.

MR PRESTON: Oh, sorry. In terms of --- I would suggest there would be maybe a couple a month.

15 MR FEUTRILL: So it's not infrequent?

MR PRESTON: No.

20 MR FEUTRILL: Can I ask you some questions now about an organisation called the Problem Gambling Support Services Committee Working Group, which is something of a mouthful. I think it's commonly referred to as the PSSGC.

MR PRESTON: Yes.

25 MR FEUTRILL: Who are the members of that organisation?

MR PRESTON: It was chaired by the department.

30 MR FEUTRILL: When you say "the department", are you talking about the department responsible for the gaming and wagering area?

MR PRESTON: No. It was chaired by the Government department, Problem Gambling Support Services Committee. It was an external committee.

35 MR FEUTRILL: Yes.

40 MR PRESTON: Yes. It had a representative from Crown, it had a representative from Wagering, it had a representative from, I think, Lotterywest, it had a representative from the Department of Communities, as I recall. So there was an array of people on that committee.

45 MR FEUTRILL: To understand the composition a little more, its membership comprised organisations that provide a form of gambling or betting in Western Australia?

MR PRESTON: Yes, it involved some wagering as well, and trotting. The Trotting Association, I think, was on it for a period as well.

MR FEUTRILL: Yes. I think you mentioned the Department of Community Services.

5 MR PRESTON: Department of Communities, if I recall correctly, was on that committee as well, but it was chaired through the gaming department, through the (inaudible).

10 MR FEUTRILL: Did you sit on the --- were you a representative for Crown Perth on that committee?

MR PRESTON: I became a representative, yes, and I apologise, I've realised that wasn't responded to in my statement, now that I've (inaudible).

15 MR FEUTRILL: At what point were you the Crown Perth member of that committee?

MR PRESTON: I can't remember the year but I've been on it for some period.

20 MR FEUTRILL: You were on it for some period?

MR PRESTON: I've been on it for some period.

25 MR FEUTRILL: Do you remain on it?

MR PRESTON: No.

30 MR FEUTRILL: Was there some sort of charter or governing document for that committee?

MR PRESTON: There was, but I haven't looked at it for a long period of time.

35 MR FEUTRILL: Do you know what contributions Crown Perth made to that organisation, if any?

MR PRESTON: It did. I can't remember the number off the top of my head, but it was in the hundreds of thousands.

40 MR FEUTRILL: Were those contributions voluntary or were they part of the regulatory requirements of Crown Perth?

MR PRESTON: They were voluntary.

45 MR FEUTRILL: Do you know how Crown Perth determined how much it would donate or how much it would provide by way of funds to that committee?

MR PRESTON: As memory serves, there would be a paper prepared through the gaming --- through the Department, if I can use that language, the Government

Department, which articulated what were the expected funds required for the following year. That was circulated to the participants who were contributing and in my experience they were always agreed.

5

MR FEUTRILL: In your experience, were the contributions made by each of the organisations that offer a gambling service equal or were they proportionate?

MR PRESTON: No, they weren't.

10

MR FEUTRILL: Do you know how the proportions were identified?

MR PRESTON: If I recall, Crown Perth and Lotterywest were about the same and they were the largest contributors, and then there was a cascading number down from there.

15

MR FEUTRILL: If you take Lotterywest as an example, did you agree with the proposition that there's a lower risk of a person developing a gambling addiction to a lottery than to playing table games or EGMs at a casino?

20

MR PRESTON: I don't think I'm in a position to really comment, sorry.

MR FEUTRILL: Are you able to comment on your view as to whether an equal contribution to the committee by Crown Perth and the Lottery Commission is reasonable?

25

MR PRESTON: I didn't think it was unreasonable.

MR FEUTRILL: Did you consider during the time you were on the committee that the contribution made to its funding by Crown Perth was sufficient?

30

MR PRESTON: It was sufficient, based on the proposition that was put to us over the years as to the funds required.

35

MR FEUTRILL: Was any consideration given to the possibility of providing additional funding to that committee?

MR PRESTON: Not that I can recall and if additional funding was requested then my guess, from my perspective, it would have been positively received.

40

MR FEUTRILL: What I mean to say is was any consideration given, to your knowledge, by the executive of Crown Perth or one of its board to doing more than what was requested by the committee in terms of funding it?

45

MR PRESTON: Not that I recall.

MR FEUTRILL: I would like to ask you a couple more questions about this process of exclusion. There was a process for --- there's an area of the Perth Casino known

as the Pearl Room?

MR PRESTON: Yes.

5

MR FEUTRILL: There is a process for excluding people who are excluded from the Pearl Room?

MR PRESTON: Yes, like in other areas.

10

MR FEUTRILL: Do you recall there was a period after --- once a person had been excluded from access to that area, they had a period of around seven years they had to sit out before they could apply for re-entry into that room?

15

MR PRESTON: Yes.

MR FEUTRILL: The original period was, I think, seven years. Do you recall a time in which it was reduced to one?

20

MR PRESTON: Yes, I do. It was a long process. I can't recall the specifics of it but there was a long process that was --- it happened over a long period of time.

MR FEUTRILL: That was in around, what --- help me, if I said it was around November 2015?

25

MR PRESTON: Possibly.

MR FEUTRILL: Do you recall the reason for accepting a reduction in the waiting period from seven years to one year?

30

MR PRESTON: I can't recall off the top of my head, sorry.

MR FEUTRILL: To the best of your recollection, was there any consideration of whether that was consistent with Responsible Service of Gambling?

35

MR PRESTON: I can't recall specifically but that definitely, based on my experience, would have been a consideration.

MR FEUTRILL: You would agree though, would you not, with the proposition that an exclusion of seven years is a stronger form of harm minimisation than an exclusion of one year?

40

MR PRESTON: Yes. Look, I can't recall the specifics but there was also involved in those discussions the ability to go back into the Pearl Room not as a member, and I can't recall whether seven was membership or seven was access as a guest or whether the reduction to one was a guest or membership . I just can't recall off the top of my head, sorry.

45

10:50AM

MR FEUTRILL: All right.

MR PRESTON: I recall there was a paper put to the Responsible Gaming  
5 Management Committee team, but it's a long time ago.

MR FEUTRILL: Yes. No, I'm just interested to know if you could recall it and the reasons why the committee determined to reduce the waiting period.

10 MR PRESTON: I can't recall the specifics, sorry.

MR FEUTRILL: You have referred also in this letter to something known as play safe limits and player activity statements?

15 MR PRESTON: Yes.

MR FEUTRILL: First, can you describe to the Commission a play safe limit?

MR PRESTON: It's a functionality on the gaming machines and also electronic  
20 gaming tables where you could set limits on your spend or time on a device.

MR FEUTRILL: And a player activity statement?

MR PRESTON: That would be a statement the player could request which would  
25 provide details of their gambling activity over a period.

MR FEUTRILL: For the purpose of clarification, if a person is a member of a loyalty program, a Crown loyalty program, are they able to use a play safe limit?

30 MR PRESTON: Yes, they are and if you don't have a loyalty card, you can't.

MR FEUTRILL: You can't?

MR PRESTON: If I recall correctly, it was all --- put a card in and that would turn --  
35 - that would identify time on device and spend, whereas casual players didn't have that.

MR FEUTRILL: That was my next question. If a person presented at the casino cage and asks for some tickets to operate an electronic gaming machine without a  
40 card, there's no play safe limit for that player?

MR PRESTON: That's correct.

MR FEUTRILL: And ---  
45

MR PRESTON: Sorry, there's no availability.

MR FEUTRILL: Availability?

MR PRESTON: Yes.

5 Mr FEUTRILL: Do I understand then that in order to produce a player activity statement, there's some connection between the loyalty card and the gathering of information concerning the gambling habits of the player?

MR PRESTON: That's correct.

10 MR FEUTRILL: Am I right in thinking that Crown Perth had the ability to set and remove play safe limits and print player activity statements at the Perth Casino from about April 2017, at least?

15 MR PRESTON: Can you repeat the question, please?

MR FEUTRILL: From what point in time did Crown Perth have the ability to set play safe limits, to your knowledge?

20 MR PRESTON: They've always had the ability to set them with players, if required.

MR FEUTRILL: Was there a need to roll out the loyalty card system first?

25 MR PRESTON: The loyalty card system has been in place for as long as I've been at Crown.

MR FEUTRILL: So at what point then in that history did --- are you saying right from the outset there was an ability to set a limit if you had a card?

30 MR PRESTON: When the play safe limits functionality was commissioned, which -- I can't recall the year, but it was some years ago.

35 MR FEUTRILL: It was some time ago. In terms of the ability then to gather information and print out an activity statement for a player, did that coincide with the introduction of the play safe limit?

MR PRESTON: Yes. As I recall, they came together.

40 MR FEUTRILL: Under the Victorian legislation or, should I say, the Victorian regulatory framework, in certain circumstances it's mandatory to print or provide a player with a printed player activity statement?

MR PRESTON: Generally speaking, yes.

45 MR FEUTRILL: That's in connection, essentially, with becoming a member of the loyalty program?

MR PRESTON: That's correct.

10:55AM

MR FEUTRILL: That's a requirement under the Victorian regulations; correct?

MR PRESTON: Yes.

5

MR FEUTRILL: There's no equivalent requirement under the Western Australian regulation, or there wasn't, to your knowledge?

MR PRESTON: That's correct.

10

MR FEUTRILL: Crown Perth did not, nonetheless, voluntarily provide player activity statements to its loyalty members for Crown Perth, did it?

MR PRESTON: That's correct.

15

MR FEUTRILL: Although it had the ability to do so, it didn't follow the regulation in Victoria?

MR PRESTON: No. I think, if memory serves, they made it available. They would notify members that they were available.

20

MR FEUTRILL: Yes, but it's not mandatory, in other words?

MR PRESTON: That's correct.

25

MR FEUTRILL: So if a member wanted to receive a player activity statement, they could?

MR PRESTON: Yes.

30

MR FEUTRILL: Now, is there any reason - certainly any reason in terms of capability for Crown Perth not having provided player activity statements mandatorily in Perth, correct?

MR PRESTON: That's correct.

35

MR FEUTRILL: So was there any reason, to your knowledge, for Crown Perth's decision not to make it a mandatory requirement in keeping with the position in Victoria?

40

MR PRESTON: I can't recall the reasoning behind how it was structured up, sorry.

MR FEUTRILL: To your recollection, was there any consideration by the Responsible Service of Gambling Management Committee in Perth of making it mandatory?

45

MR PRESTON: I don't recall.

MR FEUTRILL: Do you understand it to be mandatory in Victoria because the objective is to give the player --- I will use a colloquial expression --- a wake-up call so they can appreciate the amount of money they have been gambling and/or losing or winning?  
5

MR PRESTON: Sounds like it could be an appropriate position.

MR FEUTRILL: It forms part of a Responsible Service of Gambling to give people that information to allow them to take stock?  
10

MR PRESTON: Yes.

MR FEUTRILL: So do you think now that it would be - it would have been a good idea for the Crown Perth executive to have made it a mandatory requirement for loyalty programming in Perth?  
15

MR PRESTON: As I said, I can't recall the reasons behind the position taken, but what I do know is it was always made available and patrons were alerted to that fact. But I can't recall the reasons why it ended up at that landing point.  
20

MR FEUTRILL: All right. Did you have available to you, or do you recall the extent to which patrons voluntarily took up that opportunity?

MR PRESTON: I can't recall those statistics from that, sorry.  
25

MR FEUTRILL: Now, in this response to --- the GWC also made reference to a number of - sorry, just navigate, if we could, in that document, which is - is it still available? Yes. It starts on page --- under the heading "Other Harm Minimisation Strategies". Here you have set out a number of subject matters that as of November 2018 were considered to be harm minimisation strategies.  
30

MR PRESTON: Can I trouble the operator just to move to that page.

MR FEUTRILL: Yes, can we navigate, please, to page 29 of the document in the top right-hand corner. And you will need to scroll to the bottom of the page where the title starts and then bring the next page. Thank you.  
35

So I just want to ask you some questions about each of these additional harm minimisation strategies that were being promoted in this letter. The first you will see is a reference to limits on automated teller machines.  
40

Now, am I right in thinking that that is provided as an example of a harm minimisation strategy because it makes it more difficult for patrons to withdraw large sums of money in the gaming area?  
45

MR PRESTON: That's the philosophy, yes.



11:00AM

MR FEUTRILL: So there's a limit on --- \$400 limit on how much they could withdraw at any given day within the gaming footprint?

5 MR PRESTON: There was nothing within the gaming footprint with respect to ATMs. It was within 400 metres --- it was within 40 metres, so it couldn't be on the gaming floor, it had to be --- if it was in 40 metres it had the restrictions. If it was outside the 40-metre boundary, there was ---

10 MR FEUTRILL: No restrictions.

MR PRESTON: A different form, yes.

15 MR FEUTRILL: Whatever the banking control may have been outside like any other person?

MR PRESTON: That's correct.

20 MR FEUTRILL: But the purpose, essentially, was to create a break in play ---

MR PRESTON: Yes.

MR FEUTRILL: --- if the person needed to replenish their supply of money?

25 MR PRESTON: Yes.

MR FEUTRILL: And so it was seen, at least at the time this letter by you, as a part of the Responsible Service of Gaming framework?

30 MR PRESTON: It was , yes.

MR FEUTRILL: Did you consider at that time to be an important aspect of that overall framework to create breaks in play?

35 MR PRESTON: Yes.

MR FEUTRILL: Now, you've also noted a little further on the reference to the Casino Control Act and it's the difference in Western Australia where there are no poker machines permitted?

40

MR PRESTON: Yes.

MR FEUTRILL: Now, do you understand that prohibition in the Casino Control Act to be, in effect, a legislative form of harm minimisation?

45

MR PRESTON: Yes.

MR FEUTRILL: And that the reason for it is that the legislature at the time, at least, considered that poker machines were a more harmful form of gambling than other forms of gambling?

5

MR PRESTON: Yes.

MR FEUTRILL: And so, again, you're promoting, as part of the Responsible Service of Gambling, as a form of harm minimisation, the absence in Western Australia of poker machines?

10

MR PRESTON: That is an element, yes.

MR FEUTRILL: Now, there's --- it would be fair to say there's quite a degree of similarity between the way in which one plays a poker machine and the way in which one plays any other electronic gaming machine, correct?

15

MR PRESTON: That is --- yes.

MR FEUTRILL: They're very similar. But there are differences, I appreciate that. Now, at this time, one of the --- there was --- we'll go back one step. An Australian standard applies to Western Australia for the features of gaming machines?

20

MR PRESTON: Yes.

25

MR FEUTRILL: And at this time, one of the aspects of that was that the speed of play for an EGM was five seconds?

MR PRESTON: Yes.

30

MR FEUTRILL: Now, I understand that to mean there was a five-second break between the end of one game and the start of the next?

MR PRESTON: Each spin cycle needs to take - so from the start of one game, the next game can't be started until five seconds. Which was different - just for clarity it wasn't the end of a game it was a five second game.

35

MR FEUTRILL: So it was between each --

MR PRESTON: From the time it spins again it was five seconds.

40

MR FEUTRILL: Is the reason for that to give the player an opportunity to not play again, to not spin again?

MR PRESTON: I would suggest it was more along the lines of how quickly someone could spend their money.

45

MR FEUTRILL: I see.

MR PRESTON: And participate in gaming.

5 MR FEUTRILL: So the faster the spin cycle, you sit on the machine for an hour and there are, again five seconds, there's less games in the hour than if the spin cycle is three?

MR PRESTON: That's correct.

10 MR FEUTRILL: All right. So in terms of the casino then, it's the case, isn't it, across all these machines the odds are in favour of the casino?

MR PRESTON: Yes.

15 MR FEUTRILL: So in general terms, the more you play, the more average people will lose?

MR PRESTON: There are formulas that - the reality is, though, that, it's house odds.

20 MR FEUTRILL: So the more games you can play in an hour as the casino operator, statistically, probablistically, the more money the casino will make?

MR PRESTON: Theoretically over the spin cycle, yes.

25 MR FEUTRILL: So it was seen then as a virtue of this Western Australian system at this time, that the rate at which someone could potentially lose money was lower than other States of Australia?

MR PRESTON: That's correct.

30 MR FEUTRILL: And that was seen to be part of the Crown Perth Responsible Service of Gambling framework?

MR PRESTON: Yes.

35 MR FEUTRILL: Did you consider that rate of play to be a significant feature of that overall framework?

MR PRESTON: That was always a very important feature.

40 MR FEUTRILL: Can I ask you something else about - I may have confused myself when I started asking the question. Now, there's a concept of continuous play?

MR PRESTON: Yes.

45 MR FEUTRILL: And as of 2018, there were - were some EGMs on the gaming floor in Perth that could be made to operate continuously?

MR PRESTON: Could be operated in continuous play mode.

5 MR FEUTRILL: Yes, and that - the means by which they could be operated continuously was as a result of a patron holding the button, a button-down?

MR PRESTON: That's correct.

10 MR FEUTRILL: Or inserting an object into a button, would have to have physically hold it?

MR PRESTON: Yes, that's correct.

15 MR FEUTRILL: It wasn't how the game was intended to be operated but patrons could operate it that way?

20 MR PRESTON: Well, I'm not sure I agree with that. They were approved with that mode. They weren't designed to be operated with someone holding a button down but an object, but continuous play was part of an approval process, very distinct to autoplay, but continuous play was --- and these are legacy machines, if memory serves. These are legacy machines that had a very old function in which continuous play was available.

25 MR FEUTRILL: You've got ahead of me, Mr Preston, I was coming to that. The point is that as of November 2018, there were machines on the gaming floor that had that feature that you could continuously play them?

MR PRESTON: Yeah, a reasonably small complement of very old machines.

30 MR FEUTRILL: And between commissioning those machines and the later period, the Australian Standards changed?

MR PRESTON: Yes.

35 MR FEUTRILL: And that feature of continuous play was removed from the Australian Standard?

MR PRESTON: From the West Australian appendix portion of it, at least.

40 MR FEUTRILL: So the more recent machines do not have that feature? Cannot have that feature?

MR PRESTON: That's correct. That's been a fact for a long period.

45 MR FEUTRILL: At what point did it come to your attention that there remained on the gaming floor, albeit legacy machines, and presumably there's some sort of grandfathering of them in the Australian Standard, at what point did you become

aware of the existence of the legacy machines on the gaming floor in Perth?

MR PRESTON: In about 2018.

5

MR FEUTRILL: All right, now as the Chair of the Responsible Service of Gaming Management Committee, did you consider whether given the obsolete nature of those machines they should be removed?

10 MR PRESTON: There was a discussion about that. I'm not sure whether it was at the committee but there was discussion about whether we keep the machines or not.

MR FEUTRILL: And what was the outcome of that decision process?

15 MR PRESTON: We determined to keep them.

MR FEUTRILL: What was the basis for your decision to retain machines that did not have --- were not compliant with current Western Australian Appendix to the Australian Standards?

20

MR PRESTON: Well, they were still compliant, based on the approval that they had at the time. I'm just conscious that --- my view was they weren't noncompliant with what the approvals were for the purpose of the machine.

25 My view was, and there were steps taken to --- firstly, the concept of putting a foreign object in to hold the button down was new to me. So certainly put in place mechanisms to, processes to stop that happening. But the decision made by the business was those machines was still subject to the spin rate, as all the other machines were, and they were a relatively small complement. We explored whether  
30 the software could be changed to take that functionality out, but based on the legacy machines, if I recall again, the advice was it wasn't possible.

MR FEUTRILL: Given their age, would it not have been easier just to take them off the floor?

35

MR PRESTON: Yes.

MR FEUTRILL: Were these machines particularly profitable?

