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PERTH CASINO ROYAL COMMISSION

PUBLIC HEARING - DAY 26

10.02 AM WEDNESDAY, 11 AUGUST 2021

COMMISSIONER N J OWEN

COMMISSIONER C F JENKINS

COMMISSIONER C MURPHY

HEARING ROOM 3

MS PATRICIA CAHILL SC and MR LIAM O'SHEA as Counsel Assisting the Perth Casino Royal Commission

MS RACHAEL YOUNG as Counsel for Consolidated Press Holdings Pty Ltd and CPH Crown Holdings Pty Ltd

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

DR ELIZABETH BOROS as Counsel for Mr Ken Barton

MR PAUL D. EVANS and MR PETER SADLER 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 JOSEPH GARAS SC, MR STEVEN WONG, MR RICHARD LILLY and MS MELANIE JASPER 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 PETER WARD as Counsel for Mr John Poynton

MR ANTHONY POWER as Counsel for Ms Maryna Fewster

MR ALBERT DINELLI and MR SCOTT MEACOCK as Counsel for Mr Alan McGregor

10:01AM

COMMISSIONER OWEN: This morning we have Mr McGregor, and Mr Dinelli, you are appearing for Mr McGregor.

5 MR DINELLI: Thank you. May it please the Commission. I am Albert Dinelli and I appear on behalf of Mr McGregor.

COMMISSIONER OWEN: Mr McGregor, would you give us your full name for the record?

10

WITNESS: Good morning. Yes, Alan Frank McGregor.

COMMISSIONER OWEN: I understand you wish to affirm?

15

WITNESS: Yes, thank you.

ALAN FRANK MCGREGOR, AFFIRMED

20

EXAMINATION-IN-CHIEF BY MR DINELLI

MR DINELLI: Mr McGregor, you prepared a statement dated 6 August 2021 in response to a summons dated 6 July 2021; is that right?

25

MR MCGREGOR: That's correct.

MR DINELLI: Do you have a copy of your statement with you, Mr McGregor?

30

MR MCGREGOR: Yes, I do.

MR DINELLI: Can I identify that document? Does it bear the ID CRW.998.002.0219?

35

MR MCGREGOR: Yes, it does.

MR DINELLI: Thank you. Can I take you to the very last page of it, which is numbered 0246?

40

MR MCGREGOR: Yes.

MR DINELLI: Is that a schedule of documents?

45

MR MCGREGOR: Yes, it is.

MR DINELLI: Thank you. Is the statement true and correct, to the best of your information and belief?

10:03AM

MR MCGREGOR: Yes, it is.

MR DINELLI: Commissioners, I tender that statement with its schedule, if I may?

5

COMMISSIONER OWEN: Thank you, Mr Dinelli. The witness statement of Alan McGregor, with its schedules, dated 6 August 2021 and bearing the identifier CRW.998.002.0219 is admitted as an exhibit.

10

EXHIBIT #CRW.998.002.0219 - WITNESS STATEMENT OF ALAN FRANK MCGREGOR DATED 6 AUGUST 2021, WITH SCHEDULES

15 COMMISSIONER OWEN: Ms Cahill?

MS CAHILL: Thank you, Commissioner.

20 **CROSS-EXAMINATION BY MS CAHILL**

MS CAHILL: Mr McGregor, can you hear me?

25 MR MCGREGOR: Yes, I can.

MS CAHILL: If you have your witness statement in front of you, go to paragraph 11 at page 0220, you identify you presently hold the position of Chief Financial Officer of Crown Resorts Ltd, a position you were appointed to on 20 August 2020. Do you
30 know if you presently hold that position on an interim basis, pending the recruitment of a permanent appointee, or whether you have been appointed permanently to that position?

MR MCGREGOR: I was permanently appointed to the position of Chief Financial
35 Officer of Crown Resorts in August last year, upon receiving the final probity clearances.

MS CAHILL: You intend to remain in that position for the foreseeable future, do
you?

40

MR MCGREGOR: Yes, I do.

COMMISSIONER JENKINS: Sorry, Ms Cahill, could we change the screen view.
Sorry, Mr Dinelli, I don't know that we need to see you.

45

MR DINELLI: No, of course. Thank you.

COMMISSIONER JENKINS: Thank you.

5 MS CAHILL: At paragraph 12 on the same page, you identify the various positions you hold on different entities within the Crown Group. Taking 12(a), your appointment as secretary of Burswood Ltd, is that an interim or permanent position?

10 MR MCGREGOR: I expect that may be an interim position. So, I was appointed as an interim Company Secretary of Crown Resorts Ltd as per 12(d) on 18 February 2021 and that role is interim because there was a restructure at the time. We are in the process of recruiting for a Company Secretary of Crown Resorts, so when that position is filled, I expect I will step down as interim Company Secretary.

15 MS CAHILL: Coming back to 12(a), Secretary of Burswood Ltd, you expect that is an interim position. Why do you say that?

20 MR MCGREGOR: It may be an interim position due to the replacement and appointment of the Company Secretary of Crown Resorts. Typically, not always but typically, the Company Secretary of Crown Resorts Ltd occupies the co-sec roles for the key subsidiary boards as well.

MS CAHILL: At (b), Director of Burswood Nominees Ltd, is that an interim or a permanent position?

25 MR MCGREGOR: I think that will be a permanent position.

MS CAHILL: Why do you think that?

30 MR MCGREGOR: Because, again, those are subsidiary boards of the key holding company, being Burswood Ltd, and it's fairly typical for the Chief Financial Officer of Crown Resorts to fill those positions.

MS CAHILL: And the role of Secretary of Burswood Nominees?

35 MR MCGREGOR: Yes, the same thing.

MS CAHILL: You expect that to be permanent?

40 MR MCGREGOR: Yes.

MS CAHILL: And as director of Burswood Resort (Management)?

MR MCGREGOR: Yes (inaudible)

45 MS CAHILL: (Inaudible) permanent? Yes?

MR MCGREGOR: Yes.

MS CAHILL: You explain at paragraph 25 at page 0222 that before you joined Crown Perth in 2005, you had been working in finance related positions in the casino industry since 1997, some eight years. You understood by the time you arrived at Perth Casino that casino operations generally were particularly vulnerable to the risk of being used to facilitate money laundering, weren't you?

MR MCGREGOR: I was aware --- yes, I'm aware that the casino industry generally is, yes.

MS CAHILL: You also understood that junket tours posed particular risks to the operations of casinos hosting such tours, in terms of being used to facilitate money laundering or being infiltrated by criminals?

MR MCGREGOR: Yes. I have come to probably realise that more so in terms of your previous question than this question, more so in recent years than I did at the time.

MS CAHILL: But you were aware of those risks in 2005, weren't you?

MR MCGREGOR: Yes.

MS CAHILL: Can we come back to paragraph 7 at page 0219. I want to ask you some questions about your role of Chief Financial Officer of Crown Perth between 2007 and April 2013. In that role, you were the person primarily and ultimately responsible for the financial management of the Perth Casino; is that right?

MR MCGREGOR: Yes, that's fair.

MS CAHILL: Your duties included --- I'm not stating them exhaustively, Mr McGregor, just included --- the accurate recording of all financial transactions involving the Perth Casino?

MR MCGREGOR: Yes.

MS CAHILL: The recording of those transactions in accordance with any legal requirements?

MR MCGREGOR: Yes.

MS CAHILL: The calculation and payment of taxes?

MR MCGREGOR: Yes.

MS CAHILL: Both Federal and State?

MR MCGREGOR: Mostly State taxes in that role. Federal taxes were undertaken by the corporate group.

MS CAHILL: So the CRL Chief Financial Officer?

MR MCGREGOR: Crown Resorts Ltd, yes.

5

MS CAHILL: You were responsible for financial forecasting, including cash flow forecasting in respect of the Perth Casino?

MR MCGREGOR: Yes.

10

MS CAHILL: Budgeting?

MR MCGREGOR: Yes.

15

MS CAHILL: Financing?

MR MCGREGOR: Depends on what you mean by "financing".

20

MS CAHILL: Financing of any capital works for the Perth Casino or any financing that was required for its operations.

MR MCGREGOR: Financing for capital projects, yes.

25

MS CAHILL: But not any financing required for operations otherwise?

MR MCGREGOR: Well, I guess I'm making the distinction between financing arrangements, in terms of bank financing, and finance facilities, which were taken care of by the Crown Resorts Ltd Group.

30

MS CAHILL: As a CFO of Crown Perth, or Perth Casino, you had the management of the Perth Casino's bank accounts, didn't you?

MR MCGREGOR: Again, the Treasury function and the bank account engagement and function was largely led by the Crown Resorts Ltd Corporate Treasury team.

35

MS CAHILL: We'll come back to that later, Mr McGregor, but are you saying you did not have ultimate responsibility for the management of Perth Casino's bank accounts?

40

MR MCGREGOR: Yes, that's right.

MS CAHILL: Did you have any responsibility for the management of Perth Casino's bank accounts?

45

MR MCGREGOR: Yes, to the extent that, for example, the bank reconciliation process, the external audit process in terms of bank confirmations, and the like, would have fallen within the remit of my responsibility at Perth.

10:11AM

MS CAHILL: You would have had to organise, as part of the external financial audit on an annual basis, for those bank accounts to be the subject of an audit?

5 MR MCGREGOR: Yes.

MS CAHILL: You also were responsible, weren't you, for ensuring that any transactions in respect of those bank accounts were properly and accurately recorded?

10

MR MCGREGOR: Yes.

MS CAHILL: You were responsible, as CFO of Perth Casino, for the compilation and presentation of Perth Casino's financial accounts?

15

MR MCGREGOR: Yes.

MS CAHILL: And for those financial accounts to be compiled and presented accurately?

20

MR MCGREGOR: Yes, that's right.

MS CAHILL: And in accordance with all legal requirements?

25

MR MCGREGOR: Yes.

MS CAHILL: You were responsible for accurately reporting to the CEO of Crown Perth and Burswood Ltd, the historical financial performance of Perth Casino on a monthly, half yearly and yearly basis?

30

MR MCGREGOR: Yes.

MS CAHILL: Were you primarily responsible, as you said a moment ago, for arranging for the external auditing of Perth Casino's financial accounts?

35

MR MCGREGOR: Yes, although the external auditor was engaged primarily, again, at the Crown Resorts Group level, but they performed audit functions on Crown Perth as a key subsidiary of the group.

40

MS CAHILL: You were primarily responsible for overseeing that process?

MR MCGREGOR: Yes.

MS CAHILL: And dealing with the auditors?

45

MR MCGREGOR: Yes, that's right.

MS CAHILL: Were you also primarily responsible for the internal auditing process

in respect of Perth Casino's finances?

5 MR MCGREGOR: I can't recall whether that was from the outset. I think the internal audit team might have reported to me at some stage during those early years, but I can't be clear on that.

10 MS CAHILL: Well, in terms of Perth Casino's finances, you would have had to, at least, been intimately involved with the internal audit process in respect of Perth Casino's finances; would you agree?

MR MCGREGOR: I would have been aware of the internal audit processes as they pertained to financial arrangements, yes.

15 MS CAHILL: Well, you would have had to be involved in them, providing information to the internal audit team?

20 MR MCGREGOR: Well, usually they would have conducted their internal audit with key engagements with some of my team members, not necessarily me as the CFO. But I would have seen the final report.

MS CAHILL: You would have been responsible for the team with whom internal audit liaised?

25 MR MCGREGOR: Yes, that's right.

MS CAHILL: So you are ultimately responsible for that liaison?

30 MR MCGREGOR: Well, yes, I'm responsible for the team's, my team's, liaison with the internal audit team and completing their duties, yes.

MS CAHILL: Is it your evidence that you weren't, in fact, in charge of the internal audit of Perth Casino's finances?

35 MR MCGREGOR: I can't recall whether they reported to me throughout that period or at all. The internal audit team, from my memory, may have reported up to the Legal and Compliance teams. But I could stand corrected on that, I just can't recall.

40 MS CAHILL: You were the person at Perth Casino, in your role as CFO, who was primarily responsible for identifying and managing financial risks of Perth Casino's operations, weren't you?

MR MCGREGOR: It depends on what you mean by "financial risks".

45 MS CAHILL: Credit risks?

MR MCGREGOR: No. There was a VIP team that specifically --- and with the casino business, or certainly with ours, most of the credit risk came from the VIP

business, so there was a VIP credit team that looked after that particular credit risk. There was some non-gaming elements to credit in and around convention and events business and I certainly had ultimate responsibility for that. And I was involved in reviewing, and meetings and reviewing the debt position of the VIP credit team as well.

10 MS CAHILL: So you were involved in, but not responsible for, identifying and managing a credit risk associated with VIP business?

MR MCGREGOR: Yes.

MS CAHILL: The responsibility rested with the VIP team?

15 MR MCGREGOR: Yes.

MS CAHILL: Liquidity risks, you were responsible for identifying and managing those in respect of Perth Casino operations?

20 MR MCGREGOR: Not during that period. Again, that would have been liquidity, and treasury cash flow management has ultimately been the responsibility of the Crown Resorts Corporate Treasury team.

25 MS CAHILL: Again, were you involved in, but not responsible for, identifying and managing those risks?

MR MCGREGOR: I probably wasn't overly involved with those, other than obviously monitoring or being aware of and monitoring general cash flows in and out of the business, as and when they became due.

30 MS CAHILL: That's being fairly involved, isn't it?

MR MCGREGOR: Yes.

35 MS CAHILL: Fraud risk, were you responsible for identifying and managing fraud risk?

MR MCGREGOR: Not that I can recall, no. I think the fraud management risk was held at the Legal and Compliance teams.

40 MS CAHILL: You would, however, have been involved, wouldn't you, by reason of your oversight of the financial accounts of Perth Casino?

MR MCGREGOR: Yes.

45 MS CAHILL: It would necessarily have been part of your function to identify any evidence of fraudulent activity in respect of Perth Casino's financial affairs?

10:17AM

MR MCGREGOR: Yes.

5 MS CAHILL: Can we go to the document which is referred to at paragraph 23 at 0222 of your witness statement, CRW.512.239.0013. You have referred to this here because this is your job description for your role as CFO Crown Perth between 2007 and April 2013; is that right?

10 MR MCGREGOR: Yes.

MS CAHILL: In that role you reported to the Chief Executive Officer of Perth Casino; is that the case?

15 MR MCGREGOR: Yes.

MS CAHILL: Can we go to the front page here, the second dot point on the left-hand side of the screen, under "Primary objectives of this role". It has been popped out for you.