40 MR PRESTON: I can't --- I can't recall having any discussion about profit but I believe they had a level of, if memory serves, a level of popularity with some of our longstanding customers.

45 MR FEUTRILL: So there would have been a revenue consequence if you had removed them, is that right?

MR PRESTON: I can't answer that. I wasn't conscious of the revenue consideration in this regard.

MR FEUTRILL: Was any consideration given to whether it would be in the interest of patrons to minimise harm to remove them?

5 MR PENGLIS: Can I just again, on these questions, ask my learned friend to clarify he's asking whether consideration is given by the witness or whether his knowledge was in regard to Crown general?

10 MR FEUTRILL: I am asking this question, Mr Preston, I think you probably understand, in your capacity as Chair of the Responsible Service of Gaming Management Committee. So consideration is by that committee?

15 MR PRESTON: I can't recall this specific issue going to the committee. I can't recall it. It may have, but I don't recall. In terms of, to your question, I don't recall it being considered from a Responsible Gaming perspective as it was an increase in the level of harm, particularly on the basis that it had the spin rate set and it wasn't autoplay. We put in processes that people couldn't just stick an object in to hold it down, which was not appropriate whatsoever.

20 MR FEUTRILL: Were you aware or did you become aware of instances where patrons were operating machines in that way?

25 MR PRESTON: Yes, over that period when the team carried out a review of the machines, and this is off the back of, initially, Melbourne, pertaining to picks which Crown Melbourne had used --- which patrons were using to hold buttons down. So off the back of that we carried out a review in Perth to identify, firstly, continuous, if there's any continuous play machines and secondly, the use of devices. And that's when it came to my attention.

30 MR FEUTRILL: All right, just finish off on this topic if I may, Commissioners.

Are you referring then to the allegations we might describe as the Wilkie allegations that were made in Federal Parliament?

35 MR PRESTON: Yes, if I recall it was part of Wilkie's.

40 MR FEUTRILL: In term of the investigation you undertook in terms of gaming machines in Western Australia, was that initiated by someone within the Crown Group or was it as a consequence of an inquiry by the regulator?

45 MR PRESTON: No, if I recall, it was initiated by Crown but having said that, I do recall that there was a discussion with the regulator about it. I can't recall the coincidences of timing, but it certainly was an investigation that was carried out internally.

MR FEUTRILL: Is that a convenient time?

11:13AM

COMMISSIONER OWEN: Yes, it is and we will resume at 11.30.

5 **ADJOURNED** [11.14 AM]

**RESUMED** [11.32 AM]

10

COMMISSIONER OWEN: Thank you, Mr Preston.

Yes, Mr Feutrill.

15 MR FEUTRILL: May it please the Commission.

Mr Preston, I would like to take you to the - we've been to this document before, it's the Victorian regulator sixth report from 2018. If I could ask the CRO --- we've already got it, excellent. And the page reference is 8157. Now, I would like to draw  
20 to your attention some of the statements made in respect of Crown Melbourne.

MR PRESTON: Can I just --- I think I saw 1-3, not --- on the top

MR FEUTRILL: So the page number should be 8157, it's the wrong page number.  
25 The top right-hand corner. The actual page of the document is 102. So there's a section here, you will see in the left-hand column, beginning with the heading "Player data analytics". What I want to draw to your attention is the second column of the page, on the right-hand side is a heading "access to player data". I just ask you to read through to the end of the page, that page under that heading.

30

MR PRESTON: Yes.

MR FEUTRILL: Now, is that an accurate reflection, in your view, of the data to which the Crown Melbourne had access at this time?

35

MR PRESTON: Yes, as I understand it.

MR FEUTRILL: And is it fair to say that Crown Perth had access to the same information?

40

MR PRESTON: Yes.

MR FEUTRILL: And it has, I think you said earlier, it has had access to information by players who are loyalty members for some number of years.

45

MR PRESTON: Yes.

MR FEUTRILL: Now, I just ask you to - I'd like to take you to another document

which is CRW.704.001.2457, and if Mr Preston could be shown the first page to indicate it's minutes of a meeting of the Responsible Service Gambling Management Committee, August 2015, and then just to scroll through to page 2501, and I just  
5 want to draw to your attention, the italicised heading towards the bottom of the page, criteria for Pearl Room and membership and review of gaming a data and there's a reference to a meeting in January 2012, and there are a number of bullet points there, I just want to ask you some questions about those. If you can just continue to read that over the page, the entirety of the next page and the following page.

10 MR PRESTON: That section, I might just need the next section.

MR FEUTRILL: Operator, you will need to move to the next page?

15 Mr Preston, just speak out when you've finished reading and we'll move to the next page.

MR PRESTON: Do you want me to read the whole of the page?

20 MR FEUTRILL: Yes. I've just got a couple of questions for you on it.

MR PRESTON: Can I trouble the operator to go just down the page. Thank you. If I can just get the last bit brought up of that page. Thank you.

25 MR FEUTRILL: You've finished reading that? This, I understand from the document it's reflecting the views of Mr Egan as Chair, then Chair of the Responsible Gambling Management Committee. The question I have for you, did it also reflect your views at that time of the importance of data analysis?

30 MR PRESTON: Yes.

MR FEUTRILL: In particular, did you consider in August 2015 and thereafter that it was critical to determine the criteria or business rules surrounding the identification of patron and risk?

35 MR PRESTON: This is pertaining to Pearl Room. Are you talking specific to Pearl Room?

40 MR FEUTRILL: I'm speaking more about using data collected by Crown Perth to develop rules for the identification of patrons at risk.

MR PRESTON: It's relevant, yes.

45 MR FEUTRILL: Would you accept the proposition that the development of such criteria is critical to the Responsible Service of Gambling?

MR PRESTON: It's an important part which has obviously been evolving over the years.



MR FEUTRILL: Okay. Now, to your knowledge what steps, if any, were taken by Crown Perth between August 2015 and the time you left to use the data collected to develop rules for identification of people at risk?

5

MR PRESTON: I can't recall specific rules being developed. It was detail I wasn't across, but as I recall, the Responsible Gaming team spent considerable time, particularly in the Pearl Room environment with management who were looking at player behaviours, including the details as to the player data they held on them to understand if there were any issues. But as I said, its a key element but not the only element. Player observation is vitally important as well.

10

MR FEUTRILL: Were the services of any external consultants utilised to assist in the development of some sort of tool or rule-based device that could be used, you could use the data you were collecting to identify people at risk?

15

MR PRESTON: I'll answer that in the context of the broader question you asked me before. From approximately 2015, if I recall, '14 or '15, Crown Melbourne were modelling a data analytics tool which Crown Perth was keeping a close eye on. They ultimately landed on a position that the testing environment - or the tests that they were doing on it didn't produce great results in the context of identifying particular data. They continued on with that review and when I started in my role in 2017, pressed ahead with it with a revised model which got put into the live environment in, I think, about 2018. That model was done in conjunction with data analytics and Responsible Gaming team, and has been reviewed by an external party now, and it's in --- live in Melbourne and when I was leaving it was to be implemented in Perth.

20

25

MR FEUTRILL: The development of the tool in Melbourne was a consequence of a recommendation by the regulator in Melbourne, correct?

30

MR PRESTON: It was an original recommendation, I believe, in the Fifth Review and following on from the Fifth Review, work was done to try to build a tool to adequately meet the needs and produce some positive support for Responsible Gaming. Initially it didn't, but then with further refinement and greater input into it, the data points, it started to produce what we believed was some positive outcomes.

35

MR FEUTRILL: To your knowledge, did anyone involved in Crown Perth have a role to play in the development of the tool for Crown Melbourne?

40

MR PRESTON: Yes, with respect to the model that is now in. I was certainly briefed on it. If I recall correctly, the general manager responsible for gaming in Crown Perth was also briefed on it. It was definitely a Melbourne-driven project, there's no doubt. But --- and Melbourne environment is somewhat different to the Perth environment in terms of the data that it collects in terms of player behaviour, so it needed to be tailored to meet Perth demands, or Perth nuances.

45

MR FEUTRILL: Can I just understand, in terms of time periods, were any steps

taken by Crown Perth, or people in the Crown Perth organisation to develop an analytical tool between 2015 and the Sixth Victorian Regulator Report in 2018?

5 MR PRESTON: Not that I recall. We were very keen on seeing Melbourne's output because it would be, we believed it would be suitable to us with the right tailoring if it produced the right results.

10 MR FEUTRILL: So is it fair to make the assumption that Crown Perth was doing nothing to advance development of a local tool, it was waiting on the outcome of the Crown Melbourne development?

15 MR PRESTON: It's fair to say they were, we were absolutely waiting for Crown Melbourne's tool to see what the development looked like in that space.

MR FEUTRILL: And was it the intention of the members of the Responsible Gambling Committee to take the work from Melbourne and adapt it to Perth once completed?

20 MR PRESTON: Once it was in a workable and functioning format, that was possibly contributing towards the Responsible Gaming framework, yes.

25 MR FEUTRILL: And were any steps taken to hasten the development of the tool in Melbourne by members of the Responsible Gambling Committee in Perth?

MR PRESTON: When I commenced in my broader role, yes, there certainly was.

30 MR FEUTRILL: And was there - I think you mentioned earlier, someone liaised with the team developing it in Melbourne. Was that in the latter period from the 2018 onwards period?

MR PRESTON: It was definitely post my commencement in my most recent --- well, the last role I had.

35 MR FEUTRILL: All right. So during the period when Crown Melbourne was developing its tool after the Fifth Review in Victoria, was there a permanent member of that - whatever the working committee was in Melbourne, from Crown Perth?

40 MR PRESTON: No. It was a Crown Melbourne project and we were briefed on it, each of the responsible --- each of the Crown Resorts Responsible Gambling Committee meetings, if I remember correctly.

45 MR FEUTRILL: Did you consider that to be, from a Crown Perth perspective, an adequate response - adequate process for Responsible Gambling in Australia, to await the outcome in Melbourne first?

MR PRESTON: Yes, we did. We had great confidence in our Responsible Gaming framework in Perth. Again, it's a very different environment to the Victorian

environment and we were --- and this was quite new in the context of data analytics for a casino albeit that I see it as a reference there to Auckland. The problem with that, the product Auckland was using is machines alone, Whereas in Perth and  
5 Melbourne, we wanted a product that had tables and machines together.

MR FEUTRILL: Okay. Now, would you agree with this proposition, that harm minimisation may involve two aspects? You can take steps to mitigate harm after it's been caused?  
10

MR PRESTON: Sorry, yes.

MR FEUTRILL: Yes. And you might term that "reactive harm minimisation"?

15 MR PRESTON: Yes.

MR FEUTRILL: In the sense that you're reacting to an event that's taking place.

Harm minimisation may also involve taking steps to prevent harm from being caused  
20 in the first place?

MR PRESTON: Yes.

MR FEUTRILL: And you might term that proactive harm minimisation?  
25

MR PRESTON: Yes.

MR FEUTRILL: Are there any elements, to your knowledge, during the period that you were at Crown, in the Crown Group, were there any elements of the Perth  
30 Casino Responsible Service of Gaming program or framework, that dealt with what I've termed proactive harm minimisation?

MR PRESTON: Indeed.

35 MR FEUTRILL: And which ones would you describe fall into that category?

MR PRESTON: Firstly, a 24/7 presence of engaging with customers is vital from a proactive perspective. You see people displaying particular behaviours and you proactively engage with them. The availability of game rules, the various  
40 Responsible Gaming messages that accompany all of Crown Perth's gaming-related material, the training of staff to identify any concerning behaviours, which is not problem gambling per se, but any problem behaviours, in my mind, that is all part of a proactive position to address potential Responsible Gaming issues.

45 MR FEUTRILL: You may have misunderstood slightly the import of my question. In the example you've given there, they're all steps that are taken, if you like, proactively on the casino footprint to address people who are showing signs, or maybe showing signs of developing a problem gambling --- a problem with

5 gambling. What I'm more referring to, are there any aspects in your view of the Responsible Service of Gaming framework that prevent people developing an addiction or a problem in the first place? To take a concrete example, in terms of design of games, for instance.

10 MR PRESTON: The design of games you've referenced before is supportive of a product that is not as - doesn't have as great a potential from a harm minimisation perspective with respect to the spin rate. That is one element. Hard to say the table games. Table games haven't changed ever, almost, in the context of what is delivering the design of them. You know, I'm not sure I can answer in any other way.

15 MR FEUTRILL: That's perfectly fine, Mr Preston.

So do I understand, from what you said, that you would accept that unless in the case of electronic game machines, design of them may be considered a proactive way of harm minimisation?

20 MR PRESTON: It's an element.

MR FEUTRILL: Yes. You can design --- you can in-build features of them that have the --- or make them less potentially harmful than other features?

25 MR PRESTON: That's logical. The other proactive piece that I think is relevant is the various marketing material is considered by Responsible Gaming in advance of it being approved and the guidelines pertaining to how marketing could produce materials with particular guidelines to prevent --- to do what they could to prevent any sort of problem gambling behaviour emanating from that advertisement or  
30 marketing tool.

35 MR FEUTRILL: Can we come back to the gaming design for a moment. To your knowledge, would it be open to Crown Perth to use the player data that it collects to determine the types and features of games that tend to result in people developing problem gambling?

MR PRESTON: Yes.

40 MR FEUTRILL: It will be able to be interrogated to determine those games that patrons play for the longest durations, for example?

MR PRESTON: That information is available.

45 MR FEUTRILL: I expect that the data could also be used to analyse games that have features that result in changes in player behaviour after the introduction of a game? Does that help you? The question may not be sufficiently clear.

So, a player has a particular playing history with the suite of electronic gaming

machines available today. A new game is introduced and the player behaviour changes and they become a much more regular player and a larger contributor to the revenue of the casino.

5

MR PRESTON: Yes, I expect that that information is available.

MR FEUTRILL: One could analyse the features of the game that brought about that outcome and you could replicate them, if you wanted to increase the amount of gaming, or you could remove them if you wanted to decrease it?

10

MR PRESTON: You could.

MR FEUTRILL: Do you know of your own knowledge if Crown Perth provides data, player information data to the designers of EGMs?

15

MR PRESTON: I don't know.

MR FEUTRILL: It would be possible for Crown Perth to provide data to the designers of EGMs to design games that are less harmful?

20

MR PRESTON: Well, it's hard to say on the general proposition you're putting because some of these games might just be popular because of the design of them, not so much the spin rate or otherwise, that wouldn't change because if it's got a new feature which doesn't provide any difference from a return to player perspective, it might well be the graphics they like. So it's hard to answer that question in the context of various moving parts, as to why a player might like something different. As I said, these legacy machines are very, very old, old machines and people like them because they're familiar with them. For no other reason, as I understand it.

25

30

MR FEUTRILL: Really, I'm just exploring the possibility of using the information the casino has available to it to assist the designs of games, in the design of games that are less harmful.

MR PRESTON: It's possible, but it's certainly not my area of expertise in the context of game design or information provided to manufacturers.

35

MR FEUTRILL: We've mentioned a couple of times in the course of the day the loyalty program of Crown Casino --- sorry, Crown Perth. Am I right in understanding that it's known by the brand Crown Reward?

40

MR PRESTON: Yes, that's correct.

MR FEUTRILL: Are its features identical across locations?

45

MR PRESTON: Well, if you can give me an example of the features?

MR FEUTRILL: If I'm a member of Crown Reward, do I have access to the same

terms and conditions in Perth as in Melbourne?

5 MR PRESTON: There are some nuances between the properties but, by and large, it operates in the same manner between the properties.

MR FEUTRILL: Broadly speaking, what is the nature of the loyalty program?

10 MR PRESTON: It's like the usual customer reward loyalty reward program. When you use your card to participate in activities at the property, you get loyalty points.

MR FEUTRILL: Does it operate in a similar way to a frequent flyer program? Are there grades, where you start on bronze, go to silver?

15 MR PRESTON: There's an entry level through to a top level and various grades in between.

MR FEUTRILL: Is the level, if I can make an assumption here, or the type of card you have determined by reference to how much you gamble?

20 MR PRESTON: Well, two parts to that, one of which is the level of spend. But it's not just gambling, it also includes activity at other parts of the property, so hotel activity, food and beverage activity, entertainment activity. So you can earn points across the property.

25 MR FEUTRILL: Were you familiar, during the period you were chair of the Responsible Gaming Management Committee, with a research paper commissioned by Gambling Research Australia that dealt with loyalty programs?

30 MR PRESTON: I vaguely recall a paper.

MR FEUTRILL: I believe it's referenced in the Victorian report, so it might be easiest if I take you to that and it might refresh your memory. The particular paper I have in mind is page CRL.508.001.8155. I direct your attention to the right-hand column, the last major paragraph referring to a 2014 paper. When you finish on that page, continue on to the following page.

35 MR PRESTON: Thank you, operator. I don't remember the detail. I remember a paper but I certainly don't remember the detail until I've just seen it.

40 MR FEUTRILL: I understand. Were you aware during the period you were the chair of the Responsible Gambling Management Committee of the existence of the paper?

45 MR PRESTON: As I said, I recall a paper and I can't remember when I saw it. This was dated 2014, but I do recall a paper.

MR FEUTRILL: Do you recall the general thrust of the paper being that loyalty

12:00PM

programs have the propensity to result in problem gamblers?

5 MR PRESTON: The potential to have an impact on a number of people pertaining to their gambling behaviour. It was a background occurrence?

MR FEUTRILL: Because it's a form of encouraging people to continue to gamble because they move up in the frequent flyer status.

10 MR PRESTON: That's one element.

MR FEUTRILL: Did you understand, in the period you were the chair of the Responsible Gaming Management Committee, that a reason for the mandatory requirement in Victoria to provide player activity statements with the loyalty program was because of that propensity to cause harm?

MR PRESTON: No.

20 MR FEUTRILL: Can I ask the operator, please, to take us to document GWC.0002.0016.0281. The actual page reference in this document, again it's an agenda paper, is page ---

MR PRESTON: I can't read it.

25 MR FEUTRILL: --- 03, an attachment to --- an attachment list. First, do you have a recollection of Crown making a submission to the GWC to decrease the speed of play on its EGMs?

MR PRESTON: I do.

MR FEUTRILL: Do you remember being involved in the preparation of this letter?

MR PRESTON: I do.

35 MR FEUTRILL: To be fair to you, it's signed by Mr Felstead. I'll take you to the page where --- it's on page 9. But I note that your name on the first page of the letter is part of the reference, so I take it you were involved in the preparation of this?

MR PRESTON: Yes.

40 MR FEUTRILL: Do you recall making a presentation to the GWC on this proposal?

MR PRESTON: Vaguely, yes.

45 MR FEUTRILL: The question I really have for you is in November 2018 you had described the rate of --- the speed of play in Western Australia as a part of the Responsible Service of Gaming framework?

12:04PM

MR PRESTON: Yes.

MR FEUTRILL: Namely, the five seconds in contradistinction to other States. By  
5 March 2019, you were promoting a reduction in the rate of play --- speed of play?

MR PRESTON: Yes.

MR FEUTRILL: Was consideration given to the impact of that by the Responsible  
10 Gaming Management Committee?

MR PRESTON: I can't recall who gave consideration to it but it was certainly a  
consideration.

15 MR FEUTRILL: Was the main consideration, from Crown Perth's perspective, to  
increase revenue by virtue of decreasing the speed of play?

MR PRESTON: That was a consideration, a key consideration.

20 MR FEUTRILL: To what extent, to your knowledge, was any consideration given to  
the impact that may have on patron welfare?

MR PRESTON: As I said, Responsible Gaming was a key consideration as well and  
25 understanding the detail as presented to us by the gaming department to support this  
proposition was, in simple terms, five seconds to three seconds. But when five  
seconds was approved in the '80s, they were, again this is from memory, they were  
related largely to machines that were standalone. By that I mean machines now are  
all linked. Pretty much most machines on the gaming floor are all linked to jackpots  
and features, which weren't an element of game design in the mid '80s. So the actual  
30 average spin rate for all machines that had features and jackpot links, which were  
pretty much all machines as I recall, was not less than five. So it was still a five-  
second spin rate in the context of each and every event, and that was an important  
consideration in the context from a Responsible Gaming perspective. It was very  
different to the other jurisdictions across the country.

35

MR FEUTRILL: You may have answered the next question I have for you. Can I  
draw your attention to page 9 of that document. There's a heading "Responsible  
Service of Gambling" and then there's a paragraph that commences:

40 While Crown Perth has a sound and robust RSG framework and is highly *committed*  
*to ensuring all gaming products and services are offered in a responsible manner.*

It goes on to say:

45 We are of the respectful view that the proposed ..... That's to the appendix:



..... will not have any impact on gambling related harm.

MR PRESTON: Yes.

5

MR FEUTRILL: Is the answer to --- is the basis for that the answer you gave to the previous question about the spin rates?

MR PRESTON: Well, that's one part of it.

10

MR FEUTRILL: What's the other part of it? Why did you form the view --- first of all, did you share the view of Mr Felstead that it would not have any impact on gambling related harm?

15 MR PRESTON: Yes, it wouldn't have any material impact, that was my view, taking into account the Responsible Gaming framework, the actual reality of the request which was still not less than a five-second spin rate, and the RSG structure supporting the gaming activities was, in our minds, strong, remained strong.

20 MR FEUTRILL: This letter doesn't say it will not have any material impact, it says it will not have any impact on gambling related harm.

MR PRESTON: That was my view.

25 MR FEUTRILL: Does it continue to be your view that a change in the rate, speed of play, and the amendments that were made to the Western Australian appendix to the standard would have no impact?

30 MR PRESTON: There's the potential for an impact but our view, taking into account the framework we had in place which we believed was very strong, would manage the impact. They would make observations, they would look if there was any great change in any player behaviour to see if there was impact. And this was a very slow rollout. This wasn't turn the machine on or turn the casino on one day and it was all a reduced rate, this was about machine change-out. So it was going to take a longer  
35 period of time for the floor complement to get to this position.

MR FEUTRILL: Was it your intention to collect the data and monitor as it was happening?

40 MR PRESTON: My expectation was, from an RSG perspective, that they would keep an eye on changing trends or any behaviours through the concerning behaviour reports profile or otherwise, to see if there were any trends forming.

45 MR FEUTRILL: Was there any obligation or requirement, to your knowledge, to provide the GWC that information?

MR PRESTON: Not that I recall. We were providing information to the GWC on

responsible gaming data on a regular basis. At this point in time, (inaudible) but not specifically to the change, that I can recall.

5 MR FEUTRILL: When you made your presentation to the GWC on this proposal, was there any discussion at that time about the potential impact of the change on gambling-related harm?

MR PRESTON: With the Commission?

10

MR FEUTRILL: When you presented to the GWC?

MR PRESTON: I can't recall, sorry.

15 MR FEUTRILL: Do you recall whether there were any questions asked of you by members of the GWC about gambling-related harm?

MR PRESTON: I can't recall.

20 MR FEUTRILL: Is it the case that the real reason for proposing this change was a desire to increase the revenue of the casino?

MR PRESTON: I don't think there's any doubt that was a key reason.

25 MR FEUTRILL: Is it the case that, in reality, the casino really had no regard at all to the impact it would have on player welfare?

MR PRESTON: I absolutely disagree with it.

30 MR FEUTRILL: Can I take you to CRW.008.044.0236. Again, I think this letter is signed by Mr Felstead and you will see that on page 0242. Sorry, I may not have identified the beginning of the document. My apologies. I did. On the last page at 0242 its signed by Mr Felstead, but again it has your name as part of the reference. Do you have a recollection of being involved in the preparation of that letter?

35

MR PRESTON: Yes.

MR FEUTRILL: This concerned the introduction of a cashless system on the gaming footprint at Perth Casino?

40

MR PRESTON: Yes.

MR FEUTRILL: Again, this decision you made in November 2018, you identified as part of the Crown Perth Responsible Service of Gaming framework the existence of prohibition or a restriction on the ability to obtain cash through ATMs?

45

MR PRESTON: Yes.

12:11PM

MR FEUTRILL: This, effectively, was sweeping that to one side, was it not, this proposal?

5 MR PRESTON: To some extent, it was certainly a relevant consideration.

MR FEUTRILL: The consequence of this is, save for the case of credit cards, there was no restriction anymore on a person being able to withdraw funds, from the casino's perspective, in a cashless way to continue gambling?

10

MR PRESTON: That's correct.

MR FEUTRILL: The only limit, if any, on the ability of a player to continue to gamble in that fashion was any restrictions the bank may have placed on withdrawals by Eftpos on a given day?

15

MR PRESTON: No.

MR FEUTRILL: No?

20

MR PRESTON: No, there were specific restrictions with this system, as I recall, as to the ability to withdraw a certain amount.

MR FEUTRILL: What was the restriction?

25

MR PRESTON: I can't recall off the top of my head, sorry. It was certainly a lower number than \$400.

MR FEUTRILL: Lower than \$400?

30

MR PRESTON: If I recall correctly.

MR FEUTRILL: We'll need to check that, but that doesn't appear in the letter, I don't I believe.

35

MR PRESTON: Yes, and I'm not sure whether there was following correspondence to this, but the actual operation of the system was carefully managed, its parameters.

MR FEUTRILL: Was the management by way of access through the cage? Could you access it through the cage alone or could you --- was a person able to tap and go at a table game, for instance?

40

MR PRESTON: This was tables and cage.

45 MR FEUTRILL: Can I ask you now to turn to your witness statement and I particularly want to draw your attention to paragraphs 151 and 152. There are a number of paragraphs in your statement dealing with the same topic in different areas and I'm referring now to the China arrests, if I can use that label. You know what I

mean by that?

MR PRESTON: Yes, I do.

5

MR FEUTRILL: Elsewhere in your statement you have indicated that you made a presentation to the GWC and although you were the author of that presentation, the document that was presented, you were not, in fact, the author of it, it had been prepared by someone else?

10

MR PRESTON: I presented it but I wasn't the author.

MR FEUTRILL: I take you to GWC.0002.0016.0211. I appreciate these are the minutes of the GWC meeting. I also want to draw your attention to page 2 under the heading "Casino Matters, 6.2 Presentation". I ask you to read the explanation attributed to you. There are one, two, three paragraphs on that page and one paragraph on the following page.

15

MR PENGLIS: So I can read it, because I don't have a screen here, can I ask for the first page to be expanded. Then when Mr Preston is ready, we can just turn the pages one by one. I'm grateful, thank you.

20

MR PRESTON: I think it's the bottom of the page, the bottom half it starts.

MR FEUTRILL: Yes, it should be down to 6. Keep going. The top of the second page there as well, that would be good. It seems that second page is not available, so when you've finished reading the first, let us know.

25

MR PRESTON: Yes, thank you. Yes.

30

MR FEUTRILL: In your view, is that an accurate record of the substance of what you had to say at that meeting?

MR PRESTON: That reflects, as I recall, what was said, but I can't say whether that was the only thing that was debated or discussed, but that seems to reflect, best I can recall, what was discussed.

35

MR FEUTRILL: The tenor of what you had to say about the circumstances in which the employees were arrested in China, and so forth?

40

MR PRESTON: Yes.

MR FEUTRILL: You said in your statement that a presentation was prepared for you. Do I take it that was some form of PowerPoint presentation or a written document of some description?

45

MR PRESTON: It was a PowerPoint presentation.

MR FEUTRILL: Who, to your knowledge, was the author of that?

5 MR PRESTON: As best I can recall, there were a number of people who were involved in it, which included some Crown Resorts management, some representatives from Crown Melbourne and external lawyers.

10 MR FEUTRILL: Because I think you said in your statement that communications --- I think you said, and if I'm wrong, please correct me. I'm sure Mr Penglis will. That communications with GWC were managed by Crown Resorts?

MR PRESTON: That's correct.

15 MR FEUTRILL: To the best of your recollection, who within the Crown Resorts structure was taking responsibility for the preparation of the presentation you gave to GWC?

MR PRESTON: I think it might have been Rowan Craigie.

20 MR FEUTRILL: Is there anyone else in the management structure who had a hand in the preparation of that document?

MR PRESTON: Possibly Carl Bitar, Carl Bitar who worked for Crown Resorts.

25 MR FEUTRILL: What about Mr Felstead, did he have any role ?

MR PRESTON: Not to my knowledge.

30 MR FEUTRILL: Mr Barton?

MR PRESTON: Not to my knowledge.

35 MR FEUTRILL: Was the fact of your communications with the GWC reported to Burswood Ltd?

MR PRESTON: I can't recall.

40 MR FEUTRILL: Did you have any conversations that you can recall with independent directors of Burswood Ltd before or after the presentation was made?

MR PRESTON: I don't recall.

45 MR FEUTRILL: From whom did you receive the instruction to make the presentation?

MR PRESTON: It was either Rowan Craigie or maybe John Alexander.

MR FEUTRILL: At that time was Mr Alexander chair of the Burswood Ltd board?

MR PRESTON: Yes, he was.

MR FEUTRILL: Was Mr Alexander also chair of the Crown Resorts board?

5

MR PRESTON: Yes, he was.

MR FEUTRILL: Do I understand from the evidence that, in your mind, you took this as a direction from Crown Resorts?

10

MR PRESTON: Yes.

MR FEUTRILL: Can I ask you then to focus on a different part of your statement. It's on page 207. You will recall again I asked you a series of questions relating to a presentation given in August 2019 to the GWC?

15

MR PRESTON: Yes.

MR FEUTRILL: Again, you attended the GWC and provided a presentation to them with --- you were accompanied, I think, on this occasion by someone else?

20

MR PRESTON: Mr Marais.

MR FEUTRILL: Mr Marais. Again, I think I'm right in saying your evidence is to the effect that the response to the 2019 media allegations was being managed by Crown Resorts?

25

MR PRESTON: Yes.

MR FEUTRILL: You were part of that management process in your role for Australian Resorts?

30

MR PRESTON: Can I just get you to repeat that or explain what you mean by "management process"?

35

MR FEUTRILL: You were involved in developing with the rest of --- with the Crown Resorts managers, the response that Crown made to the media allegations?

MR PRESTON: I provided information to the Crown Resorts board and then Crown Resorts prepared a response and I saw that response in draft and looked at the relevant parts from my perspective.

40

MR FEUTRILL: You're referring now to the media --- the advertisement published in various newspapers?

45

MR PRESTON: Yes.

MR FEUTRILL: In relation to the presentation you gave in August 2019 to the GWC, who prepared --- again, that was done by PowerPoint, wasn't it?

5 MR PRESTON: Yes, it was.

MR FEUTRILL: Who prepared that particular document?

10 MR PRESTON: I can't recall specifically but it was a number of people who had input into it and it would have been a combination of teams from Melbourne and Perth.

15 MR FEUTRILL: In distinction to the earlier presentation given in 2017 considering the China arrests, were you involved in the preparation of the 2019 PowerPoint presentation?

MR PRESTON: I certainly reviewed it when it was prepared for me.

20 MR FEUTRILL: Did you understand at that time --- did the information contained in it at that time reflect your view?

MR PRESTON: Yes, it did.

25 MR FEUTRILL: In the case of that presentation, who gave you the instruction to present it to the GWC?

MR PRESTON: It might have been at the request of the Commission, but I can't recall definitively.

30 MR FEUTRILL: Did you discuss with any more senior manager within the Crown Group the fact of the presentation being given to the GWC?

MR PRESTON: Yes, management knew about it.

35 MR FEUTRILL: Were those discussions before the presentation was made?

MR PRESTON: Yes.

40 MR FEUTRILL: With whom did you have those conversations?

MR PRESTON: It was well understood that I was making this presentation by Crown Resorts management, some of the Burswood Ltd board members, that I was doing this presentation.

45 MR FEUTRILL: When you say it was well understood, how do you have that knowledge?

MR PRESTON: Because I recall it being discussed that I would be doing a

presentation pertaining to the allegations to the Gaming and Wagering Commission.

5 MR FEUTRILL: Did that discussion take place in the presence of the members of Crown Resorts?

10 MR PRESTON: Certainly Mr Felstead was well aware of it, Mr Barton was well aware of it, Mr Alexander was well aware of it and it was discussed at length, like all the matters that we were dealing with at this point in time, and that was one of them.

MR FEUTRILL: Before it was finalised or completed for presentation, was it, to your knowledge, reviewed by any more senior manager?

15 MR PRESTON: I can't recall who else looked at it.

MR FEUTRILL: Did you provide it to anyone, to your, recollection, prior to presentation for approval?

20 MR PRESTON: I can't recall.

MR FEUTRILL: What then was the source of the information used in its preparation?

25 MR PRESTON: The source of the information was that information that had been gathered for the purpose of preparing the briefing for the board, and the source was from the business units who had information to provide relevant to the allegations we had been responding to.

30 MR FEUTRILL: Was anyone under your direct supervision responsible for its preparation?

MR PRESTON: The teams that were largely collating and putting it together were my teams.

35 MR FEUTRILL: From whom did you receive, if you like, the product for settling? Who was the person who prepared that for you?

MR PRESTON: I can't recall specifically who actually gave it to me to look at.

40 MR FEUTRILL: Did you have any --- I think you have mentioned Mr Felstead and Mr Barton at this time were codirectors of Burswood Ltd. Did you have any discussions directly with Mr Alexander at this time?

45 MR PRESTON: I indicated I had spoken to --- Mr Alexander was aware of this as well.

MR FEUTRILL: Sorry, I'd forgotten that. Of the Burswood Ltd board you had, in effect, spoken to three of its directors albeit as executives of Crown Group?



MR PRESTON: Yes, and I can't recall specifically but most of these matters were being discussed at the board level on an ongoing basis.

5 MR FEUTRILL: When you say the board level?

MR PRESTON: Sorry, there were specific board meetings, Crown Resorts board meetings being held for a period of time, dealing with this matter.

10 MR FEUTRILL: To your knowledge, was there any board meeting of Burswood Ltd convened for the purposes of considering a response by Crown Perth to the media allegations?

MR PRESTON: Not that I recall.

15

MR FEUTRILL: To your knowledge, was there any discussion by you with any of either of the independent directors of Burswood Ltd at that time?

MR PRESTON: About?

20

MR FEUTRILL: The response to the media allegations?

MR PRESTON: Well, no. Mr Poynton was on the Crown Resorts board at that point in time, so he was certainly aware of the responses provided by the business.

25

MR FEUTRILL: In the case of Mr Poynton, are you indicating that he was present at a board meeting when your role was discussed?

MR PRESTON: My role, sorry?

30

MR FEUTRILL: Your role in providing information to the GWC.

MR PRESTON: No, it was about responses. So Mr Poynton was well aware, obviously, of the responses pertaining to Crown's response to the allegations. I don't recall whether Mr Poynton was at a board meeting where my --- what I was being asked to do was discussed pertaining to responding to or providing information to the Gaming Commission.

35

MR FEUTRILL: Alright. Then do I take it you don't recall having any conversations with Ms Fewster about this at the time?

40

MR PRESTON: Not prior to a response --- not prior to my presentation.

MR FEUTRILL: Not before your presentation. And what about after your presentation then? Was there a board meeting convened by (inaudible) to your recollection some time after the presentation?

45

MR PRESTON: Not a special board meeting but there was a usual board meeting --- there would have been a meeting posted, I'm not quite sure of the time, but as I recall there was a reference made to it. I can't recall the detail but I'm certain there was a reference made to the fact that I'd presented to the Gaming and Wagering Commission.

MR FEUTRILL: Alright. Now, I will ask you just some general questions about the nature of the way in which the Perth Casino has been regulated over the course of your employment with the Crown Group. I'm going to ask you some things in a general way and, again, feel free to disagree or qualify these. Would it be fair to say that at the time that you commenced employment with the Crown Group, the nature of the regulations in Western Australia, it was more highly regulated by the time you commenced than it was at the time you had departed?

MR PRESTON: I don't necessarily agree with that.

MR FEUTRILL: All right, I'll give you some specific examples --

MR PRESTON: Sorry, I might add, save for the removal of the 24/7 government inspector presence.

MR FEUTRILL: Yes, I'll take you through some of the examples to see what views of the outcome of that from a regulatory point of view. So in 2010, you were aware that the regulations concerning the junkets were removed from the regulations of the GWC regulations?

MR PRESTON: Yes.

MR FEUTRILL: And the consequence of that was that prior approval of junket operators and junket representatives was no longer required by the GWC?

MR PRESTON: Prior to that it was required.

MR FEUTRILL: Prior to that it was and after it wasn't?

MR PRESTON: That's correct, yes.

MR FEUTRILL: So after the removal of those regulations, the approval process for junket operators was solely within the remit of Crown Resorts or Crown Perth?

MR PRESTON: Yes.

MR FEUTRILL: So that's a form by which regulation has been reduced of that area of Crown Perth's operations?

MR PRESTON: Of that specific area, yes.

MR FEUTRILL: Now, in 2015 you've mentioned there was a change in the way in which the department, departmental officers operated their inspections at the casino?

5 MR PRESTON: Yes.

MR FEUTRILL: It went from a 24-hour, 7-days-a-week presence to something more remote?

10 MR PRESTON: Yes. Well, more remote but less time on site.

MR FEUTRILL: Less time on site. Now, I think I'm right in saying in the course of your evidence in the Bergin Inquiry you accepted that it was a good feature of regulation to have a 24-hour, 7-day-a-week presence by the regulator on the  
15 premises?

MR PRESTON: Yes.

MR FEUTRILL: That's because it's a stronger form of regulatory oversight than  
20 having a remote presence, correct?

MR PRESTON: That's one element of it.

MR FEUTRILL: Yes. So the removal of 24-hours, 7-day-a-week presence of a  
25 government-regulated officer is another form of reduction in regulatory oversights during the course of your time?

MR PRESTON: I agree with that in isolation but it's my view it's not in isolation it  
30 should be considered because there's various technologies that have changed over time, various other control measures in place that a regulator can use to their advantage from a regulatory perspective.

MR FEUTRILL: Yes, okay. I'm just trying to explore your view in a general sense,  
35 in a general sense whereby if I put it to you this way, that the oversight by the GWC may have already been moving in this direction but by the time you ended, it was moving in this direction. It went from one of a more prescriptive version of regulation to what is termed in modern parlance risk-based regulation?

MR PRESTON: Yes, that was a change in philosophy, as I understand it, from the  
40 regulatory.

MR FEUTRILL: And the consequence of that change in philosophy is that the onus  
is placed more heavily on the party regulated to ensure a compliance with the  
45 regulatory framework?

MR PRESTON: Yes, I'll accept that.

MR FEUTRILL: And the process by which the regulator the regulates effectively is

a risk-based approach or monitoring of what the regulated party is doing?

MR PRESTON: Yes.

5

MR FEUTRILL: Now, in a risk-based framework of regulation, do you accept the proposition that the regulator relies heavily on the integrity of the party regulated?

MR PRESTON: That's an important part, yes.

10

MR FEUTRILL: And as part of that, it is incumbent upon the regulated party to be candid with the regulator who regulates it?

MR PRESTON: Yes.

15

MR FEUTRILL: And that --- the degree to which the regulated party fulfils that role of candour and reflects on its suitability to hold a casino licence, in this instance, doesn't it?

20

MR PRESTON: Yes.