20 MR MCGREGOR: Thank you.

MS CAHILL: "Direct, control and administer the financial activities of the Company", then it says "through the Finance Department".

25 Can you tell me, please, what was the role of the Finance Department in respect of Perth Casino when you were CFO between 2007 to April 2013?

30 MR MCGREGOR: Yes. It was to be responsible for things such as monthly, yearly reporting on historical performance, forecasting, budgeting, the payroll function, accounts payable function, monitoring fixed assets and general ledger, as it says up on the screen, and there was an income control function as well, which managed the -- just a typical function in a hospitality venue, which managed the operations of the hotel and the convention business in particular.

35 MS CAHILL: The Finance Department was where transactions were primarily recorded?

MR MCGREGOR: Yes.

40 MS CAHILL: You headed the Finance Department?

MR MCGREGOR: Yes.

45 MS CAHILL: On page 0014, on the right-hand side of the screen, if we could pop that back, please, you will see in the table there where it identifies reporting relationships. In the second column, first dot point, a position directly reporting to you was the Financial Controller; do you see that?

10:20AM

MR MCGREGOR: Yes, that's right.

MS CAHILL: Who was that?

5

MR MCGREGOR: Well, there were a few people during my tenure back then, from memory. I think it was Craig Spence for a little while and then Vasula Kessell was appointed into that role and she occupies that role now.

10 MS CAHILL: If you drop down to the third bullet point in the same column, there is a reference to a credit administrator who reports to you. Was that a credit administrator responsible for credit arrangements outside of VIP business?

15 MR MCGREGOR: No, I think that credit administrator, from memory, did report on VIP business.

MS CAHILL: So that person reported to you in respect of that function?

MR MCGREGOR: Yes.

20

MS CAHILL: So you did have a responsibility for the credit arrangements in respect of VIP business?

25 MR MCGREGOR: Yes. This was one person in Perth at the time, from memory she was domiciled in Perth, and our VIP business was largely led in a group way. So she managed the administration of reporting, and the like, on VIP credit.

MS CAHILL: But she didn't report to a group role, she reported to you?

30 MR MCGREGOR: That's right, yes.

MS CAHILL: You were responsible for her?

MR MCGREGOR: Yes.

35

MS CAHILL: Was this credit administrator --- as I understood your answer a moment ago, it was not part of a wider credit team?

MR MCGREGOR: She worked with the wider credit team very closely.

40

MS CAHILL: All right.

MR MCGREGOR: I think she reported to me but --- my apologies, sorry.

45 MS CAHILL: Sorry, did you name this credit administrator a minute ago or not?

MR MCGREGOR: No, I didn't.

10:22AM

MS CAHILL: Who was it?

5 MR MCGREGOR: I think her name was Heather Graham. It was a long time ago, I'm just trying to remember.

MS CAHILL: The credit administrator was a standalone, was it, VIP business-related credit administrator who reported to you?

10 MR MCGREGOR: Yes, and I think she reported to me back then because, as I said, she was domiciled in Perth, as I was, and the VIP team was largely housed in Melbourne. So I think it made sense for her to report through to somebody who was in Perth.

15 MS CAHILL: You made reference to a credit team separately from this credit administrator a moment ago. Was that a credit team as part of the Finance Department?

20 MR MCGREGOR: No, it wasn't. There is a VIP Credit team in Melbourne, which is largely a group VIP Credit team across the VIP business generally.

MS CAHILL: In relation to the credit function exclusive of VIP business that you talked about a little while ago, was that carried out by the Finance Department?

25 MR MCGREGOR: Sorry, can you repeat that question?

30 MS CAHILL: When I was asking you a moment ago about your responsibility for credit functions, you distinguished between VIP business and credit function otherwise. Do you recall that?

MR MCGREGOR: Yes. I do.

35 MS CAHILL: That credit function otherwise, was that carried out by the Finance Department?

MR MCGREGOR: I think it was, from memory, yes.

40 MS CAHILL: Staying with this document at 0014, the second dot point refers to the cage manager; do you see that?

MR MCGREGOR: Yes.

MS CAHILL: The cage manager reported to you?

45 MR MCGREGOR: That's right.

MS CAHILL: The cage manager was obviously the manager of the cage operation?

10:24AM

MR MCGREGOR: That's right.

MS CAHILL: Who was in that role while you were CFO of Perth Casino?

5

MR MCGREGOR: It was largely David Brown, from memory. I don't think there was anyone prior to him. Again, I think it was mainly David Brown.

MS CAHILL: Was the cage operation a part of the Finance Department or separate from it?

10

MR MCGREGOR: It was separate.

MS CAHILL: What was the role of the cage operation?

15

MR MCGREGOR: It is a common role in a casino. It is the business unit that looks after all the cash, chips, table games chips, manages the engagement with the customer, in terms of sharing or making the transactions between cash and chips at the casino cages.

20

MS CAHILL: Was there any overlap between the cage operation functions and the Finance Department functions?

MR MCGREGOR: No, not really.

25

MS CAHILL: What about in relation to recording financial transactions?

MR MCGREGOR: Well, the financial transactions were largely recorded through the casino management system, SYCO, which interfaced with the general ledger, so there was really not a lot of manual interaction other than probably in the income control team that I mentioned before, in terms of processing gaming type transactions from the casino management system into the GL.

30

MS CAHILL: Who did that, the cage or the Finance Department?

35

MR MCGREGOR: Well, both. The cage were responsible for --- and there were a number of inputs into the casino management system, as you would appreciate, from the operating areas of tables and machines and everywhere else. So there were a number of inputs into that system and, ultimately, that would interface with the general ledger, financial management system to produce financial reports.

40

MS CAHILL: Obviously you have people interacting with SYCO to enter data into it, don't you?

MR MCGREGOR: Yes.

45

MS CAHILL: Both the cage and operators and the Finance Department staff would perform that function?

MR MCGREGOR: Cage are more data entry into the function. The finance team are largely recipients of the information, if that makes sense.

5 MS CAHILL: When it comes to, for example, bank accounts used for gaming that Perth Casino had, and there were transactions between those accounts, which area was it, the cage or the Finance Department, that was responsible for entering those transactions?

10 MR MCGREGOR: The cage.

MS CAHILL: Who was responsible for making sure those transactions were entered accurately?

15 MR MCGREGOR: Ultimately the cage.

MS CAHILL: Why do you say "ultimately"?

20 MR MCGREGOR: Well, because they were the first line of engagement, if you like, and so they would be the ones who would enter the information into SYCO and, as I said, the finance team were recipients of that information and converting it into a general ledger format where it was --- into a financial statement format.

25 MS CAHILL: Did the Finance Department have any responsibility to review those transactions to make sure they were accurately and appropriately recorded by the cage?

MR MCGREGOR: No.

30 MS CAHILL: Who did review the cage's work, to see it was accurately and appropriately recording transactions?

35 MR MCGREGOR: Well, there were a number of areas, I guess. One would have been the AML and Compliance team, updating the information into SYCO. Another area of the business that would have viewed the information would have been the VIP teams, in terms of information going in there with respect to VIP players. The gaming teams may have reviewed that sort of information, in terms of monitoring the performance of the tables and machines business, for example.

40 MS CAHILL: Who had the responsibility to ensure that the cage entered transactions accurately and appropriately?

MR MCGREGOR: The cage.

45 MS CAHILL: Then ultimately you, because you were responsible for the cage?

MR MCGREGOR: That's right.

10:29AM

MS CAHILL: Besides the manager of the cage operation, who else worked within the cage?

5 MR MCGREGOR: There was a large team of people. The General Manager of Cage had shift managers and area managers below him, casino cashiers, count room.

MS CAHILL: So there were shift managers overseeing casino cashiers, you described?

10

MR MCGREGOR: Yes. There would have been shift managers, there would have been supervisors, casino cashiers, that sort of structure.

MS CAHILL: Let's try to be a little bit more precise. On every shift you had a manager in the cage, did you?

15

MR MCGREGOR: On every shift there would typically be a shift manager or someone who was acting in the shift manager role, that's right.

MS CAHILL: Then immediately below the manager would be a supervisor?

20

MR MCGREGOR: Yes, or a number of supervisors.

MS CAHILL: Then underneath the supervisor was a cashier?

25

MR MCGREGOR: A number of cashiers at the windows, yes.

MS CAHILL: Any other roles?

MR MCGREGOR: There is a count team. So they --- it's, effectively, a count room which does exactly that, counts the drop from cash from the floor. That's a small group of people who do that daily.

30

MS CAHILL: How many?

35

MR MCGREGOR: Half a dozen.

MS CAHILL: Are they there 24/7 in shifts?

MR MCGREGOR: No. They typically come in early in the morning and complete their role and then they are gone by midday or early afternoon, typically.

40

MS CAHILL: Any other roles, aside from the ones you have just mentioned?

MR MCGREGOR: In the cage team?

45

MS CAHILL: Yes.

10:31AM

MR MCGREGOR: Not that I can recall.

5 MS CAHILL: Coming back to a shift with the manager, supervisors and cashiers, you would have one manager on a shift?

MR MCGREGOR: Typically, although if it was a particularly busy period or an event, or something like that, you might have two.

10 MS CAHILL: Typically, how many supervisors in a shift?

MR MCGREGOR: I couldn't tell you with any accuracy. This is some time ago.

15 MS CAHILL: Roughly?

MR MCGREGOR: As I said, you may have one to two shift managers, supervisors, maybe half a dozen.

20 MS CAHILL: Roughly how many cashiers?

MR MCGREGOR: Well, it depended on what shift it was, again. If it was a night shift, you would have a couple of the cage windows open and if it was, sort of, an overnight shift, you might only have one. So it would depend ---

25 MS CAHILL: Provide a range of numbers, please.

MR MCGREGOR: Look, again, I couldn't tell you with any accuracy. I would be guessing.

30 MS CAHILL: Can you give me an estimate, please?

MR MCGREGOR: In downtime, it might be --- and they would be swinging through the shifts. It'd be, I don't know, six to eight on a low period and maybe, you know, 15 on a high period, but again I'm guessing.

35 MS CAHILL: The supervisors and the managers, when they are on a shift, part of their responsibility is to ensure that transactions are being entered by the cashiers accurately and appropriately?

40 MR MCGREGOR: Yes.

MS CAHILL: The numbers you just gave me and the structure you just gave me was for how the main cage was set up; is that right?

45 MR MCGREGOR: That's the main cage, but also the cage in the Pearl Room or the Premium Room, for example, would have been a similar structure. It might have had more exposure to management teams, for obvious reasons, because it would have had

10:34AM

higher transaction levels.

5 MS CAHILL: There was a cage at the Pearl Room and there was one other cage, wasn't there?

MR MCGREGOR: Yes. The main cage.

10 MS CAHILL: So the main cage, the Pearl Room cage and was there another cage?

MR MCGREGOR: Yes.

MS CAHILL: Where was that?

15 MR MCGREGOR: That was on the main gaming floor.

MS CAHILL: Was that a smaller cage than the Pearl Room and the main cage?

20 MR MCGREGOR: The Pearl Room was the smallest cage.

MS CAHILL: How big was the main floor cage?

25 MR MCGREGOR: How many windows? It would have been, I don't know, six or eight windows, maybe.

MS CAHILL: Are we at cross-purposes here? You have identified the main cage.

MR MCGREGOR: (Nods head).

30 MS CAHILL: And you have given me the size of that, in rough terms.

MR MCGREGOR: Yes.

35 MS CAHILL: The Pearl Room is a bit smaller?

MR MCGREGOR: Yes. It only has two windows, from memory, two to three.

40 MS CAHILL: Then there is another cage on the main gaming floor that is somewhere in between those two in terms of size; is that right?

MR MCGREGOR: That's right.

45 MS CAHILL: Coming back to the main cage, is it located separately, physically, from the Finance Department?

MR MCGREGOR: Yes, it's on the gaming floor.

MS CAHILL: What is the purpose of having two, the main cage and then another

cage on the main gaming floor?

MR MCGREGOR: Just to service the customers. It's a fairly large floor, so it's a
5 customer service piece.

MS CAHILL: At paragraph 8 of your witness statement, page 0220, you identify the
roles you had in the Burswood entities while you were CFO of Crown Perth, in
10 addition to your role as CFO. In terms of Burswood Ltd, at page 0224, paragraph 37,
in the second sentence you say it is Burswood Ltd, not Burswood Nominees, that sets
the strategic direction for the Crown Perth business. Do you see that?

MR MCGREGOR: Yes.

15 MS CAHILL: Are you speaking as to the position that pertains now or historically,
or both?

MR MCGREGOR: Probably more historically than now, although now I think that
statement is still correct.

20 MS CAHILL: But you are making a distinction as if there has been a change in
emphasis over time; is that right?

MR MCGREGOR: Potentially.

25 MS CAHILL: What do you mean, Mr McGregor?

MR MCGREGOR: I mean that in my --- and I'm speaking from my own experience,
obviously. In the early years in my time at Perth, I was obviously not privy to the
30 operation of the Crown Resorts board and the other entities, so I was just reporting
through to the Burswood Ltd board. Since my tenure as CFO Australian Resorts and
more recently in my current role, I can see that there is --- there are representatives
from the Crown Resorts teams on the Burswood Ltd board, as there always has been,
and how the Crown Resorts Group interacts with and meets and discusses the Perth
35 business.

MS CAHILL: Do you consider that CRL has increased its influence over the
strategic direction of the Perth Casino operations over time?

40 MR MCGREGOR: I think that is a fair statement, yes.

MS CAHILL: Who would you say controls the Perth Casino business, in terms of a
corporate entity?

45 MR MCGREGOR: The Burswood Ltd board, as a holding company.

MS CAHILL: But it is influenced in its control by CRL, is that the effect of ---

MR MCGREGOR: Yes. I think, obviously, the Perth property, the Burswood Group of companies are wholly owned subsidiaries of the Crown Resorts Group, as is Melbourne, as is Sydney. So, ultimately, the Crown Resorts board has ultimate
5 responsibility for the strategic direction of all three of those entities.

MS CAHILL: Coming back to the historical position when you were CFO at Crown Perth, you were appointed to the position of Company Secretary of Burswood Ltd because you were CFO; you recall that?
10

MR MCGREGOR: Yes.

MS CAHILL: It was also because you were CFO of Crown Perth that you were made a director and secretary of Burswood Nominees and Burswood Resort (Management) Ltd; is that right?
15

MR MCGREGOR: That's right.

MS CAHILL: You attended, when you were CFO of Crown Perth, all meetings of the Burswood Ltd board?
20

MR MCGREGOR: I would have. Yes, I was an invitee of the Burswood Ltd board and I would have attended most, if not all, of them.

MS CAHILL: You reported to the Burswood Ltd board at those meetings in relation to the financial affairs of the Perth Casino?
25

MR MCGREGOR: Yes, in conjunction with the CEO, that's right.

MS CAHILL: Did you present financial budgets to the Burswood Ltd board?
30

MR MCGREGOR: Yes, I think so. Again, the CEO and myself and the Chief Operating Officer would have presented the budgets and the business plans to the board.
35

MS CAHILL: Were those budgets approved by the Burswood Ltd board or simply just noted?

MR MCGREGOR: My recollection at the time, and I'm making a distinction now
40 between probably what I thought at the time, versus what I perhaps have read and seen in recent times. My understanding of it at the time, right up until probably fairly recently, was that we were presenting those budgets and plans to the Burswood Ltd board for their review and approval. But I've seen obviously been privy to the fact that I don't think in all cases there were resolutions in the minutes approving
45 those budgets and plans by the Burswood Ltd board.

MS CAHILL: Did you, at the time, present the same budgets to the CRL board for review and approval?

MR MCGREGOR: In a consolidated fashion with the rest of the business --- sorry, my apologies. In the time I was in Perth from 2007 to 2013, I did not attend the Crown Resorts board or any of its committees.

5

MS CAHILL: Did you have any knowledge of those same budgets being presented to the CRL board for review and approval by somebody else?

MR MCGREGOR: I think I probably would have been aware that they were being presented up the chain to the ultimate parent company, yes.

10

MS CAHILL: For review and approval?

MR MCGREGOR: Yes.

15

MS CAHILL: When you were Chief Financial Officer of Crown Perth up until April 2013, there was also a CFO of Crown Melbourne, wasn't there?

MR MCGREGOR: That's right.

20

MS CAHILL: And a CFO of Crown Resorts, I think you've mentioned that?

MR MCGREGOR: Yes.

MS CAHILL: What was the nature of your interaction with each of those officers?

25

MR MCGREGOR: Probably more interaction with the CFO of Crown Melbourne because she, Ms Henwood, I replaced her in Perth and I certainly looked upon --- this was my first CFO role into the Perth business, so I looked upon her as somewhat of a mentor and sought her guidance from time to time, in terms of my tenure at Perth.

30

MS CAHILL: Did you have ---

MR MCGREGOR: In terms of my interaction ---

35

MS CAHILL: Sorry, you go.

MR MCGREGOR: In terms of my interaction with the Crown Resorts CFO, look, I can't really recall. I don't recall there being a lot, other than from time to time there may be phoning up about financial matters or reports.

40

MS CAHILL: Did you have a direct or dotted line reporting responsibility to the CFO of Crown Resorts?

MR MCGREGOR: Not officially. I reported to the CEO of Crown Perth at the time, so no, I don't think there was a dotted line arrangement.

45

MS CAHILL: In relation to capital expenditure for Perth Casino operations between 2007 and 2013, how were these funded?

5 MR MCGREGOR: Sorry, can you repeat that again?

MS CAHILL: In relation to capital expenditure for Perth Casino operations or capital works between 2007 and 2013, how was that expenditure funded?

10 MR MCGREGOR: Typically, what would happen is there would be an allocation of capital funds in a base capex arrangement, for example. So there may be an amount, let's say, of \$35 million or \$40 million a year assigned to the Perth business to use on what we determine base or maintenance capex, and that could be determined by their management team in Perth and shared with the board. If there were anymore
15 material projects from a capital nature that needed to be funded, they would be presented first and foremost to the Burswood Ltd board for review and approval and then, I think, probably presented to the resorts board for their approval as well.

MS CAHILL: But what was the source of the funding? Did it come through CRL?
20

MR MCGREGOR: It depended. For example, if it was maintenance capex, it was probably funded from profits generated from Perth. If it was a large project, that may have been funded by Crown Resorts. For example, Crown Towers Perth was a significant project for us in Perth, \$650 million, and a lot of that was funded by the
25 parent company.

MS CAHILL: That was after your move to Melbourne though, wasn't it?

MR MCGREGOR: That's right.
30

MS CAHILL: I want to ask you quickly about the ERCC. You describe at paragraph 14 of your witness statement at 0220, were a member of the Executive Risk and Compliance Committee from 2008, when that Committee was established, until 2014; is that right?
35

MR MCGREGOR: Yes, until April 2013 when I moved to Melbourne, that's right.

MS CAHILL: Do you say you weren't a member after that?

40 MR MCGREGOR: For that short time between April 2013 and August 2014, I was in the role of Crown Melbourne CFO, specifically, so I was not responsible for anything to do with Perth and did not attend the ERCC meetings during that period.

MS CAHILL: When after that, in 2014, you were made CFO of Australian Resorts,
45 you resumed your membership of ERCC, didn't you?

MR MCGREGOR: In Perth, that's right.

MS CAHILL: Back when you were CFO of Perth, you were a member of the ERCC because you were CFO of Perth, right?

5 MR MCGREGOR: That's right.

MS CAHILL: You understood the ERCC was responsible for providing risk and compliance oversight for Crown Perth?

10 MR MCGREGOR: Yes.

MS CAHILL: That encompassed all material business risks that Crown Perth had?

MR MCGREGOR: Yes, it was a wide-ranging charter.

15

MS CAHILL: The ERCC approved Crown Perth's Risk Management Strategy document, didn't it?

MR MCGREGOR: I think it did, yes.

20

MS CAHILL: At the time, that was Crown Perth's own document, not one shared jointly with Crown Melbourne or CRL?

MR MCGREGOR: That's right.

25

MS CAHILL: Apart from your oversight role in respect of risk and compliance, as a member of that committee, you also contributed as CFO to inform ERCC of the manner of management of material financial risks, didn't you?

30 MR MCGREGOR: Yes, I was a member of the ERCC committee and contributed where I could.

MS CAHILL: The ERCC also had oversight over AML risk, didn't it?

35 MR MCGREGOR: Yes.

MS CAHILL: Can we go to paragraph 98 of your witness statement, page 0232. You say that responsibility sat largely with the Legal and Compliance team while you were CFO of Crown Perth.

40

MR MCGREGOR: Yes, that's my recollection.

MS CAHILL: But you were responsible for the cage operation, not legal and compliance?

45

MR MCGREGOR: That's right.

MS CAHILL: That was the case until 2013, when you moved to Melbourne?

MR MCGREGOR: That's correct.

5 MS CAHILL: You say in this paragraph, the third sentence, that the cage had to work closely with the legal and compliance teams on AML compliance. Do you see that?

MR MCGREGOR: Yes.

10 MS CAHILL: But, in any event, you had responsibility for the overall financial management and oversight of that, didn't you?

MR MCGREGOR: I had responsibility for the cage, yes.

15 MS CAHILL: Well, for the overall financial management of the Perth Casino operations?

MR MCGREGOR: Yes.

20 MS CAHILL: That meant not just the cage but you, yourself, would need to work closely with legal and compliance to ensure that AML risks were appropriately managed in the cage; would you agree?

MR MCGREGOR: Not necessarily. I think the cage reported to me. There was a
25 compliance committee, as I recall, that had senior management members of a number of different parts of the business, and they would have been AML, Compliance, the cage, VIP and they met, as I recall, pretty regularly and they didn't always have representatives from the executive teams at those meetings. The people who
30 attended those Compliance Committees effectively reported up through their chains of command, so to speak, on any matters that were worthy of raising.

MS CAHILL compliance ---

MR MCGREGOR: So I didn't attempt --- my apologies.
35

MS CAHILL compliance on a day-to-day basis at Perth Casino depended, in part, upon your cooperation as to the financial management of Perth Casino; you would agree?

40 MR MCGREGOR: I'm sorry, my "cooperation", I'm not sure I understand what you mean.

MS CAHILL: You were the CFO of Perth Casino, weren't you?

45 MR MCGREGOR: Yes.

MS CAHILL: You were responsible for its financial management?

MR MCGREGOR: Yes.

MS CAHILL: And for such things as recording accurately financial transactions?

5

MR MCGREGOR: Yes.

MS CAHILL: And financial transactions being recorded appropriately?

10

MR MCGREGOR: Yes.

MS CAHILL: And to identify and mitigate financial risks?

15

MR MCGREGOR: Yes, that was part of my responsibility, along with others, yes.

MS CAHILL: When it comes to Legal and Compliance identifying how it will identify and manage AML risk, it needs to work closely with you in relation to your area of responsibility, which I have just described.

20

MR MCGREGOR: Yes, I think that's right but, as I said, the teams worked closely together. The way it worked, as I recall, was my team, Legal and Compliance team and the AML teams worked closely together and regularly met on those matters. And as and when there were items to be escalated or items for discussion at a more executive level, they would find their way either up to the Executive Team or the

25

Executive Risk and Compliance Committee for discussion.

MS CAHILL: But you are not separate from your team, are you?

30

MR MCGREGOR: No, I'm not saying I am.

MS CAHILL: You are just at the head of the team?

MR MCGREGOR: Yes.

35

MS CAHILL: As part of that team, at the head of it, you had to work closely with Legal and Compliance to identify and manage AML risk; you would agree with that?

MR MCGREGOR: Through the ERCC teams and liaison with my colleagues, yes.

40

MS CAHILL: No, not through the ERCC, Mr McGregor. Separately and in addition to that, in your day-to-day work overseeing the financial management of Perth Casino, as part of your team, you had to work closely with Legal and Compliance to identify and manage AML risk; would you agree?

45

MR MCGREGOR: As I've said, the way it worked was the teams worked closely together and they reported up to their various managers, in terms of responsibility for financial risk and AML risk.

MS CAHILL: But ---

5 MR MCGREGOR: And I was a part of that executive team that was responsible for those risks.

10 MS CAHILL: Yes. But not just as part of the ERCC, as part of your role as CFO, you had a responsibility to work with Legal and Compliance to make sure that AML risks were identified and appropriately managed; would you agree?

MR MCGREGOR: Yes. We all had a responsibility to do that.

MS CAHILL: You had to help them to do their job?

15 MR MCGREGOR: Where I could, yes.

MS CAHILL: You were very well positioned to do that because you were the one responsible for financial management at Perth Casino; would you agree?

20 MR MCGREGOR: I was well-equipped in terms of the financial management, yes, but I was not an expert in AML matters.

25 MS CAHILL: You knew a lot about it because you were on the ERCC. You actually had an oversight role in relation to AML risk identification and management.

MR MCGREGOR: Yes.

30 MS CAHILL: So you knew quite a lot about it, didn't you?

MR MCGREGOR: I was aware of the issues through my attendance at the ERCC meetings, General Executive team meetings and engagement with my colleagues in the Legal and Compliance teams throughout the course of business.

35 MS CAHILL: You did more than just simply attend ERCC meetings, you oversaw, as a member of ERCC, the AML risk identification and management function; didn't you?

40 MR MCGREGOR: As a member of the ERCC team, yes.

MS CAHILL: Thank you. Can I take you to your role as Chief Financial Officer of Crown Melbourne. That was in April 2013 you moved to Melbourne to assume that role?

45 MR MCGREGOR: Yes, that's right.

MS CAHILL: You were in that position for a little over a year?

10:55AM

MR MCGREGOR: Yes.

MS CAHILL: You had the same responsibilities as you had in relation to Perth
5 Casino, but this time in relation to Crown Melbourne?

MR MCGREGOR: Yes, I think that is largely correct.

MS CAHILL: Was there a CFO appointed in your place for Crown Perth for that
10 year that you were CFO of Crown Melbourne?

MR MCGREGOR: Yes.

MS CAHILL: Who was that?
15

MR MCGREGOR: That was Mr Craig Spence.

MS CAHILL: You then become the CFO of Australian Resorts in August 2014?

MR MCGREGOR: That's right.
20

MS CAHILL: You explain at paragraph 20, page 0222, that when you assumed that
role, you became responsible for the overall financial management of Crown Perth
and Crown Melbourne. Do I understand from that that you then became, effectively,
25 CFO of Crown Perth and Crown Melbourne?

MR MCGREGOR: That's fair, yes.

MS CAHILL: What happened to Mr Spence?
30

MR MCGREGOR: His position was made redundant.

MS CAHILL: In the role of CFO Australian Resorts, you reported to Barry Felstead
as CEO Australian Resorts; is that right?
35

MR MCGREGOR: That's right.

MS CAHILL: When you became responsible as CFO for both Perth and Melbourne,
did you spend much time physically in Perth?
40

MR MCGREGOR: Yes. I would generally be there for the board meetings,
physically, and possibly two to three other times during the course of the year for
other things or for a general catchup with my team.

MS CAHILL: Thank you. I take you now to CRW.708.005.8302, a letter from Mr
Felstead to Mr Connolly of 25 August 2014. I am not suggesting you have written
this letter, Mr McGregor, but it refers to you. It notifies Mr Connolly of your
appointment to the CFO position of Australian Resorts. You have read this letter?
45

10:57AM

You are familiar with it?

5 MR MCGREGOR: I have glanced at it in the course of reviewing materials last night.

MS CAHILL: What was the ---

10 MR MCGREGOR: I hadn't seen it before last night.

MS CAHILL: What was the reason for the consolidation of the CFO roles across Crown Melbourne and Crown Perth?

15 MR MCGREGOR: During that period around 2014, there was a number of movements we were making as a business to consolidate support functions. Prior to that period, as we've been talking about, Perth and Melbourne largely operated separately from one and other. They had their own management teams, their own structures and there wasn't a lot of crossover. That, to us at the time, as I recall, seemed a bit inefficient in that both properties operated integrated resorts, they did
20 very similar things obviously, so we took the view that some of the support functions, like finance, like marketing, like IT and the like, and ultimately the management of the businesses, with the appointment of Mr Felstead as CEO Australian Resorts, could be done via some group functions looking after those support areas, and finance was one of those areas that was identified.

25 MS CAHILL: At the third paragraph on the first page of this document in front of you, it explains you were formerly the CFO of Crown Perth. The second sentence says:

30 *Mr McGregor has a very strong knowledge of the Crown Perth business.*

Was that true? Was that a true statement at the time it was made?

35 MR MCGREGOR: I think so. I had lived and worked in Perth for some seven years by that stage.

MS CAHILL: Can we zoom out again, please, so we have the document on full page. You will see the penultimate paragraph on this page refers to an attached job description for you, which commences at 8304. If we go to that, please. Thank you.
40 This has your direct reports. You will see there that each of the financial controllers in Perth and Melbourne reported directly to you. Those jobs were located in Perth and Melbourne, respectively, were they?