25

MR FEUTRILL: Now, I just want to ask you some questions specifically relating to the way in which junkets were regulated, and something that you may be able to assist the Commission with is to understand the way in which the casino manual of operations dealt with junkets because you may recall there was an amendment to that in 2017.

MR PRESTON: Yes.

30

MR FEUTRILL: So in the presentation you gave to the GWC you mentioned that by 2017 that there was no requirements for the Perth Casino operator to provide the department, the GWC, with any information about junket operators?

MR PRESTON: Yes.

35

MR FEUTRILL: In Victoria, the position was different. There was a retained requirement to notify the Victorian regulator who was operating the junkets to the Melbourne Casino?

40

MR PRESTON: Yes.

45

MR FEUTRILL: Now, can I ask you to turn to paragraph 103 of your witness statement. I'm not sure I understand the process correctly. It's quite a long paragraph, it deals with quite a lot of subject matters. Essentially the process by which at the time you gave evidence in the Bergin Inquiry, Crown approved junket operators. Now, there's, in paragraph H, there's a reference to three representatives having responsibilities for approval of junket operators. There was Mr Felstead, Mr Johnston and yourself and, as I understand, that process was introduced after the

China arrests in 2016.

5 MR PRESTON: It was introduced a period of time after the China arrests. Originally this process was dealt with by a broader committee that went through all of Crown's junkets. So the smaller committee was formed on the basis that there were less junkets to review because they'd all been dealt with originally.

10 MR FEUTRILL: Now --

MR PRESTON: Which was through the VRP --- I think it was called the VRP Operations Committee.

15 MR FEUTRILL: I think you've noted here, from memory, in N, you made the point there about the requirement to provide a profile to the Melbourne regulator and not Perth?

MR PRESTON: Yes.

20 MR FEUTRILL: Now, there's a topic that is of interest, just trying to find a reference for it. I've got a reference to D which may or may not be right. I apologise. I'll find the reference. I'll tell you what the effect of the evidence is and you can explain --- here we go, sorry, I've got it here. My apologies. So it's on page --- it's part of H and it's on page 40. There's a reference at the bottom of the page to  
25 you explaining the process of consideration of due diligence information.

MR PRESTON: Can I just check H, page 40, I've got H on page 38.

30 MR FEUTRILL: You have. So it starts on --- sorry, it's I, my apologies. I think it's I(iv). It's all a bit confusing. So in that paragraph you're describing the due diligence process and at the foot of the page on page 40 is a reference to the screening that's undertaken at the board (inaudible) the Department of Home Affairs. I just want to understand what it is about that that you regard as the strengthening of the process. So first of all, what do you understand to be the process that's undertaken at the  
35 border for a junket operator or a junket representative into Australia from a foreign jurisdiction?

MR PRESTON: The same process as any foreign national coming into this country.

40 MR FEUTRILL: Do you understand to undertake a detailed background profiling of people entering Australia?

45 MR PRESTON: As I understand it, they --- all essentially coming into this country must pass a reasonable person test with the issuance of visas and the coming through our borders which, in my mind, is a really important measure and that the regulatory agency responsible for people coming into the country are checking them as they come through.

MR FEUTRILL: All right, now, and is it the case then that part of what you see as the risk management of junket operators and junket representatives involved the fact that the Australian Government would be undertaking a reasonable person test at the border on entry of those people?  
5

MR PRESTON: That was another control measure.

MR FEUTRILL: Now, it's the case, is it not, that insofar as junket operations were concerned, Crown Perth made its commercial arrangements with the junket operator?  
10

MR PRESTON: That's correct.

MR FEUTRILL: You didn't have a commercial arrangement with the junket representatives?  
15

MR PRESTON: No, it was with the junket operator.

MR FEUTRILL: Right, now a junket operator did not need to travel to Perth each time a junket was under operation, did it?  
20

MR PRESTON: That's correct.

MR FEUTRILL: They could send a junket representative?  
25

MR PRESTON: That's correct.

MR FEUTRILL: And that was the person who was authorised in the Perth Casino by the Perth Casino chief to carry out the junket while it was being performed in Perth?  
30

MR PRESTON: Finalised, that's correct. Yes.

MR FEUTRILL: As far as due diligence on the junket operator is concerned, if the junket operator never travelled to Australia there would be no opportunity for the Australian Government to have the border check on that person, correct?  
35

MR PRESTON: The process, I recall, is that they had to have travelled to Australia before they could participate in a junket, before the junket could operate, and they had to have come back into the country within a certain period of time.  
40

MR FEUTRILL: All right. So is that part of your approval process?

MR PRESTON: That's part of the approval process per se.  
45

MR FEUTRILL: I mean --

MR PRESTON: Sorry, that's the Crown approval process in terms of junket

operators.

MR FEUTRILL: It's part of the compliance, was it?

5

MR PRESTON: No, part of the Crown approval process. So one process was for you to be a junket operator, you could go through all the various checks and balances but one thing that had to occur was you had to come into Australia.

10 MR FEUTRILL: Okay. Thank you for that clarification. Now, I think you've mentioned in your statement, I just want to understand the --- what the function of this body was. There's a reference to an operations - or operations meetings or --

MR PRESTON: The VIP operations, sorry.

15

MR FEUTRILL: No, this is with the department.

MR PRESTON: Yes, the operations meetings.

20 MR FEUTRILL: The operations meetings. How regularly were they held?

MR PRESTON: Monthly.

25 MR FEUTRILL: Monthly. Is it the case they ordinarily were held after a GWC meeting?

MR PRESTON: To the best of my recollection, yes.

MR FEUTRILL: And you --- I think you were the chair?

30

MR PRESTON: Yes, I was.

MR FEUTRILL: And the permanent members of that committee were who? What were their positions?

35

MR PRESTON: The Chief Casino Officer, generally speaking two other senior members of the Gaming Department, or the government department. The General Manager, Legal and Compliance, Chief Operating Officer of Gaming, Manager of Gaming Products and Manager of - title was Manger of Regulatory, I think that was the roll call, the composition.

40

MR FEUTRILL: Now the names of those positions may have changed from time to time but would you say in a period of around --- you can tell me if these are wrong or not --- I would say for some period before your departure, the Chief Casino Officer was Mr Connolly?

45

MR PRESTON: Yes.

MR FEUTRILL: And he was a regular attendee at those meetings?

MR PRESTON: Yes, he was.

5

MR FEUTRILL: You were chair of that committee. You were a regular attendee.

MR PRESTON: Yes.

10 MR FEUTRILL: I've forgotten the name of the position but the legal officer was Mr Marais?

MR PRESTON: Yes.

15 MR FEUTRILL: And a position as well dealing with regulation, that was Mr Hulme?

MR PRESTON: He had left some time before.

20 MR FEUTRILL: When did Mr Hulme leave?

MR PRESTON: I can't recall specifically but Mr Hulme had been out of the business for, I think, maybe, 12-24 months before I left. I can't recall specifically but he'd been out of the business for a while.

25

MR FEUTRILL: All right. But there was a period of time, was there not, when Mr Connolly, yourself, Mr Marais, and Mr Hulme all met regularly once a month on the operations meeting?

30 MR PRESTON: Yes.

MR FEUTRILL: Now, in the course of --- one of the, I guess, purpose or reasons for that meeting you discussed from time to time proposals of Crown Perth that were before the GWC?

35

MR PRESTON: That was one of the agenda items.

MR FEUTRILL: So you provided potentially advanced notice of proposals that were in the wings?

40

MR PRESTON: We were conscious of informing the regulator of matters that were potentially coming forward.

45 MR FEUTRILL: And was --- were you provided with information from Mr Connolly or the other departmental members of the operations meetings, with information on the deliberations of the department concerning the proposals from time to time?

MR PRESTON: No, not that I can recall. We would have a discussion about a



potential proposal as to --from the regulatory perspective. We were always conscious about what a regulatory perspective might be from a particular proposal. So there would be discussions about what we were considering and there were  
5 comments provided ranging from nothing to a particular point of view.

MR FEUTRILL: Was there discussion from time to time about progress of your proposals through the government system?

10 MR PRESTON: We were always interested in how matters were progressing as to timing, as to whether there were any issues that we could assist the regulator or the commission with. We were always engaged to understand what further we could do to assist.

15 MR FEUTRILL: So part of the subject matter of these meetings was to --- involving information exchange between Crown Perth and the regulator, or the department about --

MR PRESTON: I would describe it as that.  
20

MR FEUTRILL: Can I ask that we call up --- before I do, do you recall a time in 2014 when the GWC was considering a proposal to increase the speed of play of EGMs from five seconds to six?

25 MR PRESTON: No, sorry, I don't.

MR FEUTRILL: All right. I'll ask you a question in the abstract first and then I will take you to some documents. An increase in the speed of play from five to six seconds, had it been proposed, would not have been in the commercial interests of  
30 the Perth Casino, would it?

MR PRESTON: Not in isolation, without knowing the detail but it would appear to be not.

35 MR FEUTRILL: In general terms, it would result in a reduction in revenue because people would not be able to play as many games?

MR PRESTON: Yes.

40 MR FEUTRILL: Can I ask that we call up CRW.009.139.8384. I would just ask you to read that email and see if it refreshes your memory about the matter.

MR PRESTON: Just trouble the operator to move down the page, please. I'm struggling to --  
45

MR FEUTRILL: I'll show you another one and see if that helps. This is document DLG.8001.0022.7525. We really need to start at the end of this one. It's an email chain. Can I ask that the operator navigate to 7526.

MR PRESTON: Yes, that's --

5 MR FEUTRILL: Now does that help you with the question in 2014 you were aware of a potential proposal to increase the speed of play?

MR PRESTON: I have no independent recollection but obviously I was involved in it.

10 MR FEUTRILL: Okay. Well, do you --- can I just draw your attention to some aspects of the email to see if we can assist you to refresh your memory? Under the heading "Financial and flow-on effect" you will see there's a reference, you're responding to the request for information on impact.

15 MR PRESTON: Yes.

MR FEUTRILL: And you've given reasons that relate to effectively financial reasons, largely.

20 MR PRESTON: Yes.

MR FEUTRILL: You will see that this email doesn't make any mention of the impact on responsible service of gaming on patrons and whether it would be positive or negative. The question I have for you is whether --- given what you said you may not have a recollection --- whether you recall any reason why the impact on patrons was not part of your consideration when responding to the request?

25

MR PRESTON: No, I can't recall.

30 MR FEUTRILL: You appreciate it may be important to this Commission to understand the extent to which Crown Perth was continually giving consideration to Responsible Service of Gaming?

MR PRESTON: I understand that, yes.

35

MR FEUTRILL: In that context, have you still no recollection at all concerning about this proposal?

MR PRESTON: I don't recall this proposal, sorry.

40

MR FEUTRILL: I just wish to draw another aspect of this email to your attention which is the nature of the communication from Mr Connolly to you. This is on top of page 7525, and the reference he makes to his desire, at least, to put arguments against the increase of speed.

45

MR PRESTON: Okay, I've read that. Thank you.

MR FEUTRILL: Do you have any recollection of having discussions with Mr Connolly around this time relating to this proposal?

5 MR PRESTON: I'm sorry, I don't recall this proposal.

MR FEUTRILL: At the top, when you respond to Mr Connolly's email, you respond:

10 Thanks, mate, very much appreciated. Cheers, JP.

Is that the way in which you regularly communicated with Mr Connolly?

15 MR PRESTON: I regularly communicate like that with a lot of people, it's probably my nature, but I did communicate with Mr Connolly at times like that, yes.

MR FEUTRILL: Do you consider it an appropriate form of communication in that sort of familiar way with the Chief Operating Officer of the Perth Casino?

20 MR PRESTON: When it's read like this it looks a bit different, but that is a bit of my nature in a friendly environment. But I accept the fact that dealing with a Chief Casino Officer, the language is probably too familiar in this form.

25 MR FEUTRILL: Would it be open to infer from this, from a communication, that you had a friendship ---

MR PENGLIS: I object. You can ask the question whether or not something occurred, but not to infer ---

30 MR FEUTRILL: That is a fair enough objection.

Given the use of the familiar language in this email, am I right in thinking that you had a friendship with Mr Connolly?

35 MR PRESTON: I had a friendly relationship with Mr Connolly. I'd known him a long time.

MR FEUTRILL: What was the nature of your friendship with Mr Connolly?

40 MR PRESTON: Professional friendship. He was a regulator and I worked at the casino and I'd known him a long time. We'd dealt with a lot of matters together over the years.

45 MR FEUTRILL: When you describe someone as a friend, were you engaged in activities with him outside of working hours?

MR PRESTON: Apart from what I've referenced in my statement, no, I didn't socialise with Mr Connolly.

12:58PM

MR FEUTRILL: Was Mr Connolly the source of some information for you about the purchase of boats from time to time?

5 MR PRESTON: Yes, he was.

MR FEUTRILL: In terms of your relationship, you've referenced, I think, a fishing trip?

10 MR PRESTON: Yes.

MR FEUTRILL: You've identified at least one occasion when you went on a fishing trip with Mr Connolly?

15 MR PRESTON: There was only one.

MR FEUTRILL: Were Mr Marais and Mr Hulme involved in that?

20 MR PRESTON: As I recall, given it was some years ago, yes, they were.

MR FEUTRILL: You understood, did you not, at this time that during the period you were an employee of Crown Resorts, that Mr Connolly also had a friendship with Mr Marais?

25 MR PRESTON: Yes, I was aware of that.

MR FEUTRILL: He a friendship, additionally, with Mr Hulme?

30 MR PRESTON: Yes, I was aware of that.

MR FEUTRILL: The four of you, from time to time, engaged in what might be described as informal email communications?

35 MR PRESTON: From time to time.

MR FEUTRILL: To use the Australian vernacular, a bit of banter?

40 MR PRESTON: I'd have to see emails to suggest it was banter but there certainly was informal emails that circulated at times.

MR FEUTRILL: Perhaps this would be a convenient time.

COMMISSIONER OWEN: Yes. We'll come back at 2:00pm.

45 **ADJOURNED**

**[1:00P.M.]**

**RESUMED**

**[2:01P.M.]**

COMMISSIONER OWEN: Thank you, Mr Preston. Mr Feutrill.

5

MR FEUTRILL: May it please the Commission.

Mr Preston, can I ask you to turn to paragraph 230 of your statement, on page 86, and the paragraphs following that. This is in response to a schedule you received with your summons. Do you see there in paragraph 200-and (inaudible) you're acknowledging knowledge of friendships between Mr Marais, Mr Hulme and Mr Connolly. In paragraph 233 you use the expression "I too was friendly with Mr Connolly." It's the case though, isn't it, that he was a friend of yours?

10  
15 MR PRESTON: A friend through a professional relationship. We had a friendly relationship but, as I indicated, we weren't friends who socialised on a regular basis outside of work.

MR FEUTRILL: You didn't socialise on a regular basis outside of work, but the real point of my question is whether you regarded him as a friend?

20

MR PRESTON: Yes. I wouldn't disagree with that.

MR FEUTRILL: It is also the case, isn't it, that you knew that Mr Marais regularly went crayfishing with Mr Connolly?

25

MR PRESTON: Yes, I did.

MR FEUTRILL: And that also Mr Hulme regularly went fishing with Mr Connolly?

30

MR PRESTON: I don't know if I knew "regularly". I knew he had been fishing with Mr Connolly.

MR FEUTRILL: You were aware of a number of fishing trips that either Mr Marais or Mr Hulme and Mr Connolly attended throughout the time you were employed by the Crown Group?

35

MR PRESTON: I think there was a small number but there were more than one.

MR FEUTRILL: Some of these were not merely day trips, they were overnight or extended trips to say Jurien Bay, for example?

40

MR PRESTON: I recall a trip of that nature, yes.

MR FEUTRILL: And to the Mackerel Islands?

45

MR PRESTON: Vaguely recall.

MR FEUTRILL: It was also the case, was it not, that at the end of each crayfishing

season, Mr Connolly would put together a video and distribute it to you, Mr Marais and Mr Hulme?

5 MR PRESTON: I don't recall the video, sorry.

MR FEUTRILL: I'll show you DLG.8001.0030.0647.

MR PRESTON: Yes, I see that.

10

MR FEUTRILL: Does that refresh your memory as to the production of what Mr Connolly describes as a movie masterpiece of the crayfishing season?

MR PRESTON: I can't recall the video.

15

MR FEUTRILL: He posted it on YouTube?

MR PRESTON: I can't recall the video, so I'm sure it was posted but that seems to be not unreasonable.

20

MR FEUTRILL: But you look forward to critiquing it?

MR PRESTON: I indicate that I would be watching it.

25 MR FEUTRILL: Again you've used the expression there "mate", haven't you, in your communications with Mr Connolly?

MR PRESTON: Yes.

30 MR FEUTRILL: From approximately what point in time would you describe your relationship with Mr Connolly as developing into one of friendship?

MR PRESTON: I couldn't give you a time period. I've had an association with Mr Connolly through his role with the Department for --- well, since I started working with Crown, really.

35

MR FEUTRILL: So would it be fair to say that via your interactions with Mr Connolly over that time, you developed a friendship?

40 MR PRESTON: Yes.

MR FEUTRILL: It's also the case that Mr Connolly communicated with you in a manner that indicated he'd extended his friendship to you?

45 MR PRESTON: He communicated with me on a personal basis at times, yes.

MR FEUTRILL: Could I ask for the document CRW.705.002.2258 to be produced. This is an email chain involving you and Mr Connolly from September 2012 and you

will see Mr Connolly is extending an invitation to Mr Hulme, Mr Marais and yourself to go fishing on the good ship Compliance about halfway down the page?

5 MR PRESTON: Yes.

MR FEUTRILL: Again, you will see that Mr Connolly is dealing with you in a manner of friendship, really?

10 MR PRESTON: He's inviting me on a fishing trip, yes.

MR FEUTRILL: Your response is, "Looking forward to it, Mick", and there's also a misspelling of Mr Marais' name and you said, "I get the sense the skipper has been on the run." I describe that as banter.

15

MR PRESTON: Yes.

MR FEUTRILL: Indicating again that there's a friendship between you and Mr Connolly?

20

MR PRESTON: Yes, I would accept that.

MR FEUTRILL: So you could say certainly by at least the end of 2012, your relationship with Mr Connolly (inaudible).

25

MR PRESTON: I'd accept that.

MR FEUTRILL: Mr Marais reported to you in your role with Crown Perth throughout this period?

30

MR PRESTON: Yes, he did.

MR FEUTRILL: Mr Hulme, whilst he was employed, also reported to you, did he?

35 MR PRESTON: Yes, he did until about 2017.

MR FEUTRILL: Did you encourage Mr Marais and Mr Hulme to develop friendships with Mr Connolly in that time?

40 MR PRESTON: Mr Hulme had been a friend of Mr Connolly's. They were both, I believe, government inspectors together when the casino first opened or thereabouts, so they had known each other a long period of time. I encouraged my staff to have very positive relationships with all the regulators. In terms of encouragement, I wouldn't say I overtly encouraged them to be friends. However, that relationship developed and I supported a good, open, positive relationship between my staff and  
45 the regulator.

MR FEUTRILL: Would it be fair to say that as you became aware of the

development of friendships between Mr Connolly and Mr Marais and Mr Hulme, or you knew of Mr Hulme's, insofar as you were concerned, there was no reason for them not to continue to develop those friendships?

5

MR PRESTON: No, I held Mr Marais and hold Mr Marais in high regard as a professional with strong integrity, as I do with Mr Hulme and Mr Connolly, and I had no reason to believe there was anything inappropriate with those friendships.

10 MR FEUTRILL: Would you accept this general proposition, that a relationship of friendship between parties can extend to a sense of loyalty between them?

MR PRESTON: It's a possibility, yes.