45 MR MCGREGOR: Yes.

MS CAHILL: Did the Finance Department in Perth retain the same role and structure as you have described to us it had when you were CFO of Perth between 2007 and 2013?

11:00AM

MR MCGREGOR: Largely it did, yes.

MS CAHILL: That remained the same through 2014 to 2020?

5

MR MCGREGOR: Yes, predominantly the same.

MS CAHILL: Apart from the financial controller, who were the most senior members of the Perth Finance Department between 2014 and 2020?

10

MR MCGREGOR: There was a couple of management accountants that were reasonably senior that supported Vasula, Ms Kessell.

MS CAHILL: Ms Kessell was still the financial controller through to 2020?

15

MR MCGREGOR: She remains the financial controller today. That's right.

MS CAHILL: Who were the other senior people that you have just identified their roles?

20

MR MCGREGOR: There was a hotels management accountant, Ms Siou (?) and there was another individual --- or there is, I should say, Mr Lam.

MS CAHILL: Sorry, who was that?

25

MR MCGREGOR: Mr Lam.

MS CAHILL: What was his role?

30

MR MCGREGOR: He is a management accountant.

MS CAHILL: Thank you. At 8304, underneath the two financial controllers, we have the Crown Melbourne, General Manager Cage and Count reporting to you. Who was that?

35

MR MCGREGOR: That's Mr Hancock.

MS CAHILL: Then if we go to where I think the operator wants us to go, 8309, we have the position description for Mr Preston, the Executive Manager of Legal and Corporate Services.

40

MR MCGREGOR: Yes.

MS CAHILL: If we look down the direct reports, fourth from the bottom, the General Manager of Cage and Count in Perth now reports to him.

45

MR MCGREGOR: Yes.

11:02AM

MS CAHILL: Was that still Mr Brown?

MR MCGREGOR: Yes.

5

MS CAHILL: The reason for him reporting to Mr Preston is explained at 8302 in the last paragraph:

10 *taken on the responsibility of managing and overseeing the Cage and Count operations*

If we go over the page, it goes on to say at the top that it plays an important role in overseeing corporate governance. In the next paragraph there is an opinion expressed by Mr Felstead:

15

The appointment of Mr Preston to manage and oversee Cage and Count operations will, in my respectful opinion, further strengthens compliance within this Department, particularly as he frequently liaises with the regulatory bodies such as

20

He goes on to talk about it being a governance issue. Why was there not such a --- the same shift at Crown Melbourne to move the reporting structure of Cage and Count over to Legal and Compliance?

25 MR MCGREGOR: I don't know.

MS CAHILL: Did you ask at the time?

MR MCGREGOR: No, I didn't.

30

MS CAHILL: Why not? Because it is an oddity, isn't it?

MR MCGREGOR: Well, I really didn't turn my mind to it, as I recall. I think as I was leaving Perth, the view was that potentially it might be better to have the GM of Cage, who is arguably more an operational person than a support person, reporting to somebody who was more on the ground in Perth all the time. I think that may have been one of the motivations. Whereas I was in Melbourne and the Cage Manager did report to me in Melbourne.

35

40 MS CAHILL: As we read this, this makes Mr Preston responsible for the entirety of the cage operation in Perth. Is that what happened?

MR MCGREGOR: Yes.

45 MS CAHILL: How did that work? Because you would have still retained financial management responsibility for the cage as CFO, wouldn't you?

MR MCGREGOR: No. As CFO, I was responsible for the financial reporting and management of the business but the cage, like other operational areas of our business, was an input into all of that financial data that ultimately found its way through to finance, in terms of turning those things into a financial report. The cage didn't need to report to a finance person for it to perform its duties and have data find its way through to the ultimate end.

MS CAHILL: Let's go back to your job description at page 8304. This is your job description. Do you see under "PRIMARY RESPONSIBILITIES", there is a series of dot points?

MR MCGREGOR: Can you blow it up for me, please? I can't see it.

MS CAHILL: Dropping down to the dot points first.

MR MCGREGOR: Yes, I can see that now.

MS CAHILL: You will see the second-last dot point. This is one of your primary responsibilities, to "establish and direct the Company's financial activities and procedures"?

MR MCGREGOR: Yes.

MS CAHILL: There were financial activities and procedures occurring in the Perth cage, weren't there?

MR MCGREGOR: Yes, but there were financial --- I think maybe we are at cross-purposes. There were financial activities and procedures occurring across the complex, not just in the cage. So, when I read that and I understand what it means, it means I and my team are responsible for consolidating all of the inputs across the business, in terms of providing useful management financial information for the business to review and make decisions upon.

MS CAHILL: You see the next dot point:

Work closely with Executive management to ensure the financial processes and controls in each business area are effective and efficient.

Do you see that?

MR MCGREGOR: Yes.

MS CAHILL: That would have included the financial processes and controls in the cage?

MR MCGREGOR: Again, not necessarily. That's an operational area like other operational areas. When I read that and understand what that means, that's things

like appropriate delegated authority policies, appropriate approval policies, appropriate forms to be filling in for capital expenditure requests, business case justifications, those sorts of things is what that means.

5

MS CAHILL: When you moved to CFO Australian Resorts in the period from 2014 to 2017 --- we'll come to that in a moment because there was another change again, wasn't there, in 2017 --- who had actual responsibility for making sure that all financial transactions in the cage were recorded accurately and appropriately?

10

MR MCGREGOR: The General Manager of Cage ultimately had responsibility and he reported to me prior to, when was it, April 2013 and reported to Mr Preston up until around 2017.

15

MS CAHILL: Did Mr Preston have the ultimate responsibility for making sure, amongst other things, the financial transactions in the cage at Perth Casino were accurately and appropriately recorded?

20

MR MCGREGOR: Well, Mr Preston had responsibility for the cage operations, yes, and I did before and after him.

MS CAHILL: We are talking about the period 2014 to 2017.

25

MR MCGREGOR: Yes.

MS CAHILL: Mr Preston had that responsibility, did he, to make sure all financial transactions in the cage were recorded accurately and appropriately?

30

MR MCGREGOR: I'm not trying to be difficult, I'm just --- the reporting lines for the cage from when I left to join Melbourne, I think it was April 2013 through to about 2017, the cage reported to Mr Preston. Before that, it reported to me and after 2017 it reported back in to me. So the responsibility for the cage operations ultimately rested with myself and Mr Preston through that time.

35

MS CAHILL: We will just come back to the question. Who had responsibility for making sure that all financial transactions in the cage at Perth Casino were accurately and appropriately recorded between 2014 and 2017?

40

MR MCGREGOR: Mr Preston.

MS CAHILL: Did you have any responsibility in that regard at all?

45

MR MCGREGOR: Not for the responsibility of running the cage in Perth during that period, no. From time to time, you know, we as an executive team would talk about each other's areas of responsibility, if you like, and share information and bounce ideas, and the like, off us. If that's what you mean in terms of responsibility, then maybe, but there was a reporting line arrangement and a responsibility, as there is, across the business.

MS CAHILL: What about the practices and procedures of the cage that were established and followed to achieve accurate and appropriate recording of all financial transactions, did you have any responsibility for establishing and maintaining those practices and procedures between 2014 and 2017?

MR MCGREGOR: Again, as I said earlier, there are a significant number of inputs from a financial perspective across the business. We are largely a cash business and we have operations in tables, machines, hotels, food and beverage, events, conferencing. There are a large number of inputs into financial management of the business. Though inputs ultimately get through to the management systems of each area and find their way through to the finance team to prepare and present management reports that are useful for management. In my mind, there is no one person who is responsible for all of those inputs. They are segregated amongst the business and there are policies and procedures across the business for managing those things.

MS CAHILL: People in the cage are recording financial transactions, aren't they?

MR MCGREGOR: Yes.

MS CAHILL: That's one element of their job? Yes?

MR MCGREGOR: Yes.

MS CAHILL: It is an important part of financial management to have procedures for the cashiers to follow as to how they record those transactions; would you agree?

MR MCGREGOR: Absolutely.

MS CAHILL: Who had responsibility for establishing and maintaining those procedures between 2014 and 2017?

MR MCGREGOR: Well, the procedures in the cage would have been, ultimately, Mr Brown's responsibility and from time to time those procedures would change, depending on what was happening and what changes in legislation or various things that might occur.

MS CAHILL: And you had no responsibility?

MR MCGREGOR: Not for changes in standard operating procedures and things like that, no.

MS CAHILL: How could you be sure when you received financial information from the cage in Perth that it was reliable to be incorporated into your financial reporting?

MR MCGREGOR: Frankly, because there is a system in place and there is

a hierarchy of people who perform duties and as a manager in the business, you can't be across all of the documentation. There is a significant amount of policies and procedures across the business and those policies and procedures, from time to time, are audited internally and there is a process, as I understand it, for amending and approving them and those amendments and approvals need to go through the relevant regulator. So I have some confidence that those sorts of processes were followed.

MS CAHILL: Did Mr Preston, to your knowledge, at 2014 have any training or expertise in financial management?

MR MCGREGOR: If you mean accounting then, no, I don't think he did.

MS CAHILL: Did he have any training or experience equivalent to yours?

MR MCGREGOR: Not to my knowledge.

MS CAHILL: If that's a convenient time, Commissioner?

COMMISSIONER OWEN: We will go through to 11.30, Ms Cahill, and then take a 30-minute break.

MS CAHILL: Thank you. Can we go to CRW.707.001.0354. Here, we are at March 2017. Mr Hulme writes to Mr Connolly with a notification that you are now back, responsible for overseeing the Cage and Count operations at Crown Perth ---

MR MCGREGOR: Yes.

MS CAHILL: --- with the General Manager of Cage and Count now reporting to you, rather than Mr Preston. What was the reason for the change?

MR MCGREGOR: I think it was because Mr Preston had assumed a wider responsibility across the group. He was appointed, from memory, into a Chief Legal Officer role across the group, as opposed to being responsible, largely, for Perth operations in his remit, his portfolio was widening pretty significantly. So, since the Perth cage operations had reported to me and they did in Melbourne, it seemed a logical step for me to pick up that responsibility again in 2017.

MS CAHILL: The previous justification to the GWC for moving you out of the cage responsibility in Perth and installing Mr Preston was that it strengthened the governance over AML risk; you recall that?

MR MCGREGOR: Yes.

MS CAHILL: You now had to assume that governance responsibility in relation to AML risk?

MR MCGREGOR: No, I didn't see it that way. The fact that Mr Preston had the

cage reporting to him, he had a certain skill set and a certain set of responsibilities that I didn't have. Notwithstanding that, Mr Preston and the legal teams were always cognisant of cage operations and AML and compliance matters generally. So I didn't
5 think we were losing a lot by a change in reporting line.

MS CAHILL: You would have still had to, though, work very closely with the AML Compliance team in order to make sure the AML's risk mitigation and management was as effective as it could be?
10

MR MCGREGOR: As I said before, the way it worked was the teams worked closely together from a senior management perspective and reported up but, yes, I agree with your proposition.

MS CAHILL: The first page of this letter refers, at the arrow points, to attached job descriptions that have been amended. One for you and one for the General Manager of Cage and Count. When it comes to the job description for the General Manager of Cage and Count, did you write that job description or have input into it?
15

MR MCGREGOR: I can't recall. I probably would have had input into it, yes.
20

MS CAHILL: Who was the General Manager of Cage and Count at this time? Was it still Mr Brown?

MR MCGREGOR: It was still Mr Brown, yes.
25

MS CAHILL: If we go to that job description at 357, I think we will look at yours first. We see there in the first set of dot points under "International Business Processes and Systems", you will see the second and third last dot points in that section remain the same; you have responsibility for transactional processing. Do
30 you see there in the third last dot point:

Ensure all transactional processing including taxation, credit policies are in accordance with policies and procedures, including all relevant legislation.

35 You see that?

MR MCGREGOR: Yes.

MS CAHILL: And that included all transactional processing in the cage?
40

MR MCGREGOR: Well, it's not specifically called out but the cage reported to me.

MS CAHILL: My question was that included all transactional processing in the cage; didn't it?
45

MR MCGREGOR: Well, I guess it could be read that way, but I didn't take it that way in terms of my responsibilities for --- when reading that third dot point it is more

talking about the transactional --- financial transactional responsibilities as they pertain to accounting matters.

5 MS CAHILL: You were the CFO, Mr McGregor. You had ultimate responsibility for ensuring transactions in the cage were recorded properly and accurately; didn't you?

MR MCGREGOR: Yes, I'm not disputing that. The cage reported to me.

10

MS CAHILL: The job description for the General Manager of Cage and Count begins at 0360. Did you have a look at this last night?

MR MCGREGOR: I may have had a quick look through it, yes.

15

MS CAHILL: When one reads it, Mr McGregor, it seems very focused upon customer service to patrons and developing the VIP business and achieving budgetary objectives; would you agree with that?

20 MR MCGREGOR: Not necessarily. I would have to have another look at it. It's been a while since I've seen this document, apart from looking at a bundle of documents last night.

MS CAHILL: But you wouldn't disagree with the proposition that the General
25 Manager of Cage and Count also had responsibility as part of their duties to ensure transactions in the cage were recorded accurately and appropriately?

MR MCGREGOR: Yes.

30 MS CAHILL: There is a mention at the top here in this job description of there being 107 direct reports to the General Manager of Cage and Count; do you see that?

MR MCGREGOR: Thank you.

35 MS CAHILL: Do you see that?

MR MCGREGOR: Yes.

MS CAHILL: That is made up of the shift managers, supervisors, and cashiers that
40 you described earlier?

MR MCGREGOR: Yes.

MS CAHILL: There's something I wanted to ask you about on the way through that
45 caught my eye at 361 at the bottom. There are these different skills areas, I suppose you would say, that are identified in the job description. On this page there is "Service Focus" and then "Team Building". Go down to "Team Building" and look at the professional behaviours that are identified as required as part of the job

description. In the last dot point it says "Managerial courage demonstrated in order to make challenging decisions and hold people accountable". Can you just explain to me what you understand to have been the manageable courage that was required by Mr Brown in this role?

MR MCGREGOR: I can't recall that being in the PD to be honest but I think it is a phrase in terms of holding people accountable for their responsibilities.

MS CAHILL: I don't see the corresponding requirement in your job description. Is there a reason for the difference?

MR MCGREGOR: Not that I'm aware of.

MS CAHILL: You don't perceive there to be a specific requirement for managerial courage in the cage, managing the cage team, as opposed to any other area of the Perth Casino business?

MR MCGREGOR: No, in fact I haven't seen that phrase before. Or I can't recall seeing it before or anywhere else.

MS CAHILL: Just a point of clarification, again on the way through, Mr Brown. Can we go back to your witness statement at paragraph 22, page 0222. You are now talking about here the role of CFO of the Crown Resorts Ltd, the whole group, to which you were appointed in 2020. Do you see in the third sentence you say that most of your focus was on what you considered typical for a CFO, for example, being responsible for the Treasury function. Presumably you mean there a Treasury function for the whole of the Crown Group?

MR MCGREGOR: That's correct.

MS CAHILL: How is that Treasury function distinct from the Finance Department and cage operations in each of Perth and Melbourne?

MR MCGREGOR: Well, it really has little to do with the cage operations. There is a Treasury function that has the key responsibility for primary engagement with our transactional banks and key lenders, cash flow management, managing our financing arrangements, interest payments, and the like.

MS CAHILL: Who heads that Treasury function?

MR MCGREGOR: It is Mr Costin.

MS CAHILL: He reports to you?

MR MCGREGOR: He does now, yes.

MS CAHILL: In that role as the head of Treasury, what is his actual title?

MR MCGREGOR: General Manager of Treasury and Corporate Finance.

5 MS CAHILL: So that's the Group Treasury function. Then if we go to paragraph 122 of your witness statement at page 0236, what you are doing here is responding to a question that has been posed to you by the Commission regarding people who perform services in relation to the activities of Riverbank Investments Pty Ltd. Do you see here in this first sentence you say that:

10 *The persons who performed services included representatives from finance, cage, compliance/AML, Corporate Treasury and the VIP credit team and management.*

15 Just focusing on Corporate Treasury here, you say in the second sentence that most of those persons were employed by Burswood Resorts (Management) Ltd. Are you referring to a Corporate Treasury function specific to Perth or are you referring there to the Group Corporate Treasury?

20 MR MCGREGOR: The Group Corporate Treasury function.

MS CAHILL: So you don't understand those people to be employed by Burswood Resort (Management) or you do?

25 MR MCGREGOR: No, they are not. Mr Costin is employed by Crown Resorts Ltd.

MS CAHILL: Insofar as the Corporate Treasury function has the key responsibility for the banking relationship, do I understand that correctly?

30 MR MCGREGOR: (Nods head). Yes.

COMMISSIONER OWEN: Can I just ask a question. In that first sentence in paragraph 122, see the last words "the VIP credit team and management"; you see that?

35 MR MCGREGOR: Yes.

40 COMMISSIONER OWEN: Is that to be read as a composite phrase or is it the "VIP credit team", one, management, two, or is it the "VIP credit team" including "management"?

MR MCGREGOR: Sorry, it should be together, so it is the VIP credit team and VIP management.

45 COMMISSIONER OWEN: Thank you.

MS CAHILL: So I was reminding you of your evidence that the treasury group had the key responsibility for managing the banking relationship.

11:27AM

MR MCGREGOR: Yes.

5 MS CAHILL: In that regard, it would need to work closely with the Finance Department and the cage operations in each of Perth and Melbourne insofar as those operations transacted the bank accounts?

10 MR MCGREGOR: Yes, probably more so the finance teams, the treasury function would be responsible for cash flow management as well, largely, across the group. So for moving funds around the various bank accounts or corporate entities as required. The liaison, as I understood it, between the Corporate Treasury team and the cage was more about as and when bank accounts, for example, were being opened or closed.

15 MS CAHILL: As CFO of Australian Resorts you continued to attend Burswood Ltd meetings as an invitee, I think; didn't you?

MR MCGREGOR: Yes.

20 MS CAHILL: In fact, you were required to attend in your capacity as CFO Australian Resorts to inform Burswood Ltd directors of any matters relevant to the financial management of the Perth Casino of which they should be aware; is that right?

25 MR MCGREGOR: That's right.

MS CAHILL: Did you continue to present budgets to the Burswood Ltd board?

30 MR MCGREGOR: Yes, I did, in my capacity as CFO Australian Resorts. I presented budgets and plans with the board in conjunction with the CFO and CEO.

MS CAHILL: You continued to understand that those budgets were not just reviewed, but also approved by Burswood Ltd?

35 MR MCGREGOR: Yes.

MS CAHILL: You presented the same budgets for review and approval by the CRL board?

40 MR MCGREGOR: Consolidated versions of, yes.

MS CAHILL: You continued to attend --- you are now back at the ERCC meetings in Perth as a member?

45 MR MCGREGOR: That's right.

MS CAHILL: Can we go to paragraph 14 at page 0220. You talk initially about

11:30AM

your membership between 2008 to April 2013, which we've already discussed. Then in the second sentence you say:

5 *As Chief Financial Officer of Crown Resorts, I continue to attend as an invitee.*

So you are no longer a member or you are a member?

10 MR MCGREGOR: No. So, in my capacity in my current role, which is the CFO of Crown Resorts, I am invited to attend the ERCC meetings, but the membership thereof is the executive team of Perth. Similarly, the ERCC in Melbourne is the executive team of Melbourne and that comprises the CFO of Australian Resorts.

15 MS CAHILL: Thank you.

MR MCGREGOR: Amongst others.

20 COMMISSIONER OWEN: Mr McGregor and Mr Dinelli, we will break now for 30 minutes. We will come back at 12 noon our time or 2 pm your time.

MR DINELLI: Thank you.

25 MR MCGREGOR: Thank you.

COMMISSIONER OWEN: 12 noon.

30 **ADJOURNED** **[11:31A.M.]**

RESUMED **[12:01P.M.]**

35 COMMISSIONER OWEN: Please be seated. Thank you, Mr McGregor. Is Mr Dinelli there?

MR DINELLI: Yes, I am. My video is disabled.

40 COMMISSIONER OWEN: Just making sure you are with us. Ms Cahill?

MS CAHILL: Thank you, Commissioner.

45 At page 0224, paragraph 34 of your witness statement, you are talking generally here in this section about the training you have received at Crown Resorts. In relation to AML training, you say you participated in AML/CTF director and executive management training. When was that?

MR MCGREGOR: It was recently. I think it was earlier this year.

5 MS CAHILL: What did that comprise, in terms of how long it took and whether it was face-to-face training or something else?

10 MR MCGREGOR: It was a little bit difficult face-to-face with COVID but it was about an hour to 1.5 hours' training, from memory. It was presented by, as I've said there, an AML partner from Allens and Mr Blackburn, our newly appointed Chief Compliance and Financial Crime Officer. Therefore, it must have been earlier this year because he started in February.

15 MS CAHILL: Have you had any other AML/CTF training during your time with the Crown Group?

MR MCGREGOR: Other than the online training modules I have completed over the years, no.

20 MS CAHILL: What did they comprise?

MR MCGREGOR: They are online training modules that take probably about half an hour that are provided to the business generally and, I think from memory, they needed to be completed either once --- every one or two years.

25 MS CAHILL: Coming to your role that you now have and have formally had since August 2020. If we go to paragraph 11, page 0220, you say you took that role up from 23 March 2020 but, as I understand it, your formal appointment was in August; is that right?

30 MR MCGREGOR: That's correct, yes.

35 MS CAHILL: If we go to page 0222, paragraphs 22 and 23 and of course 21, what you are trying to do there is explain the differences between your current role and your previous CFO roles; is that right?

MR MCGREGOR: That's correct.

40 MS CAHILL: But there is in fact a considerable degree of overlap between the roles, isn't there?

MR MCGREGOR: In terms of financial management responsibilities, yes.

45 MS CAHILL: When you say in paragraph 22, the second sentence, that most of your focus now is what you consider typical for a Chief Financial Officer, you had typical Chief Financial Officer responsibilities in your previous roles, didn't you?

MR MCGREGOR: Well, yes, in terms of, as I said, financial management and the like. But when I say "typical", I mean for a corporate reporting entity, things like, as

I've described in that paragraph I think, the treasury function and the statutory reporting and the engagement with a lot of the external parties that I didn't have in the previous role.

5

MS CAHILL: In terms of the current financial structure of the Crown Group, Mr McGregor, does the Burswood Ltd board have the capacity to set or approve a financial budget for the Perth Casino independently of the CRL board?

10 MR MCGREGOR: No, I don't think it does.

MS CAHILL: Does the Burswood Ltd board have the capacity, independently of the CRL board, to procure funding for the Perth Casino operations or for capital works?

15 MR MCGREGOR: Not to secure funding. Any refinancing arrangements would be managed through the Crown Resorts team. Capex, maybe slightly differently. If there were projects that were specific to Perth that warranted investment, that would go to the Burswood Ltd board first for approval. And if it was within the parameters of what might have been approved in terms of an overall funding pool, the Burswood
20 Ltd board could make a decision in their own right on that.

MS CAHILL: Thank you. Can we go to paragraph 72 at 0229. You are asked there about certain clauses of the Melbourne Casino Agreement?

25 MR MCGREGOR: Yes.

MS CAHILL: You are aware of those clauses, you say?

MR MCGREGOR: Yes, I am.

30

MS CAHILL: In particular, clause 22.1 (ra)(iii) in which Crown Casino Ltd has promised to ensure that CRL maintains Melbourne Casino as the flagship casino of the Crown Resorts Gaming Business in Australia. You are aware of that clause?

35 MR MCGREGOR: Yes, I am.

MS CAHILL: In your role as CFO of Crown Resorts, is there anything you do or anything you have done to assist Crown Casino Ltd to perform that promise?

40 MR MCGREGOR: No, not specifically, I don't think.

MS CAHILL: Is it something in your mind as a contractual promise that Crown Casino Ltd has to perform when you are performing your role as CFO?

45 MR MCGREGOR: Not really. It certainly hasn't been front of mind prior to late last year. I think this clause came more to my attention towards the end of last year, when we were considering pulling out of junkets altogether, because it was --- sorry, not that clause, I'm thinking about the other one, the predominant program play.

Sorry, my apologies. To answer your question, no, not really.

5 MS CAHILL: Is it something you think should figure in your thinking about how to approach your CFO role in the future?

10 MR MCGREGOR: Yes, I think --- and, look, I've considered this obviously through the last period, through the various inquiries, and my view is that there is little chance in my mind of Crown Melbourne not being the flagship property in the group, when you consider its size, in particular. It is much, much bigger than the Perth property and obviously much bigger than the Sydney property. So from that perspective, I don't consider there is much risk in the foreseeable future that it will not be the flagship property, so to speak.

15 MS CAHILL: In your mind, flagship equates with size?

MR MCGREGOR: I think size is an element of it, yes.

20 MS CAHILL: Is quality also an element?

MR MCGREGOR: Yes.

MS CAHILL: Quality of amenities?

25 MR MCGREGOR: Yes.

MS CAHILL: And fixtures and fit-out?

30 MR MCGREGOR: Yes, I think all of those things, quality of the asset and quality of the offering.

MS CAHILL: Do you see those sorts of considerations featuring in your approach to the CFO role in the future?

35 MR MCGREGOR: Yes, but they would --- I consider those as key parts of things to consider for the group generally, not just for Melbourne.

40 MS CAHILL: I want to ask you about Riverbank Investments Pty Ltd. You have already noted at paragraph 8(d) of your witness statement, page 0220, that were you made a director and secretary of Riverbank Investments Pty Ltd on your appointment as CFO of Perth Casino in 2007. You obviously had to consent to being appointed to those positions, didn't you?

45 MR MCGREGOR: Yes, that's right.

MS CAHILL: Did you seek or were you provided information about the business and the purpose of that company before you gave your consent?

12:11PM

MR MCGREGOR: Look, I don't recall. I expect I would have, but that was a long time ago. I don't specifically recall.

5 MS CAHILL: If you had, who do you expect you would have sought and received the information from?

MR MCGREGOR: Probably the CFO I was replacing.

10 MS CAHILL: Who was that?

MR MCGREGOR: It was Ms Henwood.

15 MS CAHILL: At the time you learnt, didn't you, that Riverbank Investments Pty Ltd was a subsidiary of Burswood Ltd?

MR MCGREGOR: That's correct.

20 MS CAHILL: You give evidence at various points in your witness statement as to the business or purpose of Riverbank Investments. You found out, didn't you, when you became an officer of the company that its only function was to hold bank accounts?

MR MCGREGOR: That's correct.

25 MS CAHILL: Do you remember who told you that?

MR MCGREGOR: No, I don't.

30 MS CAHILL: Obviously one of the things you would have done when you commenced as signatory --- sorry, when you commenced as CFO of Perth Casino was to identify all the bank accounts that Perth Casino held and what they were used for; is that right?

35 MR MCGREGOR: Yes, I would have become familiar with that.

MS CAHILL: Did you, by reason of your position as CFO of Perth Casino, become an authorised signatory to all of the Perth Casino bank accounts?

40 MR MCGREGOR: I can't recall but I think --- I expect I would have.

MS CAHILL: You learnt, didn't you, in 2007 that there were a number of bank accounts Perth Casino operated into which patrons could deposit monies for gambling?

45 MR MCGREGOR: Yes.

MS CAHILL: Some of those were in the name of Burswood Nominees?

12:13PM

MR MCGREGOR: Yes, that's right.

MS CAHILL: Some were in the name of Riverbank Investments?

5

MR MCGREGOR: Yes.

MS CAHILL: You ascertained in 2007, didn't you, that the Riverbank accounts were to be used exclusively for the deposit of monies for gambling by patrons?

10

MR MCGREGOR: That's right, they were patron deposit accounts, yes.

MS CAHILL: And for patrons who wanted privacy?

15 MR MCGREGOR: Yeah, look, I don't think I turned my mind to it at the time. It was a bank account that was established before I got there, I think. But certainly that's my understanding.

20 MS CAHILL: Didn't you understand, though, that the Riverbank bank accounts were to be used for patrons who did not wish their bankers to be able to see the name of the deposit account to a casino for gambling purposes?

25 MR MCGREGOR: Yes, that's certainly how I understand it now. I just --- my qualification is, I can't recall whether I was clearly aware of that at the time.

25

MS CAHILL: You understood that money that was paid into one of the Riverbank accounts by or on behalf of a patron would then be transferred into a Burswood Nominees bank account used for gambling purposes?

30 MR MCGREGOR: Yes.

MS CAHILL: The transfers would take place in the cage?

MR MCGREGOR: Yes, I think so.

35

MS CAHILL: The transfers would be performed by cage cashiers?