15 MR FEUTRILL: In circumstances where one of the parties involved is the Chief Casino Officer or the Deputy Director of the Department and the other is a person who has a responsibility for regulation within Crown Perth, there is potential for divided loyalties where those parties are friends?

20 MR PRESTON: There's the potential.

MR FEUTRILL: There's also, from a perception point of view, from the public perception point of view, a recognition of a potential for that divided loyalty?

25 MR PRESTON: Perception perspective, yes, I agree with that.

MR FEUTRILL: So whilst you may not have, yourself, had any concerns about the integrity of those people involved, you would accept, would you not, from a perception point of view, the public could be concerned about divided loyalties?

30

MR PRESTON: From a perception perspective, yes.

MR FEUTRILL: Given that, do you consider it appropriate for the casino licensee in Western Australia to have permitted relationships of that nature to continue throughout the period you were overseeing Mr Marais and Mr Hulme?

35

MR PRESTON: I never saw any evidence of anything inappropriate and, as I said, my observations in dealing with these gentlemen over a longer period of time, I held them in very high regard and the concept of having friendships, I was not uncomfortable with it because I encouraged strong relationships with regulators. If they developed to friendships, you know, I wasn't adverse to that. The activities that were being undertaken were disclosed and I understand they were disclosed at the regulator as well, so that gave me enough comfort that it was an appropriate course of action. But having said that, from the perception perspective, I accept what you're saying.

45

MR FEUTRILL: To look at it from the public's perception perspective, Mr Connolly, Mr Marais, Mr Hulme and you were in operations meetings together



regularly, and at least Mr Marais and Mr Hulme were regularly fishing with Mr Connolly. Was there any point in time where you considered, given the perception that could result from that, that the friendship should be placed on hold or that people  
5 should not participate in the operational meetings?

MR PRESTON: The operational meetings were with various other people as well, other representatives from the regulator which changed over time and also other members from the Crown team as well. So it wasn't just the four of us meeting. I  
10 never observed anything in terms of inappropriateness but, again, as you've suggested, from a perception perspective, I accept that from a perception perspective it's not ideal.

MR FEUTRILL: Was that arrangement consistent with what you understood the  
15 Perth Casino conflict of interest policy to be?

MR PRESTON: There was a disclosure of the relationship and, if I recall correctly, it was disclosed and it was in accordance with that disclosure requirement.

20 MR FEUTRILL: To whom was the relationship disclosed?

MR PRESTON: Which relationship?

MR FEUTRILL: Let's take your relationship with Mr Connolly, to whom did you  
25 disclose that relationship?

MR PRESTON: The business knew I had a relationship with Mr Connolly. They knew I had a professional relationship with him, in a friendly sense. In terms of Mr Marais, Mr Marais had disclosed that to me and to Mr Felstead, and Mr Hulme had a  
30 relationship as a friend with Mr Connolly for a very long period of time before he worked at Crown.

MR FEUTRILL: Do you recall an event in 2015 whereby Mr Marais purchased a  
35 boat from Mr Connolly?

MR PRESTON: Yes, I do.

MR FEUTRILL: Do you recall becoming aware of that prior to the transaction?

40 MR PRESTON: Yes, I recall that Mr Marais did notify the business.

MR FEUTRILL: Did you have any concern about Mr Marais purchasing a boat from Mr Connolly?

45 MR PRESTON: Well, there's a couple of aspects to that, one of which is Mr Marais had disclosed it to myself. If I recall correctly, I had a discussion with Mr Felstead to get a sense from his perspective as well. Mr Marais described, if I recall correctly, the terms of the boat's purchase, which seemed to be commercial from my

perspective, not knowing the value of boats. Also, Mr Connolly was disclosing it internally from his perspective. So, from my view, the various checks and balances were being ticked off.

5

MR FEUTRILL: Did you, yourself, contact Mr Sargeant and have a discussion with him about this?

MR PRESTON: I don't recall.

10

MR FEUTRILL: Again from a perception point of view, would you agree with me that the Deputy Director of the Department purchasing a - selling a boat, I should say, to a compliance officer of Perth Crown Casino would create a public perception of a potential for conflict of interest?

15

MR PRESTON: In isolation, without the details, there could be a perception of concern, but not with the details as I appreciated them from my perspective.

20

MR FEUTRILL: Were any steps taken on your part to determine whether the transaction was, in fact, at arm's length?

MR PRESTON: I was advised of the transaction and I think I was advised of the cost and it seemed reasonable to me.

25

MR FEUTRILL: Sitting here today, would you accept that the public perception, knowing of the friendships between Mr Marais, Mr Hulme and Mr Connolly and the transaction involving the sale and purchase of a boat, the public of Western Australia --- it has the potential to undermine their confidence in the integrity of the casino operator?

30

MR PRESTON: I think that's a very broad statement. I accept there's a perception concern, I accept that. But, again, knowing what I knew about them and the circumstances, we didn't perceive it as a problem. But I accept, from a perception perspective, there would be some concerns raised.

35

MR FEUTRILL: From time to time, was it the case that either yourself or others, to your knowledge, provided gifts to departmental officers?

MR PRESTON: No, I have no recollection of it.

40

MR FEUTRILL: For example, if a departmental officer happened to be dining at one of the restaurants at the casino, complimentary meals or drinks were provided?

45

MR PENGLIS: I would ask for clarification (inaudible) question. It's very broad, yourself or other members. Given the nature of this question, I'd ask Mr Feutrill to be very specific, firstly, in regard to this witness and then, generally, in regard to others, rather than wrapping it all up in one.

COMMISSIONER OWEN: Yes, take that onboard, please, Mr Feutrill.

MR FEUTRILL: Yes.

5

In respect of yourself, Mr Preston, are there any occasions when you can recall providing gifts to departmental officers of the kind I've described?

MR PRESTON: I can't recall.

10

MR FEUTRILL: Were you aware of any other person so doing?

MR PRESTON: I can't recall.

15

MR FEUTRILL: Can I ask you to consider paragraph 234 of your statement under the topic 81. You have referenced there a trip to Macau involving Mr Felstead, Mr Sargeant and yourself. That trip was in 2013?

MR PRESTON: I believe that's right.

20

MR FEUTRILL: At around that time, Crown Perth was in the process of attempting to have the government allow a reduction in the tax rate for the International Commission Business, wasn't it?

25

MR PRESTON: I think that's (inaudible) time period. I can't recall specifically, sorry.

MR FEUTRILL: One of the purposes of this trip to Macau was to provide Mr Sargeant with some insight into the nature of the competition that Perth Casino was facing from casinos in the region?

30

MR PRESTON: Yes, that's correct.

MR FEUTRILL: Part of the reason for so doing was to attempt to persuade him to accept that there ought to be a reduction in the tax rate for the Perth Casino?

35

MR PRESTON: I don't recall there being a kind of discussion related to the direction in that position that you're suggesting.

40

MR FEUTRILL: Within the executive of Perth Casino, one of the objectives you had, was it not, was to educate Mr Sargeant about the competition faced by the Perth Casino?

MR PRESTON: That was part of the reason for the trip.

45

MR FEUTRILL: One of the reasons you promoted for the reduction in the tax rate to the Government of Western Australia was to increase your competitiveness against other casinos in the region?

MR PRESTON: To be able to compete, yes, that's true.

5 MR FEUTRILL: There was a connection, then, between a trip to Macau to educate Mr Sergeant and your desire, as an organisation, to reduce the tax rate?

10 MR PRESTON: I can't recall the timing with respect to the process, but Mr Sergeant being aware of the nature of the competition is obviously relevant to our propositions regarding ICB tax and ICB business.

MR FEUTRILL: You've indicated there that Mr Sergeant's travel and accommodation costs were paid for by Crown?

15 MR PRESTON: As I recall.

MR FEUTRILL: Whilst Mr Sergeant was in Macau, was any entertainment extended to him by Crown Perth?

20 MR PRESTON: In what respect?

MR FEUTRILL: Was he taken to restaurants on Perth Casino's account, for example?

25 MR PRESTON: If I recall correctly, Mr Sergeant paid for his own food expenses.

MR FEUTRILL: Do you have any recollection of attending a restaurant by the name of Jade Dragon with Mr Sergeant and Mr Felstead?

30 MR PRESTON: Possibly.

MR FEUTRILL: Are you familiar with the Jade Dragon restaurant?

35 MR PRESTON: The name rings a bell but I can't recall specifically what restaurant, Jade Dragon,

MR FEUTRILL: Do you recall if you attended a show known by the name House of Dancing Water?

40 MR PRESTON: Yes, I do recall that.

MR FEUTRILL: Did Mr Sergeant attend that with you?

MR PRESTON: I believe so.

45 MR FEUTRILL: Were the tickets paid for by Crown Perth, to your knowledge?

MR PRESTON: I'm unsure, sorry.

MR FEUTRILL: It's the case, isn't it, that in the end the GWC supported Crown Perth's submission to the Government to reduce the tax rate?

5 MR PRESTON: Yes.

MR FEUTRILL: During the time you were an executive of the Crown Perth Casino, you've mentioned earlier that you encouraged people reporting to you to develop and maintain a good relationship with the regulator?

10

MR PRESTON: Yes.

MR FEUTRILL: Was there a strategy within the Perth Casino executive to cultivate good relationships with the Department that was the regulator, more broadly? Not just you, but the executive team itself?

15

MR PRESTON: My expectation of anyone dealing with the regulator, they would be respectful and engaged, and that necessarily drove positive relationships.

20 MR FEUTRILL: Was one of the purposes for the cultivation of that relationship to facilitate approvals of proposals that Crown Perth made to the GWC?

MR PRESTON: No.

25 MR FEUTRILL: There are a number of decisions made by the GWC, to your knowledge, that involved the exercise of some discretion, correct?

MR PRESTON: Sorry?

30 MR FEUTRILL: It involved some discretion, decision making?

MR PRESTON: Yes.

35 MR FEUTRILL: You understand that the process of the GWC was that it received recommendations from members, officers of the Department?

MR PRESTON: Yes.

40 MR FEUTRILL: Did you not consider it advantageous to Crown Perth to maintain good relations between members of Crown Perth staff and the Department, for the purpose of facilitating decisions in favour of Crown Perth?

MR PRESTON: No, I didn't.

45 MR FEUTRILL: During the time you were employed by Crown Perth, would it be fair to say that you had a significant role in making applications to the GWC for approval?

MR PRESTON: Yes, on particular matters. Yes.

5 MR FEUTRILL: You were often the lead person making the applications or making representations to the GWC?

MR PRESTON: That was regular.

10 MR FEUTRILL: When you attended at GWC meetings, were there any occasions upon which you declared your friendship with Mr Connolly?

MR PRESTON: No.

15 MR FEUTRILL: You never indicated to them that you considered him to be your friend?

MR PRESTON: No.

20 MR FEUTRILL: Were there any occasions upon which you provided the GWC members with information about the nature of Mr Connolly's relationship with Mr Marais?

MR PRESTON: No.

25 MR FEUTRILL: Or Mr Hulme?

MR PRESTON: No.

30 MR FEUTRILL: In the period you were employed by the Crown Group, would it be fair to say that the vast majority of applications for approval in which you were involved, made to the Department --- sorry, to the GWC, were in fact approved?

MR PRESTON: I couldn't say.

35 MR FEUTRILL: Are you able to give the Commission any indication, from your recollection, as to an occasion when an application you made was not approved?

40 MR PRESTON: I can't recall. I don't know how many applications would have been made through to the regulator over the years. Some were approved, some were not approved, some were approved with conditions or had to be varied because they weren't satisfactory from the Commission's perspective.

45 MR FEUTRILL: Would it be fair to say that in your experience, and I'm just talking about your recollection here, it was a rare thing to get a knock-back?

MR PRESTON: We had a good number of our proposals approved and, again, our proposals were considered before we actually lodged them with the Department for

consideration.

MR FEUTRILL: I understand that. Coming back to my question, is the answer you  
5 consider it to have been a rare thing to receive a negative response from the GWC?

MR PRESTON: I just can't recall, sorry, in terms of numbers or rarity or not.

MR FEUTRILL: I have no further questions.  
10

COMMISSIONER OWEN: Thank you, Mr Feutrill. Mr Dharmananda.

MR DHARMANANDA: I think the second row are first today.

COMMISSIONER OWEN: Who is going first? Mr Evans?  
15

MR EVANS: It looks like it's me, Commissioner. Thank you.

20 **CROSS-EXAMINATION BY MR EVANS**

MR EVANS: Mr Preston, just a couple of points to clarify your evidence --- my  
25 apologies. I think Mr Preston knows I represent the Gaming and Wagering  
Commission in these proceedings.

Could I just clarify a couple of aspects of your evidence. Perhaps we can move to  
the last question that was put to you first, because I think you said something in  
30 explanation that may have been slightly lost. It was a practice, was it not, adopted  
over the course of a considerable period of time, for officers of the Casino and  
officers of the Department to liaise on prospective approvals?

MR PRESTON: That's correct. An important part of the operations meeting was to  
35 discuss any proposals, to get a flavour from a regulatory perspective, regulatory input  
at the outset, to assess whether we would progress with a proposal, whether we  
needed to reconsider a proposal or not progress with a proposal.

COMMISSIONER OWEN: I'm sorry, Mr Evans, I missed the question. Can you  
40 just repeat the question?

MR EVANS: The question was to the effect that there was a practice in place for  
many years of officers of the Casino and officers of the Department liaising on a  
proposed application for approval.

COMMISSIONER OWEN: Your question is between officers of the Crown and  
45 officers of the Department?

MR EVANS: That's correct.

COMMISSIONER OWEN: Thank you.

5 MR EVANS: Is it the case that matters that came formally before the GWC for approval had already been through a process in which they were discussed on a preliminary basis?

MR PRESTON: That's correct.

10 MR EVANS: To determine whether they would progress to an approval?

MR PRESTON: Indeed. I was always of the view that that was an important part of our teams, particularly in that operations meeting, that we had the product development manager and chief operating officer of gaming to get a very clear sense of regulatory concerns or regulatory considerations, so they could factor into proposals that might move forward.

15 MR EVANS: It is the case that a great number of those approvals, perhaps the considerable majority of those approvals, were for the approval of new electronic gaming machines?

MR PRESTON: They were the vast majority of matters that went to the Gaming and Wagering Commission, by far.

25 MR EVANS: To put this in context, at the time you ceased to be involved with Crown, the Perth Casino had something like 2,500 approved electronic gaming machines; is that correct?

MR PRESTON: That's correct.

30 MR EVANS: Every one of which required a separate approval?

MR PRESTON: Every type of machine.

35 MR EVANS: Every type of machine, yes.

MR PRESTON: And there would have been --- I'm not quite sure but it was most probably more than 100 different types of machine or more, and that would fluctuate over the years.

40 MR EVANS: Every change in the rules to those machines required an approval?

MR PRESTON: Correct. The same with table games as well and variations of table games, and jackpots and the like would require approval.

45 MR EVANS: Thank you. You sat on the Responsible Service of Gaming Committee for a considerable period of time; is that correct?



MR PRESTON: Yes, that's correct.

MR EVANS: You collected, on that committee, and you received reports on the  
5 patrons who played in the casino?

MR PRESTON: Yes, some statistics, yes.

MR EVANS: I want to understand a little bit about some of those statistics, if we  
10 could. I will call up two documents and can I have those documents brought up on  
counsel's, the commissioners' and the witness' screens only, not on the public feed  
and not on the large screen. Can I bring up CRW.700.045.6131. This is a type of  
report which I think was available in the early 2010s, perhaps around 2014. I don't  
15 have the precise date for it, unfortunately, Mr Preston. Do you recognise this type of  
report?

MR PRESTON: Vaguely.

MR EVANS: This lists the top five electronic gaming machine players for the  
20 month of January, broken into each of two groups. I take it the top group are local  
players and the bottom group are VIP or foreign and interstate players; is that  
correct?

MR PRESTON: No, I think they're all local. I think there's a difference between  
25 VIP1 and Platinum in terms of tiering, if I'm not mistaken.

MR EVANS: I take it from the club membership that these are all members of the  
rewards club?

MR PRESTON: It would appear so. I don't believe the ICB players had what would  
30 be referred to as Platinum or VIP1 cards. I believe they had a specific ICB card.  
The same function, but not called those. Hence, the reason I think this might be  
local.

MR EVANS: So we take it these are ten local players in two groups of five and they  
35 have been ranked in the table which appears by turnover; is that correct?

MR PRESTON: Yes.

MR EVANS: Can we look at the first name in that list and I will concentrate on that  
40 for a moment. There is a patron ID which I take it is the rewards club number?

MR PRESTON: Yes.

MR EVANS: There's a club status and with that status goes certain benefits; is that  
45 correct?

MR PRESTON: Yes, and access to areas.

MR EVANS: Yes. According to that status, you accrue points at a certain rate. Those points can be used to redeem certain benefits.

5 MR PRESTON: Yes.

MR EVANS: Including free play?

MR PRESTON: Yes.

10

MR EVANS: The turnover figure which is there shown, is that the amount physically bet through the gaming or through gaming machines in the month of January?

15 MR PRESTON: Not physically. Well, turnover as a concept, if you put money in and you win and you continue to bet, that acts as turnover. So that wouldn't represent that amount of money is going into a machine independently.

MR EVANS: But it's the amount which is transacted through the machine?

20

MR PRESTON: That's correct.

MR EVANS: The stroke, is that the number of games played?

25 MR PRESTON: That would appear to be correct but I'm not entirely sure. It's not my area of expertise.

MR EVANS: Turnover divided by stroke leads to average bet, by the look of things. Fairly simple arithmetic.

30

MR PRESTON: I'll take your word for it.

MR EVANS: The number of hours --- - this being a member of the rewards system, this is what's called carded play; is that correct?

35

MR PRESTON: Yes.

MR EVANS: Carded play records the number of hours that player spent in the casino in the month of January, actively playing games?

40

MR PRESTON: I would expect so.

MR EVANS: The theoretical win which then appears is slightly under 10% of the turnover. Now, that is what? Is that the theoretical house odds?

45

MR PRESTON: That's correct.

MR EVANS: The actual win is what the house actually won in that month?

MR EVANS: That is --- that's correct.

MR PRESTON: So that particular player beat the house but still lost?

5

MR EVANS: Correct.

MR PRESTON: The same can be true, therefore, by extrapolation for each of the other players?

10

MR PRESTON: That's correct.

MR EVANS: In two out of the ten cases, the player actually beats the house overall and makes profit?

15

MR PRESTON: Yes.

MR EVANS: Which is denominated by the negative figure in front of the actual win?

20

MR PRESTON: Correct.

MR EVANS: Otherwise the win figure is not the player's win figure but the house's win figure; is that correct?

25

MR PRESTON: The actual win is Crown's win.

MR EVANS: Thank you. Can I bring up CRW.700.045.6217. Expand the top table, if you can, as much as possible. This is a later document. This is a December 2019 report, so this is quite recent. It contains slightly greater detail than the report I just took you to. Can I take you down to the sixth row in that table and you will see that's the same name that was in the previous table?

30

MR PRESTON: Yes.

35

MR EVANS: You can take it from me it is the same patron ID number. The club status is now black.

MR PRESTON: Yes.

40

MR EVANS: Is that higher or lower?

MR PRESTON: That's higher than Platinum.

45

MR EVANS: Thank you. You will see a turnover figure for that month. Again, strokes, average bet, hours played, which again is carded play hours on the machine in that month.

MR PRESTON: I only hesitate regarding the actual hours on the machine, in that there are certain areas where people would leave cards in their machine, reserve the machine in the premium areas and at meals, or not be on the machine that whole  
5 period of time. That's the only reason I hesitate in the context of that hour --- that statistic.