40 MR MCGREGOR: Yes. I think what happened in the cage was they would process --- they would view the deposit in the Riverbank account and process a TT, which would effectively, for internal accounting purposes, create a deposit in a DAB account or a deposit account balance, if you like, which is that internal piece. In terms of the transactions between bank accounts, I'm not sure that was the cage. I think that might have been the Treasury function again moving funds around to the various bank accounts.

45

MS CAHILL: Do you mean in Melbourne that was a group function, to move amounts between the (inaudible).

MR MCGREGOR: Yes. I'm making a distinction between what the cage did when they received funds across the window, versus the monies that were actually in the physical bank account in Riverbank, and they would get swept out of that account
5 from time to time, I think, by the Treasury team.

MS CAHILL: You use the language "swept out". That was the term deployed for this routine practice of transferring monies from the Riverbank account to Burswood Nominees accounts?
10

MR MCGREGOR: Yes. The cash flow management of various bank accounts, that's right.

MS CAHILL: Cash flow management? It was just a procedure to always sweep out from the Riverbank accounts the moneys in them to the Burswood Nominees accounts?
15

MR MCGREGOR: Yes, that is what happened.

MS CAHILL: It had nothing to do with cash flow, did it? It was just a procedure that was in place to always do that?
20

MR MCGREGOR: I'm not 100 per cent sure of that. As I said, my understanding was that if the Riverbank account or other accounts had excess funds, they would be transferred out of that into some of the other operating accounts.
25

MS CAHILL: How could you not be sure of that, the fact of the transfer and the reasons for it, as the CFO of Crown Perth, Mr McGregor?

MR MCGREGOR: Well, because it was some time ago and I can't recall exactly whether it was a process, as you've described it, that was regularly undertaken to transfer funds from Riverbank into Nominees, or whether it was done on a more ad hoc basis.
30

MS CAHILL: Why couldn't the funds have been used for gambling directly from the Riverbank bank accounts?
35

MR MCGREGOR: Well, effectively they were. When somebody would turn up at the cage, they'd have a deposit --- would have deposited money into a Riverbank account and the cage would view the amount deposited in the account and verify that the person in front of them had the appropriate receipts and ID, and if all of that checked out, then they would issue them with a chip purchase voucher or chips.
40

MS CAHILL: So in that case, there wasn't a sweeping of deposits into a Burswood Nominees account?
45

MR MCGREGOR: Not exactly at that point in time, to my knowledge, no.

MS CAHILL: So that happened later in relation to ---

MR MCGREGOR: I'm not clear. I just don't think --- and I'm not clear on it, I
5 would have to check. I just don't think that the transaction at the cage facilitated an
immediate transfer from one bank account to another. If funds were in the Riverbank
bank account, the cage's job was to check those funds and verify that they were from
the person in front of them. Then if they were, if they could match it, they would
10 issue them --- they would record that transaction in SYCO and issue them with chips
or a CPV.

MS CAHILL: Presumably when the chips were issued, that amounted to a
withdrawal from the Riverbank account; is that right?

15 MR MCGREGOR: Yes. Well, yes, it would have been --- they are issuing chips,
they are not issuing cash, obviously. We've taken the cash via the deposit into the
Riverbank account.

MS CAHILL: How is that transaction accounted for?
20

MR MCGREGOR: Well, it is funds we've received. It's cash in. It's like somebody
coming up to a cage and depositing cash and exchanging them for chips.

MS CAHILL: The transfer of the deposit that relates to the provision of those chips
25 happens later, does it?

MR MCGREGOR: As I said, I'm not 100 per cent sure but I would have thought
that's the case, yes.

30 MS CAHILL: Did it occur to you at the time you became a director and officer of
Riverbank and you acquainted yourself with this process in relation to the Riverbank
Investments bank accounts, and in particular the procedure of sweeping deposits into
other accounts, that that was a procedure that was particularly vulnerable to a risk of
money laundering occurring?
35

MR MCGREGOR: Look, I don't think I --- I'm obviously aware of it now. It is
difficult in some cases to determine what you were aware of that long ago, versus
what I'm obviously extremely well aware of now, having gone through the various
inquiries and read the various papers and things that I had.
40

MS CAHILL: Mr McGregor, you had been around casinos a long time, some eight
years, hadn't you, when you joined Crown Perth?

MR MCGREGOR: Yes.
45

MS CAHILL: We established before the break that you understood about the
vulnerability of casino operations to money laundering risks. Yes?

MR MCGREGOR: Yes.

MS CAHILL: It must have been apparent to you that this practice was an obvious
5 money laundering risk?

MR MCGREGOR: Yes. I'm not disputing that, yes.

MS CAHILL: Well, what did you do about it?
10

MR MCGREGOR: Well, there were procedures in place and there were various
parts of the business that had access to the accounts and did certain things with them.
So at the time, I didn't do anything in particular in terms of controls or management
on that account. There were controls and processes in place, and I accept now that
15 they were --- the systems and processes were deficient, clearly.

MS CAHILL: But you must have appreciated that deficiency at the time, Mr
McGregor

MR MCGREGOR: No, clearly not, otherwise I would have done something about it.
20

MS CAHILL: Can we just go to page 0235, paragraphs 116 to 118 of your witness
statement. You say you have reviewed many documents for the two Royal
Commissions and from your review of those documents, you understand the
25 following, and you go on to talk about the matters around Riverbank?

MR MCGREGOR: Yes.

MS CAHILL: And the reason for the accounts being to provide patrons with
30 privacy. Do you see that?

MR MCGREGOR: Yes, I do.

MS CAHILL: That's not something you learned from the Royal Commissions, that
35 is something you knew back in 2007, wasn't it?

MR MCGREGOR: Yes. As I said, I don't --- I can't recall whether I turned my mind
to the specific reason as to why Riverbank existed. I can't remember anybody
particularly asking. Clearly it came out in earnest through 2019 in the media
40 attention and the fact that the name of the account was Riverbank, and Southbank,
for that matter, in Melbourne.

MS CAHILL: Your reflection that you just made a moment ago, that you did not
appreciate the AML risk and vulnerabilities in the operation of the Riverbank bank
45 accounts between 2007 and 2013, do you accept that your failure to identify those
risks at the time was because of a lack of diligence on your part?

MR MCGREGOR: I accept that there were --- I accept that casinos generally are vulnerable to AML processes and, as I said, I think our systems and our processes at the time and, indeed, leading up to more recent times, were not what they should be.

5

MS CAHILL: You bear a responsibility for that, don't you?

MR MCGREGOR: Yes. Yes, I think I do.

10 MS CAHILL: When you were CFO of Crown Perth, was Riverbank Investments Pty Ltd the subject of an annual external financial audit?

MR MCGREGOR: Not to my knowledge, no.

15 MS CAHILL: Why was that?

MR MCGREGOR: There just wasn't an external financial audit of Riverbank Investments Ltd. If you are talking about the external audit process, they --- and it was EY back then, I think --- would have audited the consolidated group, of which Riverbank was a part, and they would have sought bank confirmations for all of the various bank accounts and got them as part of their audit. But there wasn't a specific audit into the transactions and activities of Riverbank, as I recall.

20 MS CAHILL: Do you think, on reflection, there should have been?

MR MCGREGOR: Certainly, on reflection, there should have been more attention given to the activities and the transactions through Riverbank.

25 MS CAHILL: Again, you bear responsibility, don't you, for the fact that there wasn't?

MR MCGREGOR: I bear some responsibility for that, yes.

30 MS CAHILL: Significant responsibility? You were the CFO?

35 MR MCGREGOR: Well, there was --- as I said, I bear some responsibility for it. There are others, obviously, in the business who oversaw the same thing. So I'm not disputing the fact that there were deficiencies in the systems and the processes; that is clear and has been the point of quite a bit of commentary over the last few years, and our focus has been on making sure we can fix that.

40 MS CAHILL: Is there anyone more responsible than you for what occurred on the Riverbank accounts?

45 MR MCGREGOR: Oh, I'm not sure. I mean, there was a number of us who had responsibility through that period across the business.

MS CAHILL: You are not sure ---

MR MCGREGOR: I ---

MS CAHILL: Sorry, you go.

5

MR MCGREGOR: My apologies.

COMMISSIONER OWEN: Please answer. You can complete your answer, Mr
McGregor.

10

MR MCGREGOR: Sorry. I think we --- all of us who have been involved through
that period in senior positions would take some responsibility for what has occurred
through the Riverbank, and Southbank accounts, for that matter, in terms of what has
arisen in recent times.

15

MS CAHILL: And ---

MR MCGREGOR: It happened on our watch.

20

MS CAHILL: Who are those people you are referring to, in addition to yourself?

MR MCGREGOR: Well, it's the senior management teams who were responsible
through that period.

25

MS CAHILL: Just provide the names, please, Mr McGregor.

MR MCGREGOR: Well, the CEO, the CFO, the Legal and Compliance teams, the
VIP teams, the VIP working group.

30

MS CAHILL: Sorry, who ---

MR MCGREGOR: There were a number of people who had coverage of this.

35

MS CAHILL: Can you name the people who you regard as responsible for what
occurred with the Riverbank bank accounts.

40

MR MCGREGOR: Well, ultimately, it was the management of the group. So, you
know, throughout that period --- look, I'm sorry, I can't recall all of them. This is
from 2007 right up until the present day, so there are a number of individuals who
have occupied positions through that period.

MS CAHILL: Just give me the names of the ones you remember.

45

MR MCGREGOR: Okay. So it was Mr --- you know, obviously Mr Felstead, Mr
Barton, Mr Craigie, those involved with the legal and compliance side of things ---

MS CAHILL: The names, please.

5 MR DINELLI: If I may object? It might assist the witness if there is a time period placed on the relevant questions that are being asked by my learned friend because as --- sorry. Bear with me. Because as the questions have been asked and, indeed, the questions suggest, it is a very wide period of time.

10 COMMISSIONER OWEN: I think there is something in that. 2007 to the present day is a very long period.

MS CAHILL: Yes. I can confine that.

15 Mr McGregor, in terms of what happened on the Riverbank account between 2012 and 2017, who are the people who bear responsibility for that?

MR MCGREGOR: In my mind, it is those people who had responsibility for various parts of the operation of the accounts. So that ---

20 MS CAHILL: Name names. I just want names.

MR MCGREGOR: So it was myself, because I was responsible for the cage, Mr Preston was variously responsible for the cage and AML, Mr Felstead, Mr Craigie, Mr Spence. Those are the sorts of names I can remember through that period.

25 MS CAHILL: Can you remember any others?

MR MCGREGOR: Not off the top of my head.

30 MS CAHILL: Let's come to 2013. In 2013, this is the point at which you are moving to Melbourne, in the, sort of, first/second quarter of 2013. You became aware, didn't you, that in 2013 HSBC shut down the Riverbank accounts?

35 MR MCGREGOR: Yes, I was copied on some emails at the time.

MS CAHILL: You understood that was on the basis that HSBC no longer wanted to provide banking services to the gaming sector generally?

40 MR MCGREGOR: That's correct.

MS CAHILL: It was at that stage that the Riverbank accounts moved to ANZ in the October of 2013? You were aware of that?

45 MR MCGREGOR: I wasn't necessarily aware of it at the time. I'm very aware of it now.

MS CAHILL: Did you become a signatory on the ANZ account in the name of

12:30PM

Riverbank Investments?

5 MR MCGREGOR: I don't know. I'm not sure I would have because at that time I was in a Crown Melbourne-centric role.

MS CAHILL: Have you not checked for the purposes of the various inquiries that have taken place recently?

10 MR MCGREGOR: I haven't checked that I was a signatory of the ANZ account back in 2013, no.

MS CAHILL: Why not?

15 MR MCGREGOR: It didn't occur to me to check. I may have been a signatory, I don't know.

MS CAHILL: Do you know if Mr Preston was a signatory?

20 MR MCGREGOR: No, I don't.

MS CAHILL: You were aware, weren't you, that ANZ closed the Riverbank and Southbank accounts in about July 2014?

25 MR MCGREGOR: The ANZ account?

MS CAHILL: Yes, sorry.

30 MR MCGREGOR: Yes, I'm aware of that now.

MS CAHILL: Mr Travis Costin was involved in discussing, together with Mr Barton, with ANZ that closure between around January and July 2014?

35 MR MCGREGOR: Yes, that's my understanding.

MS CAHILL: You were aware at the time that they were having those discussions with the ANZ?

40 MR MCGREGOR: No, I wasn't.

MS CAHILL: You weren't aware at all?

MR MCGREGOR: Not that I recall, no.

45 MS CAHILL: You were aware at the time that ANZ had closed the accounts, though?

MR MCGREGOR: No, I don't recall being aware of the ANZ closure at the time.

MS CAHILL: Are you saying nobody told you the Riverbank and Southbank accounts with ANZ had been closed?

5 MR MCGREGOR: It was only a Riverbank account, from my knowledge, that ANZ had for a short period of time. And during that time I was in the Melbourne role, so they may not have told me because I may not have been a signatory to that account in Riverbank. But I don't recall being aware of the ANZ closure at the time.

10 MS CAHILL: Surely, though, the closure of a bank account by a reputable bank is a very significant thing to happen within a corporate group? Would you agree?

MR MCGREGOR: Yes.

15 MS CAHILL: It is implausible, isn't it, that you would not have either been told or learnt at the time of the fact of that closure?

MR MCGREGOR: Well, not necessarily. There was a --- I was the CFO of Crown Melbourne at the time. There was a CFO of Crown Perth or the CFO of Crown
20 Resorts and there was a Treasury function. The CFO of Crown Resorts and the Treasury team were dealing with the banks and would have been dealing with the CFO in Perth on this matter. So, you know, it wasn't a bank account that I had coverage of in my Melbourne role at the time.

25 MS CAHILL: You became the CFO of Australian Resorts in August 2014, didn't you?

MR MCGREGOR: Yes.

30 MS CAHILL: So a month after the Riverbank accounts were closed, you became, effectively, CFO of Crown Perth?

MR MCGREGOR: Yes.

35 MS CAHILL: Are you saying you didn't learn then that the ANZ bank accounts had been closed?

MR MCGREGOR: I don't think I did, no. I may have learnt in and around that time
--- look, I can't recall. I think it was when they were opening up CBA accounts I
40 became aware, which was soon afterwards.

MS CAHILL: Because they were opening up CBA accounts, you must have learnt the reason why they were doing that?

45 MR MCGREGOR: I don't recall learning the reasons why at the time.

MS CAHILL: But, Mr McGregor, you were the CFO of Crown Perth at the time?

12:35PM

MR MCGREGOR: No, I was the ---

MS CAHILL: Sorry?

5

MR MCGREGOR: Sorry, I was the CFO of Crown Melbourne at the time.

MS CAHILL: In August 2014, you became ---

10

MR MCGREGOR: Oh, yes.

MS CAHILL: --- the CFO of Australian Resorts, didn't you?

MR MCGREGOR: Yes, I think that is right.

15

MS CAHILL: Which made you, effectively, the CFO of Crown Perth?

MR MCGREGOR: Yes, in the Australian Resorts role, yes

20

MS CAHILL: While you were CFO of Australian Resorts, the CBA bank accounts were opened, weren't they?

MR MCGREGOR: Yes.

25

MS CAHILL: You must have understood, in the role of CFO, why they were being opened?

MR MCGREGOR: Look, I'm sorry, I just don't recall, from that period, being aware of them.

30

MS CAHILL: You must have, Mr McGregor, mustn't you, because if they were being opened, you had to understand why.

35

MR MCGREGOR: Again, I'm sorry, I don't recall why they were opened or the process for opening them. They were done by the Treasury team and Crown Resorts at the time.

40

MS CAHILL: Can I show you this document, Mr McGregor, CRL.557.001.0807. You don't appear to be a recipient of this email, so I am not suggesting you were. But you will see it is dated 29 April 2014 from ---

MR MCGREGOR: Yes.

45

MS CAHILL: --- Mr Roland Theiler?

MR MCGREGOR: Yes.

12:36PM

MS CAHILL: Is that how you pronounce his name?

MR MCGREGOR: That is, yes.

5

MS CAHILL: He is emailing to a range of people. He is from Crown Melbourne in the VIP section, is he?

MR MCGREGOR: That's right.

10

MS CAHILL: Do you see the reference to Jason O'Connor at Crown Melbourne?

MR MCGREGOR: Yes.

15

MS CAHILL: What was his role?

MR MCGREGOR: He was in charge of VIP International business.

MS CAHILL: And Jacinta Careri?

20

MR MCGREGOR: She was the Finance Manager in the VIP team.

MS CAHILL: And Valerie Plowman?

25

MR MCGREGOR: I don't know who Valerie Plowman is.

MS CAHILL: Cc'd to Mr Barton ---

MR MCGREGOR: She may have been a credit person, I think, from memory.

30

MS CAHILL: In the VIP team or otherwise?

MR MCGREGOR: In the VIP team.

35

MS CAHILL: Then a cc to Mr Barton, who was the CFO of CRL at the time?

MR MCGREGOR: That's correct.

40

COMMISSIONER JENKINS: Can someone remind me who Debra Tegoni was at that point, what role she had?

MR MCGREGOR: Yes. Deb Tegoni was the Executive General Manager of Legal at Crown Melbourne.

45

COMMISSIONER JENKINS: Thank you.

MS CAHILL: Thank you, Commissioner.

12:38PM

Mr Theiler explains about the closure of the accounts with ANZ. Can we drop down to numbered paragraph 3:

5 We have already instructed our relevant office managers not to make multiple deposits under \$10,000 and we will continue to remind them.

Do you see that?

10 MR MCGREGOR: Yes.

MS CAHILL: Were you aware that office managers within the Crown Group had been given that direction at April 2014?

15 MR MCGREGOR: I don't recall.

MS CAHILL: Do you see the email below from Mr Costin?

MR MCGREGOR: Yes.

20

MS CAHILL: Of 29 April. Remind me what Mr Costin's role was at the time?

MR MCGREGOR: He was in the Treasury team for Crown Resorts Ltd.

25 MS CAHILL: Who is Mr Neilson?

MR MCGREGOR: Mr Neilson was a General Counsel for Crown Resorts.

30 MS CAHILL: Can we cursor down, please, so we can see the whole page. It is referring to meetings with ANZ regarding the Riverbank Investments account that Mr Barton and he had had, and do you say you were unaware of these meetings at the time?

35 MR MCGREGOR: That's right. I wasn't involved in those meetings and I was unaware of them at the time, as I recall.

40 MS CAHILL: It goes on to say that ANZ has advised it will be closing Riverbank Investments and has also advised that the Asian patron deposit accounts for Southbank Investments in Hong Kong and Singapore are to be closed. Do you see that?

45 MR MCGREGOR: I can't quite see that. You might have to blow that up for me, sorry. I can just look at the whole page at the moment. Sorry, where are you referring me to there?

MS CAHILL: The second paragraph:

ANZ have advised that they will be closing the Riverbank Investments accounts

..... have also advised that the Asian patron deposit accounts for Southbank Investments in Hong Kong and Singapore are to be closed.

5 MR MCGREGOR: Yes.

MS CAHILL: You say you weren't told that at the time, even though you were the CFO of Crown Melbourne?

10 MR MCGREGOR: I don't recall being told that at the time. I may have been. I don't recall.

MS CAHILL: It is likely you were, wasn't it?

15 MR MCGREGOR: Well, again, not necessarily. The engagement with the banks was carried out by the Crown Resorts team and the Treasury team, in conjunction with the VIP team, which are clearly Mr Theiler and his team. So I wouldn't necessarily have --- well, I clearly wasn't involved in the meetings. Whether they copied me in on correspondence post this with respect to the changes, they may have,
20 I just don't recall.

MS CAHILL: Did you decline to be involved in the meetings with ANZ?

MR MCGREGOR: No, I wasn't invited to be involved.
25

MS CAHILL: Let's stay with this email. It says "closure of the Riverbank accounts", are you with me, "was expected"?

MR MCGREGOR: I can see that, yes.
30

MS CAHILL: But not by you?

MR MCGREGOR: I'm sorry?

35 MS CAHILL: It says "the closure of the Riverbank accounts was expected". My question to you is, but not by you; is that the case?

MR MCGREGOR: Who is the author of this email? It's Mr Costin. Yes, that's right.
40

MS CAHILL: These accounts are in the process of being transitioned to CBA. You weren't aware of that in April; is that right?

MR MCGREGOR: No, that's right.
45

MS CAHILL: Then it says:

Can customers be advised by relevant people that multiple cash deposits in branch under the \$10,000 reporting threshold will not be accepted in the new CBA accounts

5

See that?

MR MCGREGOR: Yes.

10

MS CAHILL: Surely you were told at this point in your role as CFO of Crown Melbourne that in the new CBA accounts those multiple cash deposits were not going to be accepted?

MR MCGREGOR: I don't recall being told of that at the time.

15

MS CAHILL: My question to you is surely you must have Mr McGregor?

20

MR MCGREGOR: Well, again, all I can say is I don't recall being involved in this matter at the time. Clearly I wasn't involved in the meetings. I wasn't copied in the email. I don't recall being aware of it at the time.

MS CAHILL: Are you sure about that?

25

MR MCGREGOR: Yes, I'm sure about that.

MS CAHILL: Are you sure ---

MR MCGREGOR: I said --- pardon?

30

MS CAHILL: Are you sure you don't remember?

35

MR MCGREGOR: That's right. I might stand to be corrected if there is some email traffic out there that copies me in on some correspondence, there may be, but I do not recall at the time being aware of these changes.

40

MS CAHILL: This reference to customers being advised that multiple cash deposits would not be accepted in the new CBA accounts, can you shed any light on why there does not appear to be a direction to those who are sweeping deposits out of Riverbank and Southbank accounts not to aggregate them?

45

MR MCGREGOR: No, I can't shed any light on that.

MS CAHILL: Do you recall informing the Burswood Ltd board at the time that the ANZ Bank accounts were closed of that fact?

50

MR MCGREGOR: No, as I said, I wasn't aware of it at the time.

MS CAHILL: What about the opening up of the CBA accounts later in the year?

12:44PM

MR MCGREGOR: No.

MS CAHILL: You didn't ---

5

MR MCGREGOR: No.

MS CAHILL: You didn't tell the Burswood Ltd board about that?

10 MR MCGREGOR: No. Not that I recall.

MS CAHILL: Why not?

MR MCGREGOR: Well, I don't recall being aware of the changes.

15

MS CAHILL: You were aware of the CBA accounts being opened?

MR MCGREGOR: I'm not sure I was at the time. I'm obviously aware of all of the changes now and the dates thereof, but I don't remember being aware of these changes in 2014.

20

MS CAHILL: Can I take you to CRW.538.003.3794, which is an email chain in October 2014. I'll come back to it.

25 Can I come forward four to five years. In late July 2019 there was a 60 Minutes program that aired in Australia and you saw it or were made aware of its contents at the time, weren't you?

MR MCGREGOR: Yes.

30

MS CAHILL: It included within the program commentary on Crown's relationship with junket operators?

MR MCGREGOR: Yes.

35

MS CAHILL: You are aware it included allegations of money laundering by overseas patrons at Crown's casinos?

MR MCGREGOR: Yes.

40

MS CAHILL: That must have heightened your concerns about AML risk around, in particular, the Riverbank and Southbank bank accounts, I suggest?

MR MCGREGOR: Yes.

45

MS CAHILL: Did you do anything by way of immediate response to that program?

MR MCGREGOR: I recall at the time I probably would have spoken to both of the cage managers at the time about the program, and, in and around that time, I was also invited to attend some of the meetings with the banks because Mr Barton and Mr
5 Costin were undertaking some refinancing or looking to undertake some refinancing activity. And because of the media attention or speculation by the media programs, the banks we met with, which were relationship banks, had asked to have presentations on the joint AML program and improvements in our AML processes at that time, which was in and around the airing of the media program. So I was also
10 very aware of what the legal and AML teams were undertaking at that time through the meetings that we had with the banks.

MS CAHILL: You were meeting with the banks on this occasion?

15 MR MCGREGOR: I was invited to attend with the banks with Mr Barton and Mr Costin, yes.

MS CAHILL: Why on this occasion and not when ANZ closed its bank accounts?

20 MR MCGREGOR: Because this was later in 2019 and Mr Barton had invited me to attend the meetings with the banks because, as I said, it was a refinancing process and probably for my own development he invited me to participate.

MS CAHILL: Can we go back to the email chain October 2014,
25 CRW.538.003.3794. Go to the bottom, please, second half of 3794. You were forwarded an email from Mr Preston on 23 October asking for your thoughts. We see the forwarded email at 3796. You see there that Mr Girando is explaining to Mr Preston about having received a batch of smaller deposits, all less than the threshold of \$10,000, totalling about 100,000. There is no reference attached to the deposits all
30 made into the Riverbank account, et cetera.

Then if we go over to 3795, Mr Girando says that he has now got:

35 receipts for the individual transactions and the only positive is that they are *in-branch deposits on this occasion and not 'quick cash deposits'*. *Still under the threshold but opportunity for the bank to report as suspicious.*

I note there not Crown but the bank. He then asks what to do and Mr Preston forwards that on to you for your thoughts. Then at 3794 you give your response.
40 You think it "sounds a bit curious". It's a bit more than curious, isn't it, Mr McGregor?

MR MCGREGOR: Yes.

45 MS CAHILL: It is an obvious AML alert, isn't it?

MR MCGREGOR: It is a red flag, yes.

MS CAHILL: It was typical in these situations for Mr Preston to involve you to ask you what to do about a red flag for AML?

5 MR MCGREGOR: No, I don't think it was typical. He reached out on this occasion and I don't --- this is back in 2014. I don't actually recall --- I suspect we had a conversation about it. That's where we had kind of left it in the email chain. We would have discussed it I think and taken appropriate action.

10 MS CAHILL: What appropriate actions did you take in response to this transaction that you ---

MR MCGREGOR: Yeah, I don't remember. It was a long time ago. I suspect I would have had a conversation with Mr Preston. We would have discussed it and instructed and Mr Preston probably passed on comments or instruction to Mr
15 Girando.

MS CAHILL: Just coming back to the 60 Minutes report in 2019, Mr McGregor. Did you, yourself, do anything in the wake of that program to put in place steps to
20 further mitigate the risk of money laundering at Perth Casino?

MR MCGREGOR: Personally, no, not that I recall.

MS CAHILL: In October 2019, CBA closes its accounts for both Southbank and
25 Riverbank; you recall that?

MR MCGREGOR: Yes.

MS CAHILL: Can we go to CRL.605.016.0720. You will see here that you are cc'd
30 into this email from Mr Costin.

MR MCGREGOR: Yes, I see that.

MS CAHILL: This is on 4 October 2019. He and Mr Barton had met with CBA.
35 Formally given notice about the closure of Southbank and Riverbank Investments accounts. It goes on to say they are working to attempt to open new patron accounts. Surely, you must have been very concerned when you got this news?

MR MCGREGOR: Yes.
40

MS CAHILL: You must have appreciated that CBA apprehended an AML risk on the Riverbank and Southbank accounts that it held for those companies?

MR MCGREGOR: Yes.
45

MS CAHILL: How did you respond to this email, Mr McGregor?

MR MCGREGOR: I don't recall specifically how I responded to this email but there was a lot of work going on at the time by the legal and AML teams in investigating the allegations from the 60 Minutes and the media generally. We were undertaking an upgrade of the AML and launching a joint AML program at the time. I was aware of that and involved in some of the meetings where that was presented to the various boards and committees. And I was aware that some of the AML team under Mr Preston were investigating these matters pretty thoroughly at the time.

10 MS CAHILL: What were they doing?

MR MCGREGOR: They were investigating the matters that were raised by the media.

15 MS CAHILL: In relation to the closure of the CBA accounts, was there an investigation into the reasons why?

MR MCGREGOR: Not specifically, to my recollection, no.

20 MS CAHILL: There should have been, shouldn't there?

MR MCGREGOR: Potentially. There may have been --- they may have been investigated as part of the AML team's investigations. I know Ms Lane, when she was with us, was involved in investigating a number of the accounts and the transactions through Riverbank and the like. Unfortunately, she left later that year in and around the time we were launching the joint AML program, and then her replacement came on board later in 2019.

30 MS CAHILL: Would you agree, as CFO of Perth and Melbourne, you needed at the point of the closure of the CBA Riverbank and Southbank accounts to be proactively involved in understanding the reasons for the closure and what adjustments needed to be made to the financial management of Crown Perth and Crown Melbourne to avoid that happening with another bank?

35 MR MCGREGOR: Yes, I accept that I could and should have been more involved at the time.

MS CAHILL: Were you looking to disengage yourself from the obvious risks of money laundering that attended the Riverbank and Southbank accounts?

40

MR MCGREGOR: No.

MS CAHILL: Were you looking to avoid responsibility for the obvious AML risk that was occurring in relation to the management of the Riverbank and Southbank accounts?

45

MR MCGREGOR: No, I don't think so. I think I accepted some responsibility in our previous discussion.