MR EVANS: Yes, because one of the additional pieces of information we have in this case is the number of days played in this case.  
10

MR PRESTON: Yes.

MR EVANS: Mathematics would indicate that particular player was playing in the casino for 6.6 hours per day?  
15

MR PRESTON: Yes.

MR EVANS: The number of days played in that month?

MR PRESTON: Yes.  
20

MR EVANS: Thank you. We'll move on from that. You can take those down.

I turn to a different topic. One of your responsibilities, or one of the responsibilities  
25 of the compliance team within the Casino was to prepare a monthly report which was submitted to the Department for the attention of the GWC, which was a reconciliation report. Do you recall that?

MR PRESTON: As I recall, yes.  
30

MR EVANS: You were the signatory to that report from about August 2014?

MR PRESTON: I think it was prepared --- if I'm thinking about the right report, it was prepared by Finance?  
35

MR EVANS: Yes. But for some reason you were the signatory on it?

MR PRESTON: I think that's a historical hangover as to my predecessor.

MR EVANS: Your predecessor in that case was Mr Craig Spence as the signatory of that report?  
40

MR PRESTON: I was thinking of Mr Egan.

MR EVANS: As I understand it from the documents we have seen, up until August 2014, Mr Craig Spence was the signatory of this report  
45

MR PRESTON: I can't ---

MR EVANS: What was Mr Spence's role?

5

MR PRESTON: He was CFO of Crown Perth.

MR EVANS: For some reason, in August 2014 you took over?

10 MR PRESTON: Mr Spence left the business.

MR EVANS: I will take you to one, as an illustration. Can I bring up GWC.0001.0007.0355. This is a letter of 4 July 2019:

15 Please find enclosed in accordance with Burswood Casino directions ..... It's, relevantly, direction 4.1(b) and (c). A report --- the purpose of this is to submit to the Department a reconciliation of the chips and main banker control sheets which form a principal accounting control for the calculation of gaming revenues; is that correct?

20 MR PRESTON: Yes, as I recall.

MR EVANS: Accompanying those is a copy of the bank accounts of the approved banks or the approved bank accounts for the purpose of main casino gaming under direction 5.1?

25

MR PRESTON: Yes.

MR EVANS: You're the signatory of that document?

30 MR PRESTON: I am.

MR EVANS: Can I take you down --- no, I won't. I don't have the pinpoint, I don't think, but I will try to pick it up. Can I take you down to pinpoint 0033. Attached to the bundle of reconciliation sheets and bank statements which precede that is a bank  
35 statement from the Commonwealth Bank for account number 200015789581 in the name of Riverbank Investments Pty Ltd.

MR PRESTON: Yes.

40 MR EVANS: That is a Hong Kong dollar account; is that correct?

MR PRESTON: Yes, that's correct.

MR EVANS: My understanding is that up until this month, that is the July 2019  
45 submission, bank statements for the Hong Kong dollar account with Commonwealth Bank in the name of Riverbank Investments were the only Riverbank Investments accounts attached to these reconciliations?

MR PRESTON: I recall that came to my attention, I can't recall when. It came to my attention that within the bundle of documents prepared by Finance, there had been an omission of some of the other account details.

5

MR EVANS: That's what you say in the next document I will take you to, Mr Preston, GWC.0001.0007.0357. This is the letter of 23 August 2019 and what you just said is effectively picked up in the third full paragraph of that letter, is it not, "as discussed with Mr Paul Hulme"? Mr Hulme is a former Departmental officer who was at the time employed as Gaming and Regulatory Compliance Manager by Crown?

10

MR PRESTON: That's correct.

MR EVANS: What, for the first time, is submitted with this letter, and the pinpoint is 0046, is a different Riverbank Investments account in Australian dollars and that is the Riverbank Investments account which is the subject of the articles in the Sydney Morning Herald and The Age a few days prior, is it not?

15

MR PRESTON: Can I get you to repeat that, sorry, Mr Evans?

20

MR EVANS: This is the Riverbank Investments account which was the subject of the articles in the Sydney Morning Herald and The Age newspaper on 5 and 6 August 2019?

25

MR PRESTON: I'm not sure they were specific with respect to which account. It was Riverbank accounts, if I recall correctly.

MR EVANS: But it was the occasion of those newspapers which caused you to look at the Riverbank accounts which were being disclosed to the Department of the GWC and to make this production?

30

MR PRESTON: Quite possibly. It would seem to be about right.

MR EVANS: That was the first occasion on which these accounts had been disclosed to the Department (inaudible)?

35

MR PRESTON: If I recall, they had originally been disclosed and then, I understand from what I was advised, that for some unknown reason they failed to form part of the bundle that Finance were providing to go to the regulator.

40

MR EVANS: From at least April 2014 through to August 2019?

MR PRESTON: Possibly. That's, from recollection, what I was advised.

45

MR EVANS: Thank you. I will move to one final topic. Finally, I want to consolidate some of the evidence you gave in response to questions from Mr Feutrill.

This really is in relation to the role of Burswood Ltd and its relationship with Crown Resorts Ltd. I think it was your evidence that ---

5 MR DHARMANANDA: I'm sorry to interrupt but I don't know whether, with the names of those individuals there, that should be on the public screen.

MR EVANS: My apologies. It's my oversight to have it brought up in that form.

10 COMMISSIONER OWEN: Should we make a ---

MR EVANS: A non-publication order would be appropriate. There are individuals names (inaudible).

15 COMMISSIONER OWEN: Ye. Because there are individuals named there, we will make a non-publication order. Remind me of the number, please.

MR EVANS: The number is GWC.0001.0007.0355 - 0357. I've brought up the wrong document.

20

COMMISSIONER OWEN: There is a non-publication order in relation to the bank statement, the identifier of which Mr Evans has just read out.

MR EVANS: Commencing at pinpoint 0046. Thank you, Commissioners.

25

Mr Preston, to deal with this question of relationship, I think your evidence was to the effect that all of the key executives of Burswood Casino in Perth, by at least 2017 and subsequently, had reporting lines to senior executives at Crown Resorts Ltd.

30 MR PRESTON: No.

MR EVANS: Which ones did not have a reporting line to executives at Crown Resorts?

35 MR PRESTON: All of the key executives and --- sorry. With respect to Mr Felstead as Crown Resorts?

MR EVANS: Yes.

40 MR PRESTON: All the executives reported to Mr Felstead.

MR EVANS: Yes. Mr Felstead was technically domiciled in Western Australia, practically and operationally resident in Crown Melbourne; is that correct?

45 MR PRESTON: He was commuting a lot.

MR EVANS: As were you?

MR PRESTON: As was I.

5 MR EVANS: It is the case, isn't it, that you were the company secretary of Burswood Ltd for a very long time. We have read, I think, pretty well all of the minutes that have been put up. You will not find a resolution of Burswood Ltd which approves significant capital expenditure at any time between 2014 and 2020, that actually resolves to spend money?

10 MR PRESTON: If that's what the records show, that's what the records show.

MR EVANS: You don't recall a resolution in which Burswood Ltd itself resolved to spend money?

15 MR PRESTON: There was numerous discussions in depth about the capital expenditure and what was to be expended, but as to a resolution, I don't recall.

MR EVANS: That's because capital expenditure decisions were made by the Crown Resorts Ltd board, were they not?  
20

MR PRESTON: An allocation came from Crown Resorts. This is more of a technical finance piece, but an allocation came from Crown Resorts as to the amount that they were willing to provide to the businesses to spend. The process to determine what that would be spent on was determined by the local Crown Perth executives, which was debated at length, as you can imagine, and then presented to the various boards.  
25

MR EVANS: The various boards. The Crown Resorts board?

30 MR PRESTON: I can't say with respect to Crown Resorts, what went to Crown Resorts.

MR EVANS: When one looks at, for example, the development approval for the Crown Towers development, there are development reports presented by Mr Felstead  
35 but there was no resolution to approve those reports or to approve the expenditure.

MR PRESTON: I can't recall, but if that's what the records indicate.

MR EVANS: There's no resolution to appoint an executive of the Burswood operating businesses?  
40

MR PRESTON: Burswood Ltd?

MR EVANS: Yes.  
45

MR PRESTON: That wouldn't surprise me.

MR EVANS: There was no setting of key performance indicators for executives by



Burswood Ltd?

MR PRESTON: No.

5

MR EVANS: There was no undertaking of a performance review of key executives by Burswood Ltd?

MR PRESTON: Not to my knowledge.

10

MR EVANS: No further questions, thank you, Commissioners.

COMMISSIONER OWEN: Thank you, Mr Evans. Mr Ward.

15

MR WARD: Thank you, Commissioners.

### **CROSS-EXAMINATION BY MR WARD**

20

MR WARD: Mr Preston, I appear for Mr Poynton. Following on from those couple of questions you were asked about the Burswood Ltd board, in the course of your answers to Mr Feutrill yesterday you distinguished between the Burswood Ltd board and the Crown Melbourne board, because the Burswood Ltd board had independent directors on it. You were aware also, weren't you, that the Crown Resorts board had a number of individual committees of directors that had specific responsibilities for aspects of governance?

25

MR PRESTON: Yes, I am.

30

MR WARD: Are you aware of the Audit and Corporate Governance Committee of the Crown Resorts board?

MR PRESTON: I'm aware of it.

35

MR WARD: You were aware it had responsibility for the oversight of internal and external audit functions?

MR PRESTON: I didn't have any activity with that board (inaudible).

40

MR WARD: You were aware that the internal audit plans came from Crown Resorts for implementation in Perth?

MR PRESTON: No.

45

MR WARD: You were aware of the Responsible Gaming Committee at the Crown Resorts board level, weren't you?

MR PRESTON: Yes, I was.

5 MR WARD: You were aware that it had responsibility for policies across the whole of the Crown Group, including Perth?

MR PRESTON: Yes.

10 MR WARD: You were aware of the Risk Management Committee?

MR PRESTON: Yes, I was.

15 MR WARD: That was responsible for risk management and compliance frameworks across the whole of the group, including Perth?

MR PRESTON: More focused on the risk framework.

MR WARD: The frameworks, yes, and they were set at the group level.

20 MR PRESTON: The risk framework was adopted but subsequently adopted by the Crown Resorts Risk Committee. It was also presented to the Crown Melbourne board and to the Crown Perth board as well.

25 MR WARD: Those committees of the board of Crown Resorts, they reported upward to the full board of Crown Resorts?

MR PRESTON: They did.

30 MR WARD: When things came down from those committees or from the Crown Resorts board, they had already been pretty thoroughly reviewed at group level, hadn't they?

MR PRESTON: Yes.

35 MR WARD: When they were then presented to the Burswood Ltd board in form of board packs, a lot of care was taken to ensure all issues had already been addressed?

MR PRESTON: Yes, I'd accept that.

40 MR WARD: Unless there was something that was a red flag, you wouldn't expect there to be anything in particular for the board of Burswood Ltd to raise to send back up to Crown Resorts; is that right?

45 MR PRESTON: Yes, I agree with that.

MR WARD: To your recollection, there were no red flags amongst the board packs that you assisted in preparing?

MR PRESTON: I prepared many packs. There were issues that were raised and discussed, but it depends on whether you'd define it as red flags. But the material issues were in there for debate with the Burswood Ltd board.

5

MR WARD: Those issues were, to the best of the executive's ability, presented with the solutions to them?

MR PRESTON: That's correct.

10

MR WARD: Mr Evans asked you about the budgeting. It's the case, isn't it, that the allocation, as you said, was made by Crown Resorts and then it was, if I could use a colloquial term, fought over by the executives within the various departments?

15

MR PRESTON: I believe it was Crown Resorts. I was never involved in the decisions pertaining to allocation or otherwise. I was down the chain, but I understood it was Crown Resorts.

20

COMMISSIONER OWEN: Sorry, Mr Ward. When Mr Evans started that exchange, he referred to capital expenditure but it seemed that we went a bit broader than capital expenditure, so perhaps that could be clarified.

MR WARD: Yes, thank you, Commissioner.

25

When we're talking about budgets or allocations being set by Crown Resorts, that's not just limited to capital expenditure, is it?

MR PRESTON: No, it was capital and operating.

30

MR WARD: Finally, I want to ask you some questions regarding the GWC presentation you were asked about. Can we bring up GWC.0001.0009.0001. This is the presentation you delivered on 27 August 2019; that's right?

MR PRESTON: That's correct.

35

MR WARD: Can we then go to GWC.0001.0008.0001. Do you recall receiving this email asking you to make that presentation?

MR PRESTON: Yes, I do.

40

MR WARD: That email was dated 21 August, so your presentation was prepared fairly quickly between those dates, wasn't it?

MR PRESTON: Yes, we were asked to prepare pretty quickly.

45

MR WARD: Can we now bring up CRL.506.006.5576. These are minutes of a board meeting of Crown Resorts Ltd on 4 August 2019. Do you recall attending this meeting?

MR PRESTON: Yes, I do.

MR WARD: Can you see Mr Poynton is noted there as an apology. Do you recall  
5 him being overseas at this time?

MR PRESTON: Vaguely.

MR WARD: Can we go to the second page of that document, please. Do you recall  
10 the proposal in the second last paragraph on that page that the board established a  
committee to deal with the response to the allegations that had been raised?

MR PRESTON: Yes.

15 MR WARD: That was referred to by the board as the Brand Committee, wasn't it?

MR PRESTON: That's correct.

MR WARD: That meeting was on 4 August. You were then asked to prepare a  
20 presentation to the GWC on the 21st and you delivered that on the 27th. Do I have  
the timing right?

MR PRESTON: That sounds about right.

25 MR WARD: To the extent that you were consulting with the board at all regarding  
that presentation, you were consulting with the Brand Committee, weren't you?

MR PRESTON: I can't recall if there was another board --- there was multiple  
meetings going on at that point in time. I can't recall if there's another board meeting  
30 in between, but it was the Brand Committee, to a large extent, that took custody of  
matters that were running.

MR WARD: Would you accept there was no board meeting between 21 and 27  
35 August?

MR PRESTON: If that's what the record shows, I accept that.

MR WARD: Thank you. That's all.

40 COMMISSIONER OWEN: Thank you, Mr Ward. Mr Dharmananda.

**CROSS-EXAMINATION BY MR DHARMANANDA MR**

DHARMANANDA: Yesterday and today you were asked some questions by  
45 Counsel Assisting about your work in relation to the RGMC. Do you recall that?

MR PRESTON: Yes.

MR DHARMANANDA: That was in conjunction with the delivery of certain  
5 statistics to the GWC and you mentioned that statistics were delivered to the GWC?

MR PRESTON: Yes.

MR DHARMANANDA: Can I bring up, please, CRW.0008.0011.2361 and if we  
10 go, please, to 2405 within that document. This notes that there was a delivery with respect to RSD statistic reports for particular months. Do you see that, Mr Preston?

MR PRESTON: Yes, I do.

MR DHARMANANDA: Can we go, please, to the next page at 2406. There's a  
15 communication to Mr Sgro about these statistics. Would you be able to assist the Commission about the second item in the box concerning behaviour reports? Do you see that, Mr Preston?

MR PRESTON: Yes, I do.

MR DHARMANANDA: How does this part of the compilation occur? What is this  
referring to, these various incidents below referrals from licensed casino employees?

MR PRESTON: This reflects part of staff obligations that they're trained in, that  
25 when they're carrying out their duties, if they observe any behaviour of concern, focused predominantly on Responsible Gaming but, generally speaking, there's a process to complete a concerning behaviour report which is then fed into Responsible Gaming for them to consider and follow up.

MR DHARMANANDA: At the bottom of the box, there's a reference to a section  
30 26.2 issue. What's that a reference to?

MR PRESTON: That's a Casino Control Act barring notice.

35

MR DHARMANANDA: That's when the Casino itself moves to bar; is that right?

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

MR DHARMANANDA: As far as May 2018 is concerned, there's seven of those  
40 incidents you will see?

MR PRESTON: That's correct.

MR DHARMANANDA: Thank you. During your time at Crown, Mr Preston, to  
45 your knowledge, did either the GWC or the Department provide any directions on particular steps that Crown Perth should take to improve its RSG framework?

MR PRESTON: Not that I recall.

MR DHARMANANDA: And, similarly ---

5

MR PRESTON: Sorry, can I just --- what time frame was that?

MR DHARMANANDA: During your time at Crown.

10 MR PRESTON: There was the direction pertaining to the ATM, the ATM restrictions.

MR DHARMANANDA: Yes.

15 MR PRESTON: That certainly was from, if I recall correctly, the Department or the Gaming and Wagering Commission as to the implementation of obligations of the locations and restrictions on ATMs, which I would suggest is part of the RSG framework.

20 MR DHARMANANDA: During your time at Crown, to your knowledge, did either the GWC or the Department undertake any specific investigation or analysis on problem gambling issues at the Perth Casino?

MR PRESTON: Not to my knowledge.

25

MR DHARMANANDA: Yesterday, Counsel Assisting asked you about certain matters concerning AML. Do you recall that, yesterday?

MR PRESTON: Yes, I do.

30

MR DHARMANANDA: You explained during the course of your evidence yesterday that disciplinary actions may be taken against employees for noncompliance with AML?

35 MR PRESTON: Yes.

MR DHARMANANDA: You referred to documenting discussions with employees. Could I ask you, please, to go to --- and this is again a nonpublic document, so just on Mr Preston's screen and counsel's screens --- CRW.512.259.0004. If you have a  
40 look at that document, Mr Preston, is that the type of documented discussion to which you referred yesterday?

MR PRESTON: That seems to be the form of the documents I've seen in times past.

45 MR DHARMANANDA: This discussion concerns what type of employee?

MR PRESTON: A table games dealer.

MR DHARMANANDA: What appears to be the issue, as identified in this document?

5 MR PRESTON: Failing to comply with AML procedures.

MR DHARMANANDA: You also referred yesterday, in answers to questions from Counsel Assisting, to employees being terminated for noncompliance with AML. Do you recall that?

10

MR PRESTON: I do recall that.

MR DHARMANANDA: I ask, again on a nonpublic screen, to go to CRW.512.259.0001. Without mentioning any names of any persons, do you see that this is a notice of termination of employment, Mr Preston?

15

MR PRESTON: Yes, I do.

MR DHARMANANDA: Was this a matter that was drawn to your attention in November 2018?

20

MR PRESTON: It was, indeed.

MR DHARMANANDA: You will see at item 2 there is an investigation of a particular incident?

25

MR PRESTON: Yes, I do.

MR DHARMANANDA: Was then consideration given to the dismissal of this individual from Crown?

30

MR PRESTON: Yes.

MR DHARMANANDA: That was based upon an investigation. Could we go, please, to CRW.512.259.0005 and if you scroll down, operator, so that Mr Preston can see the date. You can see this document bears the date of October 2018 and gives notice of outcome of an investigation and a show cause meeting. Do you see that, Mr Preston?

35

40 MR PRESTON: Yes, I do.

MR DHARMANANDA: Would you or anyone in your department be involved in the investigation or who would be responsible for that?

45 MR PRESTON: A matter of this nature would often involve the General Manager of Legal Compliance and possibly taking commentary from a person in the AML team.

MR DHARMANANDA: Would an investigation of this nature involve a review of the video footage?

5 MR PRESTON: I would expect that it would have involved video. Matters of these nature, where there's investigation, often the first port of call is to go to surveillance to see what information they might be able to supply.

10 MR DHARMANANDA: Then there would be interviews of individuals who might be able to assist in the investigation?

MR PRESTON: Correct.

15 MR DHARMANANDA: Thank you. You were asked this morning questions around the introduction of Eftpos onto the gaming floor. Do you recall that?

MR PRESTON: Yes, I do.

20 MR DHARMANANDA: Do you recall whether at or around the time that the proposal to introduce the Eftpos machines onto the gaming floor was being considered, Crown Perth obtained expert evidence from a Responsible Gaming perspective?

25 MR PRESTON: Yes, I do.

MR DHARMANANDA: Thank you. Thank you, Commissioners.

30 COMMISSIONER OWEN: Thank you, Mr Dharmananda. Commissioner Jenkins.

### **QUESTIONS BY COMMISSIONER JENKINS**

35 COMMISSIONER JENKINS: Just in respect of that document that's on the page, Mr Preston, what is described there at point 4, would conduct of that nature then --- I withdraw that. Was there any guidelines to the staff or management of Crown Perth as to whether any transaction of that nature should then be reported to the police?

40 MR PRESTON: No, it would be --- based on what I'm observing in this, it would have been lodgement of a suspect matter report.

COMMISSIONER JENKINS: So no law enforcement agency or investigative agency would be advised other than AUSTRAC?

45 MR PRESTON: No, if they took that path, but no other agency, to my knowledge.

COMMISSIONER JENKINS: Sorry, I do have a range of matters to follow up with you. Going back to yesterday, to the issue of board governance, take it from me we



have heard evidence from a number of people who have different views about what the role of Burswood Ltd was and its relationship with Crown Resorts Ltd. In respect of that issue, was there any written document providing advice or direction to  
5 Burswood Ltd board members as to the role of Burswood Ltd?

MR PRESTON: Not to my knowledge.

10 COMMISSIONER JENKINS: Or their role as board members of Burswood Ltd?

MR PRESTON: Not to my knowledge.

15 COMMISSIONER JENKINS: When a nonexecutive member of the board was appointed, did they receive any induction or training or confirmation as to what the practical role of Burswood Ltd board was in the overall corporate structure of Crown Resorts Ltd?

MR PRESTON: Induction training, and there's only been one new non-exec member in my time. There were various levels to it. I might not be answering your question  
20 directly, but there would be induction by meeting with the executives to go through various operational important matters. There was also a role played by Crown Resorts with respect to new board members. I wasn't privy to that, so I can't say whether that covered the issue you're asking about.

25 COMMISSIONER JENKINS: You say you were employed by Burswood Resort(Management) Ltd and your understanding is that other employees at Burswood Casino are as well?

MR PRESTON: Yes.  
30

COMMISSIONER JENKINS: In the time you were employed, did you ever see a written agreement or memorandum of understanding between Burswood Nominees Ltd and Burswood Resort (Management) Ltd as to the role and responsibilities of Burswood Resort (Management) Limited as the employer?  
35

MR PRESTON: Only, as I mentioned yesterday, that I recall seeing a document which provided with some commentary on it, but I can't recall the specifics. I think Mr Feutrill referenced the Burswood Property Trust, which rang a bell but, again, I can't recall any great detail, sorry.  
40

COMMISSIONER JENKINS: So Burswood Resort (Management) Ltd was the employer. Did it have its own bank account from which it paid employees, or do you not know?  
45

MR PRESTON: I don't know, sorry.

COMMISSIONER JENKINS: You obviously know Burswood Ltd itself did not have any committees?

MR PRESTON: That's correct.

COMMISSIONER JENKINS: Do you know why not?

5

MR PRESTON: No, no, I don't.

COMMISSIONER JENKINS: We have also heard evidence that the ERCC minutes or minutes of their meeting, its minutes, were not provided to Burswood Ltd. Do you know why they weren't?

10

MR PRESTON: Only to the extent that my views of the operation of the ERCC, which were implemented to assist with the passage of information that are being escalated, there were a number of people who were on the Burswood Ltd board who were being briefed and privy to all of that information. But I can't recall any reason why we decided not to, even if we did decide, to provide the minutes to the Burswood Ltd board.

15

COMMISSIONER JENKINS: The ERCC seems to have a lot of responsibilities, everything from compliance, risk, legal, health and safety, internal audit, AML. Did it have too many responsibilities?

20

MR PRESTON: It's a big list, I accept, but I thought it was important, as did the rest of the executives, to have a good understanding of all of those key governance related matters for the business. Yes, a lot of responsibility but, equally so, having all that information, participating in those discussions and decisions was thought appropriate.

25

COMMISSIONER JENKINS: In respect of the 2018 Victorian regulators review of the Victorian Casino licence, did you personally take any steps to ensure that the Burswood Ltd board was aware of the recommendations and findings of that review?

30

MR PRESTON: I recall having discussions --- no, I can't recall whether I included or we included in the papers for the Burswood Ltd board all of the details. I just can't recall, sorry. But there were certain discussions regarding the section 25 review at the board meetings.

35

COMMISSIONER JENKINS: Did the board give any directions to management about implementing recommendations made in that review at the Perth Casino, to the extent they were relevant?

40

MR PRESTON: Not that I recall, the board instructing management to do that, but my recollection --- again, I want to apologise. My recollection is that our position that I would have talked to and most probably Mr Felstead or Mr Alexander, was that the recommendations that were relevant were being progressed with Crown Perth.

45

COMMISSIONER JENKINS: At a management level?

MR PRESTON: I recall speaking to the board that those matters that were to be implemented, and there was a number of them, we would be progressing with at Crown Perth.

5

COMMISSIONER JENKINS: But that was at a management level or at a board level?

MR PRESTON: No, speaking at the board, the board meeting.

10

COMMISSIONER JENKINS: So we could go to the board minutes and that should be reflected in there?

MR PRESTON: I can't recall the depth of the conversation or the depth of the minutes, but I certainly recall having a discussion about the section 25 review, and the clear relevance from the section 25 review to Crown Perth was that there were some elements we were looking to implement at Crown Perth.

15

COMMISSIONER JENKINS: Did you have involvement in the submission to the GWC in respect of the removal of the requirement of Perth Casino to obtain junket operator and representative approval in 2010?

20

MR PRESTON: Yes, that submission was in my name.

COMMISSIONER JENKINS: We have heard evidence that what, in fact, ultimately occurred was that all of the regulations were repealed, not just those relating to the requirement to obtain approval for the junket operator and the junket representatives. Do you recall that difference that you ---

25

MR PRESTON: Between the two?

30

COMMISSIONER JENKINS: Yes, that Crown applied for the removal of the requirement to obtain approval, but ultimately what happened was all of the regulations which covered broader issues than that were repealed?

35

MR PRESTON: Yes.

COMMISSIONER JENKINS: Do you recall speaking to Mr Connolly or anyone else at the Department to find out why that occurred?

40

MR PRESTON: I don't. I don't recall speaking to anyone about it. I may have, but I don't recall speaking to anyone about it. I can't recall the 2010, who I might have had conversations with then. With respect to the 2017, I recall it was the removal of the requirement to provide the details of the junket operators and players that were participating in gaming. I can't recall the specifics of that, in terms of what discussions I may have or what my team may have had.

45

COMMISSIONER JENKINS: A matter I don't think you were asked about is the CUP process that took place in Melbourne.

5 MR PRESTON: Yes.

COMMISSIONER JENKINS: I have read your statement and you say your understanding is it never happened in Perth; is that right?

10 MR PRESTON: That's my understanding.

COMMISSIONER JENKINS: But do you recall being contacted by other employees of Crown and asked whether it could happen in Perth?

15 MR PRESTON: Yes, I do.

COMMISSIONER JENKINS: What was your response? Do you recall what it was?

MR PRESTON: I have a recollection of what transpired. There was a request as to  
20 whether the concept was permissible under the West Australian framework and this  
hadn't been something that my team or myself had looked at either for a very long  
time or ever, but the concept was possible within the existing historical regulatory  
framework, but it was that historic it referred to bankcard only but the framework  
was there. So, if I recall, we put a submission to the regulator to seek an approval,  
25 not for CUP but recognition of an amendment to that historical framework to --- I  
think we took out the reference to bankcard and put in a reference to visas, and the  
like, which are more contemporary. But we never progressed with the  
implementation of it. We never progressed, as I recall, with the supporting standard  
operating procedure or changes in the manuals. It was a process to, I suppose, bring  
30 into modernisation the existing framework that was in there.

COMMISSIONER JENKINS: You didn't have a concern that that process could be  
used to facilitate money laundering by disguising the fact that money was coming  
into the casino for gambling, as opposed to other services?  
35

MR PRESTON: We didn't progress with it and part of the reason was I didn't think  
it was necessary, in the context of what was being proposed. But we thought it was  
appropriate to upgrade the --- to revisit the historical regulations pertaining to that  
facility.  
40

COMMISSIONER JENKINS: Could you just answer my question. Did you have a  
concern that it might, in some way, facilitate money laundering?

MR PRESTON: It would have been a concern. I can't recall whether it was my  
45 prime concern. It was more understanding --- we spent some time understanding the  
nature of the different providers, as to how they could use that facility, if we  
progressed with it, in terms of amount of money that could be transferred, how it  
would be transferred, appropriateness of being transferred. That's the reason we

didn't make it just with reference to CUP, it was a general proposition.

5 COMMISSIONER JENKINS: In terms of your concern about money laundering, did you communicate those concerns to anybody else within Crown?

MR PRESTON: Not that I can recall.

10 COMMISSIONER JENKINS: Can I turn to the Riverbank transactions. As I understand it, correct me if I'm wrong, your position is that the cage staff should have known they were not to aggregate ---

MR PRESTON: Yes.

15 COMMISSIONER JENKINS: --- deposits?

MR PRESTON: Yes.

20 COMMISSIONER JENKINS: How should they have known that?

MR PRESTON: The training and the standard operating procedures they had, they should have been looking at these. My expectation is they would see these transactions and escalate them because of what they appeared to potentially be.

25 COMMISSIONER JENKINS: The fact is that, what, you don't recall any discussions with ANZ Bank in 2014 --- MR PRESTON: Yes.

COMMISSIONER JENKINS: --- or around there about this occurring ---

30 MR PRESTON: Yes.

COMMISSIONER JENKINS: --- in that account?

35 MR PRESTON: Yes, that's correct.

COMMISSIONER JENKINS: Your position is that the first time you recall being told about it occurring was when?

40 MR PRESTON: The 2014 correspondence was drawn to my attention during the Bergin Inquiry.

COMMISSIONER JENKINS: You gave evidence. Was that whilst you were giving evidence or before you gave evidence?

45 MR PRESTON: It was whilst I was giving evidence.

COMMISSIONER JENKINS: That was August 2020; is that right?

MR PRESTON: I think it was the first round, so July. It might have gone into August, sorry. It's the first round.

5 COMMISSIONER JENKINS: Was it your view or your opinion then that the cage supervisor at that time would have been Mr Brown when these transactions were occurring?

MR PRESTON: I believe that Mr Brown was the manager at the time.

10

COMMISSIONER JENKINS: When you were told about it, did you contact Mr Brown and ask him what on earth was going on?

MR PRESTON: I did.

15

COMMISSIONER JENKINS: What did he tell you?

MR PRESTON: He was, I recall --- I called a meeting pretty quickly, as soon as I --- shortly after I got out of giving evidence, to try and understand what had transpired, and there was no great explanation at that point in time.

20

COMMISSIONER JENKINS: Who was present at that meeting, just before we go on?

25 MR PRESTON: There was managers from the Crown Perth cage.

COMMISSIONER JENKINS: Would that have been Mr Brown?

MR PRESTON: Mr Brown or his 2IC. There was someone missing and their second-in-charge was there. But I spoke to Mr Brown and I spoke to his equivalent in Melbourne. So there was representatives from cage in Melbourne, there was representatives from legal from both Perth in Melbourne, there was representatives from Finance from both Perth and Melbourne, there was external lawyers in that meeting --- an external lawyer in the meeting, and representatives from the anti-money laundering team as well.

35

COMMISSIONER JENKINS: When you say there wasn't any great explanation, I will ask you about that. Did anybody in that meeting acknowledge that they knew that ---

40

MR PRESTON: No.

COMMISSIONER JENKINS: That included Mr Brown?

45 MR PRESTON: That's correct. When I say no acknowledgment that they knew, it had been brought to their attention whilst I was giving evidence, if I'm not mistaken, so by the time I stopped giving evidence and convened this meeting, they were aware

of the issue. But the information that I got from that group at that point in time, and it was still early in terms of navigating through the history of what might have transpired, no-one could give me an explanation as to why it had happened and no-one knew that it was happening.

COMMISSIONER JENKINS: In respect of that conduct, another related matter that was identified in the Initialism or Grant Thornton reports was that third parties, in the absence of the patron in whose benefit the deposit was made, were then allowed to front up to the casino and withdraw the money or obtain chips to the value of the deposits. Are you aware of that?

MR PRESTON: The patron, I take it --- yes, yes, I am.

COMMISSIONER JENKINS: A third party other than the patron being allowed to take out, on behalf of the patron?

MR PRESTON: Not to my --- I haven't seen the Initialism or Grant Thornton reports, but my understanding was that only monies released would be released to the patron. They would have to be identified and it would go to the patron.

COMMISSIONER JENKINS: You don't have any knowledge of the process I have just described of somebody on behalf --- a third party on behalf of the patron being allowed to obtain the value of those deposits?

MR PRESTON: Not unless they were authorised. For example, a junket representative who was an authorised person on behalf of the junket operator, but otherwise I'm not aware, sorry.

COMMISSIONER JENKINS: Would you agree with me that permitting third parties, even if they had the authority, they would have ostensible authority from the patron to have the benefit of the deposit, would not be a desirable practice in AML terms?

MR PRESTON: It certainly increases the risk, has the potential to increase the risk.

COMMISSIONER JENKINS: You say your understanding is that Riverbank was open to be used primarily to provide anonymity to overseas Crown patrons. Is that your position?

MR PRESTON: I'm not sure. I wasn't there when it was opened.

COMMISSIONER JENKINS: I put that incorrectly because you have made that point. Can I put it like this: when you became aware of the Riverbank account and to the extent you turned your mind to it, was that why you thought it existed?

MR PRESTON: Yes, that reflects my views.

COMMISSIONER JENKINS: How did it provide that anonymity? I'm just a bit confused.

5 MR PRESTON: I think the concept is that it doesn't have a reference to Crown or casino, so if someone sends funds through, on their bank statement it doesn't have a reference to casino.

10 COMMISSIONER JENKINS: What was the name of Perth Casino's bank account?

MR PRESTON: I think it was, historically, Burswood Casino account and then I think Crown Perth Casino account, I think, or Crown account. I can't recall, sorry.

15 COMMISSIONER JENKINS: That might be true for a telegraphic transfer but for an ordinary electronic transfer on a bank statement, it has the narrative on it that the transferor puts on it, isn't that right, on an electronic transfer?

20 MR PRESTON: That's correct. So they will put gambling services if they go to the hotel, or whatever their narrative is.

COMMISSIONER JENKINS: I am just wondering why there would --- I'm again trying to understand why it would achieve anonymity?

25 MR PENGLIS: Can I, with respect, interrupt. I think Mr Preston agreed with a proposition put to him yesterday that that was the purpose. I don't think it was a proposition he put forward himself. He accepted, in my recollection of the evidence, a proposition. I'm not objecting to it, I'm just putting it in context, Commissioner. My proposition is: it's a proposition that emanated from Senior Counsel, not the witness.

30 COMMISSIONER JENKINS: Perhaps I will ask this question: did someone tell you that was what its purpose or did you come to that understanding some other way?

35 MR PRESTON: I suspect someone told me but it's a long time ago.

COMMISSIONER JENKINS: You don't recall who it was?

40 MR PRESTON: No, definitely not.

COMMISSIONER JENKINS: Was the Riverbank account the only Crown operated or Crown entity operated account that patrons could use to deposit money for gain?

45 MR PRESTON: No, no.

COMMISSIONER JENKINS: What other accounts?

MR PRESTON: The Crown Casino account, which is a separate account. I think that's --- I'm not quite sure of the specific name but, if I recall, it's the Crown Casino



account.

5 COMMISSIONER JENKINS: The main operating account for the casino, the patrons could also deposit money into it for the purpose of gaming?

MR PRESTON: Yes.

10 COMMISSIONER JENKINS: Was there any other account that patrons at Perth Casino could use to deposit money for the purpose of gaming?

MR PRESTON: Not that I can recall.

15 COMMISSIONER JENKINS: Could they use the Southbank account, for example?

MR PRESTON: Yes, because there were the transfers --- there could be transfers from the Crown Melbourne account or Southbank account to Perth.

20 COMMISSIONER JENKINS: They could also use a Crown Melbourne account?

MR PRESTON: I believe they could, yes.

25 COMMISSIONER JENKINS: We have heard evidence about the Riverbank Hong Kong dollar account.

MR PRESTON: Yes.

30 COMMISSIONER JENKINS: And the Australian dollar account. Were they two separate accounts?

MR PRESTON: I think it was one account but with different denominations. I'm not the banking expert, I suppose. That's a question beyond my expertise.

35 COMMISSIONER JENKINS: Do you know whether there were overseas accounts held by Crown that Perth casino patrons could use to deposit money for the purpose of gaming at the Perth Casino?

40 MR PRESTON: Not since 2012 or 2013 or some many, many years ago they were closed.

45 COMMISSIONER JENKINS: When the evidence was presented to you in the Bergin Inquiry about the possible money laundering that was occurring through the Riverbank account, you were aware that there were other accounts that Crown patrons could use?

MR PRESTON: Yes.

COMMISSIONER JENKINS: I think you have given evidence and there's material

in your statement about what steps were taken in respect to ascertaining whether or not the problem was more extensive in the Riverbank account. Did you take any steps to have other accounts audited or inspected to see whether the same problem was happening in those accounts?

MR PRESTON: That was part of the plan to review. Again, as I mentioned to Mr Feutrill yesterday, I was being removed from those responsibilities to carry out the investigation. I was focused on the Bergin Inquiry, with further appearances and summons, so I was moved out of that. However, that was the process to be undertaken to review the rest of those accounts once they worked through, I think, the Riverbank and Southbank and then work through the Crown Perth and the Crown Melbourne other accounts.

COMMISSIONER JENKINS: Just before we leave Riverbank, after you became aware of the Riverbank account and up until its closure --- sorry, up until you were advised during the Bergin Inquiry of these suspect transactions, in that intervening period did it ever occur to you that the Riverbank account created a substantial risk of money laundering activity occurring at the Perth casino?

MR PRESTON: It didn't occur to me that it created a substantial risk.

COMMISSIONER JENKINS: Even as you're the AML/CTF officer, that didn't occur to you?

MR PRESTON: Sorry, without controls, yes, but I was satisfied at the time with the controls that were in place to manage that risk. It was being treated, in my view, like any of the other bank accounts that Crown had. But obviously there was certainly a clear weakness, if not a couple.

COMMISSIONER JENKINS: Moving on then to the issue of responsible gambling. The Responsible Gambling Support Services Committee, do you know how much money or Crown Perth gave to it?

MR PRESTON: I can't recall, sorry, but it was in the hundreds of thousands annually.

COMMISSIONER JENKINS: There was a representative of Crown Perth on that committee?

MR PRESTON: Yes, there was.

COMMISSIONER JENKINS: Do you think it appropriate that a representative of a gambling organisation be on a committee that is supposed to deal with the harm caused by gaming?

MR PRESTON: From my personal perspective, I thought it was appropriate. We had the chance to discuss these issues directly with other members of the industry

and my observations was that it was very positive in terms of their open discussions.

5 COMMISSIONER JENKINS: But in terms of you are deciding how money should be spent to minimise and treat the harm caused by, in part, casino gaming?

MR PRESTON: Yes.

10 COMMISSIONER JENKINS: And you are a representative of an organisation that promotes casino gaming?

MR PRESTON: Yes.

15 COMMISSIONER JENKINS: You didn't ever see a conflict there between your position on the committee and your role in Crown?

MR PRESTON: Not specifically, but I understand your point. But me, personally, I had a very clear focus on responsible gaming.

20 COMMISSIONER JENKINS: In relation to the Responsible Gaming Management Committee, is that what's it's called?

MR PRESTON: Yes, that's correct.

25 COMMISSIONER JENKINS: The internal Crown committee. You obviously collect or it collects quite a lot of data, and you said in answer to counsel who asked you that the GWC or the Department has never, as far as you know, analysed that data to ascertain the extent of problem gaming at the Perth casino. Is that right?

30 MR PRESTON: Not to my knowledge. I'm not saying they didn't, but not to my knowledge. They were receiving, for the last two or three years, statistics that were either the same as or largely the same as some of the statistics that were presented to the Responsible Gaming Management Committee.

35 COMMISSIONER JENKINS: My question then is in relation to Crown. Did Crown use that data to analyse or measure the extent of problem gaming at the Perth Casino?

40 MR PRESTON: No. No. It looked at the data in the context of trends and there was considerable debate over the journey about the different trends. One distinct difference between this jurisdiction and other jurisdictions, in my experience, is that the trend of greater number of problem gambling incidents with machines is not evident with our data, historically. It was balanced between machines and tables. So that kind of data was looked at and if there was a fluctuation in that, there would be a  
45 discussion as to why that would have happened, to understand what --- if there was some intervening factor that changed, for example a marketing campaign or maybe a new product. That level of detail was considered on a not regular basis.

COMMISSIONER JENKINS: Did you provide that data to any other organisation to

enable it to analyse and measure the extent of problem gaming at the casino?

5 MR PRESTON: No, not that I can recall specifically. I recall generally we did provide statistics to third parties. I can't recall who but the Responsible Gaming, I'm sure, did provide statistics to third parties at times.

10 COMMISSIONER JENKINS: Would you agree there has been a deficit in the research into the extent of problem gaming at the casino? In Western Australia, sorry. I want to limit it to Western Australia. And I'm not saying that only in respect of the casino, but certainly in respect of the casino?

15 MR PRESTON: I agree with that entirely. That has been a constant issue. When we're dealing with research that comes out, it doesn't reflect the West Australian jurisdiction, which is distinctly different.

20 COMMISSIONER JENKINS: In your letter of 14 November 2018 you note the Perth Casino's Responsible Service of Gaming program was driven by Crown Perth as opposed to the regulator or regulations, which you note is what happens in at least some other jurisdictions?

MR PRESTON: Yes.

25 COMMISSIONER JENKINS: You have given evidence in answer to a question I was going to ask, that apart from the placement of automatic teller machines, there weren't any directions or suggestions given to you by the GWC in respect of your RSG framework?

30 MR PRESTON: I can't recall off the top of my head, sorry, but ---

COMMISSIONER JENKINS: That might be a bit unfair because in terms of --- there was obviously regulation about speed of play and things of that nature.

35 MR PRESTON: Which were a critical part of --- as I understand it, each and every application that went forward for a machine or a table, that was a very key element for consideration in my experience with the Gaming and Wagering Commission when they were exercising their discretion on those.

40 COMMISSIONER JENKINS: But the fact is that the GWC did not audit your RSG program?

MR PRESTON: Not that I can recall, no.

45 COMMISSIONER JENKINS: It didn't require you to have it externally audited?

MR PRESTON: No.

COMMISSIONER JENKINS: It didn't require you to have a Responsible Gaming

Code of Conduct?

MR PRESTON: It didn't require us to, no.

5

COMMISSIONER JENKINS: It didn't require you to have any particular level of staff, staff numbers or coverage in terms of hours, or anything of that nature, at the casino?

10 MR PRESTON: It didn't regulate us on that, no.

COMMISSIONER JENKINS: In your view, would it be desirable for the regulator to do more than the GWC did in terms of regulating the casino's RSG program?

15 MR PRESTON: I think having RSG built in to the regulation is appropriate. I think that we were --- Crown Perth was very positive in its focus on Responsible Gaming. Even though those things weren't regulated from the regulator, Crown Perth had set out on a path pretty early on to self-impose them and to continue to develop them. But regulation, I think, would be quite an important step.

20

COMMISSIONER JENKINS: I am a bit intrigued as to your view that the reduction in the speed of play from five seconds to three seconds for EGMs would not have a material effect on the extent of problem gaming or increase it. Can you explain to the Commission again why that was your view, as expressed to the GWC?

25

MR PRESTON: When the spin rates were first set in the '80s, it was five seconds and five seconds was a standalone machine. So each machine, every time you wanted to spin it was five seconds. Over many years, machine technology had changed and there were features, so you'd get free spins or bonuses on what the expert in the machine technology, and linked jackpots. So every single time you played there were other things happening, it wasn't just what would be called the base game. So the analysis that the gaming product team, the gaming team undertook was what is across the floor the average spin rate that Crown is currently offering to its patrons or providing for its patrons, and that spin rate was seven seconds as opposed to five.

30

35

COMMISSIONER JENKINS: That was because other things were happening?

MR PRESTON: That's because if you're playing a game --- and again I apologise, I'm not a gaming machine expert --- a feature goes off, the game will add time to get a result, so it's not just the five seconds. It would be five seconds total, plus the actual jackpot that might go off, plus the free spins that might go, so it was a longer game time.

40

45 Over that period, various other things had developed as well, particularly the Responsible Gaming framework, which back in the '80s, when this first spin rate was set, was most probably non-existent to any great extent. So, holistically, our view and my view was this change wasn't going to reduce spin rate to three seconds. The

minimum it would be would be five, which historically was was set. The rollout plan of these machines was over, I think, was a three, four-year rollout time. So the change in a small number of machines could be carefully observed as to if there's  
5 going to be a change in player behaviours. So it was going to be managed and I didn't foresee that there was going to be a great impact.

10 COMMISSIONER JENKINS: Just in terms revenue, the reality was that it's a revenue-raising ---

MR PRESTON: Yes, it would expect to have a positive impact.

15 COMMISSIONER JENKINS: If it's raising more revenue for the casino, it means patrons are losing more money, doesn't it?

MR PRESTON: If it's the same complement of patrons, yes.

20 COMMISSIONER JENKINS: That raises the potential for increasing financial harm?

MR PRESTON: That's a possibility.

COMMISSIONER JENKINS: And financial harm can lead to psychological harm?

25 MR PRESTON: Yes.

COMMISSIONER JENKINS: And social harms?

30 MR PRESTON: Yes, I accept that.

COMMISSIONER JENKINS: In that respect, I think when the suggestion was to increase --- sorry, I should say decrease the speed of play from five to six seconds, you estimated something in the range of 50 to 60 --- the impact on Crown would be 50 to 60 million a year; is that right?

35 MR PRESTON: I think that was a revenue number.

40 COMMISSIONER JENKINS: A revenue number, yes. I agree with that. But if we're then talking about going the other way, you were expecting this to have significant revenue effect?

45 MR PRESTON: Yes. If I recall, and I can't recall the details of the submission but, for what it's worth, another element was that every single machine Crown wanted to introduce had to be specifically designed, in that no other machine, certainly in the Australian jurisdiction --- they're all run off, essentially, the three-second software. Manufacturers produce machines across all other jurisdictions, whereas WA had to have their own specific software developed. So having a change in the spin rate also assisted with the ability to get a variety of products for patrons. That's not relevant

from a Responsible Gaming perspective, but that was another part of the consideration.

5 COMMISSIONER JENKINS: I will finish this because I want to leave some time, obviously, for my fellow Commissioners. In relation to the introduction of Eftpos machines at the tables ---

MR PRESTON: Yes.

10

COMMISSIONER JENKINS: --- that, similarly, increases the risk of harm from casino gaming, doesn't it?

MR PRESTON: It does in isolation, yes.

15

COMMISSIONER JENKINS: Thank you, Mr Preston.

COMMISSIONER OWEN: Thank you. Mr Penglis, how long do you think you will be in re-examination?

20

MR PENGLIS: No more than a few minutes. I have only one topic to cover.

COMMISSIONER OWEN: Apparently we have an issue with our transcribers. We need to break. I should only be five minutes, I think, so we'll try to push through.

25

#### **QUESTIONS BY COMMISSIONER OWEN**

30 COMMISSIONER OWEN: Mr Preston, I have three areas that I want to raise with you and two of them are really follow-ons from what Commissioner Jenkins asked you. The first is in relation to committees. In paragraph 22 of your statement, I don't think we need to bring it up, but you say in the preamble, when you're listing those large number of committees of which you are a member, that they are committees of  
35 Crown Perth. That's the question I want to ask you because you confirmed to Commissioner Jenkins that they are not committees of Burswood Ltd. Can I just give you the example. If you're on a school board or a board of a golf club, generally speaking, there will be committees but they will be committees of the board.

40 MR PRESTON: Yes.

COMMISSIONER OWEN: Given that they're not committees of Burswood Ltd, where do you see them as actually sitting?

45 MR PRESTON: These are all management committees, so they all sit in and report within the management line of the Crown Perth.

COMMISSIONER OWEN: To whom are they responsible?

MR PRESTON: Through to the executive and, in due course, through to the CEO.

5 COMMISSIONER OWEN: The next area, again following on from what  
Commissioner Jenkins was asking you, is about the Riverbank accounts. I appreciate  
your evidence that you have no independent recollection of the meeting with ANZ  
but, nonetheless, I'm wondering if you can help me with a couple of small matters.

10 As I understand the chronology, Riverbank was started in 2005. There were  
accounts with HSBC. In 2013 the relationship between Crown and HSBC came to  
an end and the Riverbank accounts were started with ANZ and the Southbank  
accounts with CBA. As I understand it, that's July 2013.

15 By January 2014, according to the Bergin report, the ANZ Bank was raising  
concerns about the operation of the Riverbank account. That's a period of six or  
seven months and red flags were occurring to the bank.

MR PRESTON: Yes.

20 COMMISSIONER OWEN: Remember yesterday when you were shown an email  
from Trevor Costin to a number of people, including you, advising of the result of  
the ANZ (inaudible) that they would be --- the accounts would be closed. I don't  
think we need to bring this up but, in essence, in terms of action to be taken by  
Crown, the only matter raised in that email is that customers were to be advised not  
25 to deposit cash deposits under \$10,000, under the \$10,000 reporting threshold, and  
would relevant Crown people advise the customers that. There's nothing else in the  
email about action to be taken.

30 Again, I appreciate your evidence that the first time the ANZ issue was raised with  
you was in Bergin and that you immediately took the --- started the inquiries which  
you've mentioned to Commissioner Jenkins.

35 Can I ask you this: as you sit there now, either as a result of the discussions you had  
after the matter was raised with you or from any other source, are you aware of any  
other action taken in relation to the way in which the Riverbank account was  
operated that might --- any changes to the operations that might minimise the chance  
of a recurrence of the sort of activity that the ANZ Bank had raised to your attention  
or to the attention of Crown?

40 MR PRESTON: This was 2014?

COMMISSIONER OWEN: Yes, any change after 2014, after the accounts were  
closed. Again, I'm asking you from your knowledge that you gained in 2019, 2020?

45 MR PRESTON: No, I'm not.

COMMISSIONER OWEN: You're not. Are you aware of any material reviews of



the AML/CTF framework or program after 2014?

5 MR PRESTON: There was the Initialism review of the transaction monitoring program in 2018. There were, I think, maybe one or maybe two AUSTRAC compliance assessments in that period. Then the review process started with the joint program, initially from the legal perspective, with a planned full review upon implementation.

10 COMMISSIONER OWEN: To your knowledge, the only material reviews after 2014 would have come from AUSTRAC compliance measures or the Initialism review in 2018, and then into the formulation of the joint program?

15 MR PRESTON: Yes, save for internal audits, the work that they carried out.

COMMISSIONER OWEN: All right, thank you. And the final matter, we may be straying dangerously close to a precedent in law here but in an exchange with Mr Feutrill yesterday, he asked you the question whether Burswood Resort (Management) Limited was a reporting entity for AML and you said, no, it wasn't, 20 that the reporting entity was Burswood Nominees Ltd. And it was put to you by Mr Feutrill that the relationship between Burswood Resort (Management) Ltd and Burswood Nominees was effectively one of principal and agent. Do you remember that?

25 MR PRESTON: Yes, I do.

COMMISSIONER OWEN: And you said, yes, because it was the reporting entity was the one that held the licence and provided the services.

30 MR PRESTON: Yes.

COMMISSIONER OWEN: Are you aware of the - sorry. In a broader sense, and I'm only asking for your understanding, I'm not asking for legal interpretation, that principal agency concept, would it apply generally to the relationship in a practical 35 sense between Burswood Resort (Management) Ltd and Burswood Nominees? What I'm really asking you is was your answer confined to this question of report - the reporting entity for AML or did it have - is it a broader operation?

40 MR PRESTON: My view was it would be broader in that they were providing the services for and on behalf of Burswood Nominees Ltd as a manager of the trust. That's how I've always considered it.

COMMISSIONER OWEN: And just one final part of that, are you - did you ever 45 read the Burswood Property Trust Deed?

MR PRESTON: I did, but it would be some years ago.

COMMISSIONER OWEN: Are you aware that there's a provision in the Burswood

Property Trust Deed, and for the record it's clause 28, the effect of which is that the manager, that's Burswood Resort (Management) Ltd, can direct the trustee, that's Burswood Nominees Ltd?

5

MR PRESTON: I don't recall that, sorry.

COMMISSIONER OWEN: If that's the case, there's a provision in the trust deed, does that have implications for a principal and agent relationship when the agent can direct the principal?

10

MR PRESTON: It would seem to.

COMMISSIONER OWEN: Thank you. Anything arising, Mr Feutrill?

15

MR FEUTRILL: Yes, there is, Commissioners. I will be brief.

**FURTHER CROSS-EXAMINATION BY MR FEUTRILL**

20

MR FEUTRILL: Mr Preston, Mr Evans asked you some questions about documents that were provided to the GWC, including records of Riverbank Investments, do you recall that? My question really is was it a requirement to your knowledge of the regulatory framework that Crown Perth provide the bank statements of its operating -- it's an operating account --- to the GWC?

25

MR PRESTON: Yes, as I recall it was.

MR FEUTRILL: And who had responsibility for the collation and delivery of those bank statements?

30

MR PRESTON: The finance department would collate them and provide them to me or to whoever was signing. Me, obviously for a period, for then distribution to the Gaming and Wagering Commission.

35

MR FEUTRILL: When you say the "finance department", are you referring now to the local accounting team or Treasury?

40

MR PRESTON: Local.

MR FEUTRILL: Thank you.

COMMISSIONER OWEN: Mr Penglis.

45

**RE-EXAMINATION BY MR PENGLIS**

MR PENGLIS: Thank you, Commissioner. Very briefly, one topic. Mr Preston, late yesterday morning, you might not remember, I'll remind you, Mr Feutrill asked you about the workload, the transition as between Perth and Melbourne, upon you  
5 becoming the chief legal officer. You were - it was put to you that when that occurred you started doing more work on Melbourne-related matters. You responded with words to the effect - you agreed with that but the outcome was as a result of a number of matters on foot when you started.

10 MR PRESTON: Yes.

MR PENGLIS: I'm going to ask you to clarify that for a moment. I just want to put this in perspective so that - for the commission. You've still got your witness  
15 statement there?

MR PRESTON: Yes, I do.

MR PENGLIS: I just want to track through your progression, if you like, as an employee of Burswood/Crown to get you to this position in March 2017. So at  
20 paragraph 6 you commenced employment with Crown Perth in Burswood Entertainment Complex in the role of general manager , legal and compliance. Do you see that?

MR PRESTON: Yes, I do.

MR PENGLIS: You then in paragraph 7 you move - in January 2007 you move into the role of Executive General Manager of Legal Services at Crown and you indicate what that initially included by way of responsibility. Paragraph 8 you indicate that in  
30 November 2007 you were also appointed as Crown Perth's designated AML/CTF compliance officer. Paragraph 9, you say that although you can't recall the exact dates, during your time as executive General Manager Legal Services at Crown, your role expanded to include all of the things in that first sentence and you then indicate that you ceased being responsible for public relations in about 2015 and security and surveillance in about 2017. You then get appointed in August 2014, paragraph 10, as  
35 co-company secretary of the Burswood companies, do you see that?

MR PRESTON: Yes, I do.

MR PENGLIS: You then move into the role of Chief Legal Officer Australian  
40 Resorts on 1 March 2017, and that's in paragraph 11. You indicate in that role what your responsibilities included. And you indicate in the last sentence that you ceased having responsibility for security and surveillance during 2017. You indicate that in May 2017, paragraph 12, you were appointed as Crown Melbourne's designated AML/CTF compliance officer and in 30 June 2017 you were appointed as co-  
45 company secretary of Crown Melbourne Limited and Crown Sydney Gaming Limited.

Now, with that background, can I ask you this question: apart from those roles or responsibilities that you've indicated in this witness statement in those paragraphs, were you relieved of any other responsibilities along the way or is that the complete picture.

MR PRESTON: That's most probably the complete picture.

MR PENGLIS: So when you were appointed in March 2017 as the Chief Legal Officer, against that background, would you tell the Commission what were the number of matters on foot when you started that you were referring to yesterday?

MR PRESTON: Yes. Well, upon my commencement in early January, it became quickly apparent that there were a range of issues that I had to manage which started with - and this was without notice to me in terms of commencing the role, an AUSTRAC assessment started pretty quickly. There was a rather large piece of work which was my original focus pertaining to the various governance structures to look for corporate structural opportunities to enhance the frameworks. There was quickly following the section 25 review, which also kicked off in 2017, which is about a 9-month project to get the report released. There was the various Wilkie allegations which we've discussed today with a number of other allegations which came through with Mr Wilkie. There was another AUSTRAC assessment following on from Mr Wilkie's allegations.

MR PENGLIS: What year is that, can you recall?

MR PRESTON: That was 2018, I believe. I was then asked to become involved with mechanics pertaining to the release of the staff members that had been detained in China. Also, as a result of the team in Crown Resorts, the Crown Melbourne team that were managing the China detentions, the key people had left the business so I was responsible for assisting the VCGLR in responding to their various requests for information as they were carrying out the investigation for China. I was also involved with the class action related to China.

MR PENGLIS: When you say "involved", were you the person in the Crown Group responsible for providing instructions to the external solicitors in that action?

MR PRESTON: It was a combination of myself and the General Counsel for Crown Resorts.

MR PENGLIS: Thank you, keep going.

MR PRESTON: Following on from that was the implementation of the recommendations for the section 25 review, and responding to completion of those recommendations which was largely up to --- most of them up to and including F19 with some tails associated with some recommendations, and then the Nine and Fairfax allegations came down just after mid-year 2019.

MR PENGLIS: Yes.

5 MR PRESTON: And then from that point onwards, during that period there was the implementation of various group roles and enhanced frameworks were implemented across the businesses. That work was continuing and then I became absorbed with the Bergin Inquiry giving evidence and assisting with responding to any summons, working with the lawyers to assist the Inquiry.

10 MR PENGLIS: When did that start, your work in relation to the Bergin Inquiry.

MR PRESTON: Well, by way of its relationship to what was transpiring it started really the end of July when the allegations were made and -

15 MR PENGLIS: July 2019?

MR PRESTON: July 2019 and it finished December 2020.

20 MR PENGLIS: That's it, Commissioner.

COMMISSIONER OWEN: Thank you, Mr Penglis.

25 Mr Preston, thank you very much, your evidence has assisted us. There may be some tidying up to do so we'll leave the summons in place but you're free to go.

We will resume at 10:00am tomorrow.

30 **ADJOURNED AT 4.10 PM UNTIL WEDNESDAY, 4 AUGUST AT 10AM**

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