MS CAHILL: In your role as director and secretary of Riverbank Investments between 2007 and April 2013, and also as CFO of Crown Perth during that period, you must have known whether Riverbank Investments was or was not registered as a reporting entity with AUSTRAC; do you agree?
5

MR MCGREGOR: No, I don't. I wasn't aware of that at the time, it was 2007 to 2013.

10 MS CAHILL: You should have been, shouldn't you, as an officer of that company?

MR MCGREGOR: Probably.

MS CAHILL: And as CFO of Crown Perth?

15

MR MCGREGOR: Yes, probably.

MS CAHILL: What is your explanation for the possibility that you didn't know?

20 MR MCGREGOR: I don't have an explanation for why I didn't know. We became aware of those matters --- I became aware of them, and others I'm sure, through the Bergin Inquiry and the evidence that was provided through that.

MS CAHILL: Was there a conscious decision by the board of Riverbank Investments while you were a director of that company to not report into AUSTRAC?
25

MR MCGREGOR: No, not to my knowledge.

30 MS CAHILL: Did Riverbank Investments during your tenure as an officer seek or receive legal advice about whether it needed to report to AUSTRAC?

MR MCGREGOR: I don't know. I wasn't privy to those conversations.

35 MS CAHILL: As a director and secretary of Riverbank Investments between 2007 and 2013, and as CFO of Crown Perth during that period, do you know whether Riverbank Investments Pty Ltd was included within the Crown Perth or CRL AML compliance program?

40 MR MCGREGOR: My understanding was that it was. It was --- my understanding of the program and the reporting obligations through to AUSTRAC was that all of the patron accounts were captured and all of the reporting that was required to be done to the authorities was done. Through the Bergin Inquiry, I learnt that Riverbank Investments Ltd was in fact not part of the designated business group or a
45 reporting entity. Notwithstanding that, my understanding was we treated them as such.

MS CAHILL: But, Mr McGregor, how could that be something that you

12:59PM

misunderstood at the time, given your role as CFO of Crown Perth, because surely it would have been your responsibility to check that?

5 MR MCGREGOR: I can't explain why I or others did not realise that at the time.

MS CAHILL: Commissioner, can I just get an indication from you of when you want to have a further break?

10 COMMISSIONER OWEN: Around 1 pm. Mr McGregor and Mr Dinelli, we will break now for one hour and come back at 2 pm our time, which is 4 pm your time.

MR MCGREGOR: Thank you, Commissioner.

15

ADJOURNED

[12:59P.M.]

RESUMED

[2:02P.M.]

20

COMMISSIONER OWEN: Please be seated. Thank you, Mr Dinelli.

MR DINELLI: Thank you, Commissioner.

25

MS CAHILL: Mr McGregor, the Riverbank bank accounts, to your knowledge, had the board of Burswood Ltd been told about the existence of those accounts when they were opened, that is back in 2013/2014?

30 MR MCGREGOR: The Riverbank account was opened in 2006, I think from memory. Is that what you are referring to, the opening of the Riverbank account?

MS CAHILL: The ANZ bank account, was the Burswood Ltd board told about the opening of those accounts in 2014?

35

MR MCGREGOR: Not that I recall.

MS CAHILL: What about the opening of the CBA accounts in 2014?

40 MR MCGREGOR: I don't specifically recall any notes or conversation about that at the Burswood Ltd board.

MS CAHILL: What about some general discussion about it?

45 MR MCGREGOR: No, I don't recall.

MS CAHILL: Do you agree it is something they should have been told about?

MR MCGREGOR: Yes, I think it is appropriate to inform them of it.

MS CAHILL: When bank accounts are closed by a bank and when they are opened?

5

MR MCGREGOR: Yes.

MS CAHILL: Can we go to CRW.703.001.2988. We have a Burswood Ltd meeting board pack for the meeting of 12 June 2020. I take you to page 3119, please, under the heading of "Other Business". Here is a memorandum of 5 June 2020, from you and Mr Preston to the board. It is talking about a request from ANZ for an AML compliance certificate which has been signed by Mr Barton and Mr Preston.

10

MR MCGREGOR: Yes.

15

MS CAHILL: Do you recall this?

MR MCGREGOR: Yes.

MS CAHILL: You will see in the third paragraph that ANZ has requested not just the annual compliance certificate but some other information and reports as well?

20

MR MCGREGOR: Yes.

MS CAHILL: If we drop down on this page, please, you will see in the second last paragraph on this page this statement:

25

ANZ also requested that Crown cease any future transactions with Southbank Investments Pty Ltd and Riverbank Investments transaction accounts.

30

MR MCGREGOR: Yes.

MS CAHILL: That is an incorrect statement, isn't it?

MR MCGREGOR: I'm not sure. How do you mean?

35

MS CAHILL: ANZ had closed Southbank Investments and Riverbank Investments accounts five years before, hadn't it?

MR MCGREGOR: Yes, but I think they are referring to the CBA accounts here in the following sentence, where it says this has been actioned and those accounts have been closed in late 2019.

40

MS CAHILL: This is your memo?

45

MR MCGREGOR: Yes. Myself and Mr Preston, yes.

MS CAHILL: These are your words, aren't they?

MR MCGREGOR: Yes.

MS CAHILL: It says:

5

ANZ also requested that Crown cease any future transactions with Southbank Investments and Riverbank Investments transaction accounts.

MR MCGREGOR: Yes.

10

MS CAHILL: Did you mean that to refer to Riverbank accounts with other banks, not ANZ?

MR MCGREGOR: I think that is what --- from my memory, they were requesting that there be no longer any transaction accounts in the name of Southbank Investments and Riverbank Investments, which there weren't at that time because the CBA accounts were closed in late 2019, and we noted that and had no intention of opening any other accounts in those names at all.

MS CAHILL: When the CBA bank accounts were closed in 2019, was that initiated by Crown or by CBA?

MR MCGREGOR: CBA.

MS CAHILL: You say in this next sentence:

This has been actioned and the Southbank Investments and Riverbank Investments transaction accounts have been closed.

That's not quite correct either, is it?

MR MCGREGOR: I'm not sure. I think the accounts had been closed by that point.

MS CAHILL: Not because of an actioning of an ANZ request though.

35

MR MCGREGOR: No, but again, and maybe it's poorly worded, reading it again now, but my understanding of it at the time was a request not to enter into any further transaction accounts in the names of those two entities.

MS CAHILL: We'll come back to the second sentence. In the first sentence, ANZ has made a request. That is what you have told the board?

MR MCGREGOR: Yes.

MS CAHILL: Then you say in the second sentence that request "has been actioned"?

MR MCGREGOR: Yes.

MS CAHILL: How do you say it had been actioned?

MR MCGREGOR: Well, the account --- two things. One, the account had been
5 closed, noting they were closed at the instigation of CBA, which is not mentioned
there in writing, I accept. The second thing is, my understanding of it was that they
had requested we no longer transact in bank accounts in the names of Riverbank or
Southbank, which --- effectively, that's what we are saying we're not going to do.

10 MS CAHILL: The second sentence is quite misleading, isn't it?

MR MCGREGOR: I'm not sure it is misleading.

MS CAHILL: Well, it is ---

15

MR MCGREGOR: Maybe in a cold --- pardon me.

COMMISSIONER OWEN: You finish the answer, Mr McGregor, if you wish.

20 MR MCGREGOR: I was just going to say, in the cold light of day, reading it now, I
can see how it's poorly worded if the intention was as I have described it. I haven't
read this document again since June last year but in reading it now, my
understanding of what we were trying to communicate was that the accounts were
closed and that we would no longer open any transaction accounts in the names of
25 those two entities.

MS CAHILL: What had Crown Group actioned in response to ANZ's request?

30 MR MCGREGOR: The fact that we were not going to open any accounts in the
name of those two entities.

MS CAHILL: That is not mentioned, is it, here?

35 MR MCGREGOR: No, it's not, no.

MS CAHILL: The only thing that is mentioned is the closure of the CBA accounts?

MR MCGREGOR: Yes.

40 MS CAHILL: Did you mean to mislead the board that the CBA accounts had been
closed in response to a request by ANZ?

MR MCGREGOR: No, of course not.

45 MS CAHILL: Did you mean to mislead the board of Burswood to obscure the fact
that CBA had taken the step itself to close those accounts?

MR MCGREGOR: No, I don't think so. From memory, the Burswood Ltd board

was advised in a meeting in December 2019 that the CBA had closed the accounts.

5 MS CAHILL: Mr Preston gave evidence in the Bergin Inquiry in around September 2020; you recall that?

MR MCGREGOR: Yes.

10 MS CAHILL: That evidence exposed concerns around possible structuring of transactions through the Riverbank and Southbank bank accounts; do you recall that?

MR MCGREGOR: Yes, it did.

15 MS CAHILL: Including the aggregation of deposits under \$10,000?

MR MCGREGOR: Yes.

20 MS CAHILL: You were aware of the evidence he was giving at the time and followed it closely, did you?

MR MCGREGOR: Yes, I did.

MS CAHILL: Necessarily because of your role as CFO of Australian Resorts?

25 MR MCGREGOR: Yes.

MS CAHILL: There were a couple of internal Crown investigations that commenced operating in tandem as a consequence of the evidence Mr Preston gave?

30 MR MCGREGOR: There was a number of investigations internally and externally, yes.

MS CAHILL: One investigation was commenced by Mr Marais?

35 MR MCGREGOR: Yes.

MS CAHILL: Another was commenced by you?

40 MR MCGREGOR: I wouldn't say mine was an investigation. Mine was a report or a coordination of a number of other investigations.

MS CAHILL: Can we have a look at document CRW.547.002.1418. This is a memo you sent to Mr Barton, dated 15 October 2020, isn't it?

45 MR MCGREGOR: Yes, it is a draft memo.

MS CAHILL: Was that as a consequence of an investigation you had undertaken or are you simply referring to investigations others have undertaken?

MR MCGREGOR: I'm referring to investigations of others. So the context of this memo was, as I said, there were a number of investigations undertaken internally and externally throughout this time. Mr Barton asked me to provide a summary report of the internal investigations that were underway, because there were a number of them, as I said. And as you can probably see on this memo, there was a number of different parts of the business looking at the same thing. So my intention was to try and summarise all of those workstreams into one memo, and I understood at the time that the intention was to share that piece of information or memo with the Risk Committee or the board.

MS CAHILL: In this memo you identified this issue of the aggregation of deposits under \$10,000, didn't you?

MR MCGREGOR: Yes, at this stage I was reporting on --- this was after Mr Marais' report and investigation in that matter, and that was ongoing. So I was picking up that workstream in my memo as well, yes.

MS CAHILL: The reason you were identifying that aggregation issue was because it had been identified as one of the means by which money laundering could have occurred through the Riverbank accounts?

MR MCGREGOR: Yes. I think our systems were clearly deficient, in that when the aggregation occurred at the cage, when the AML team were looking at it, they were looking at it in the casino management system, SYCO, and could not identify that those transactions had been aggregated.

MS CAHILL: At this point, 15 October 2020, were you, yourself, aware of who within the cage had aggregated certain deposits and why?

MR MCGREGOR: No. The aggregation issue arose through the Bergin Inquiry and subsequent to that, there was a number of investigations and followups, in terms of making sure we had done the appropriate reporting around those transactions.

MS CAHILL: I'm just asking, this is in the following month after Mr Preston's evidence. By this stage, did you know who had aggregated deposits and why?

MR MCGREGOR: I didn't know specifically who had done it. It was obviously undertaken in the cage over the period 2013 to 2016, predominantly. I had sought clarification or information from the two Cage General Managers as to why it had occurred.

MS CAHILL: What did they tell you?

MR MCGREGOR: There wasn't any satisfactory answer. One response was that it was a customer service type arrangement whereby if somebody came up to the cage and they had three deposits, for example, into the bank account and they were

standing at the cage window, it would take the cashier maybe three or four minutes to process one aggregated transaction versus up to 12 minutes to process three. So obviously it was a quicker process, in terms of the person at the window.

5

They also said, as I recall, that the receipts or the documentation, the paperwork, was attached to the paperwork that went through to the AML team. But regardless of that, that doesn't necessarily mean the AML team is looking at that paperwork. They are looking at what's on the system and when these transactions were aggregated, they wouldn't necessarily have seen them. So it was clearly unsatisfactory and not appropriate.

10

MS CAHILL: Was it Mr Brown who gave you the explanation about the three transactions at the cage?

15

MR MCGREGOR: I spoke to both General Managers of the Cage at the time and I think I got the same general response from both of them.

MS CAHILL: Can I just understand, if you do, the explanation that was given to you. Someone comes physically to the cage on the casino floor with, what, three different lots of cash or three different lots of cheques, or what?

20

MR MCGREGOR: No. So they would have, as an example, deposited three different amounts into a bank account and come up to the cage window and presented their ID or the Crown loyalty card and three separate receipts, for example, and the cage personnel would have to process those three separate transactions. And instead of processing them separately, as individual deposits as they should have done, on occasion they processed them as one aggregated deposit.

25

MS CAHILL: When you say they processed as one aggregated deposit, what were they actually doing there, when the patron was at the cage window, in terms of processing?

30

MR MCGREGOR: My apologies. Processing into SYCO, I mean. So into the casino management system as a deposit for that particular patron and then they would obviously issue the patron with chips or chip vouchers, et cetera.

35

MS CAHILL: So the deposit isn't entered into SYCO when the deposit lands in the Riverbank account?

40

MR MCGREGOR: No, it has to be --- you have to match the deposit to a patron. Unless --- if you don't, obviously, do that, it's just a deposit into the account. It might have some references to a patron number or a patron name, but until such time as they present themselves, you can't verify that is who they are.

45

MS CAHILL: Did you enquire and ascertain whether this explanation you had been given, these people were processing multiple transactions as one at the cage window, under direction and under supervision, or whether they were just taking it upon

themselves to do this without supervision?

MR MCGREGOR: I didn't --- no, I didn't get that sort of detailed explanation.

5

MS CAHILL: You obviously regarded the explanation as unsatisfactory?

MR MCGREGOR: Yes.

10 MS CAHILL: What did you do about that?

MR MCGREGOR: Well, our focus at the time was on fixing the problems through this period. It was the height of the Bergin Inquiry and we were actioning things around ceasing to accept cash deposits, third-party transfers, descriptions on bank
15 accounts, and the like, communicating with our patrons, dealing with the ANZ. We also obviously had --- we were in the height of our closure period with COVID, with a whole bunch of our employees stood down. So our focus at the time, certainly my focus, was on improving the controls in place as quickly as we possibly could.

20 MS CAHILL: Yes, but you understand that to improve controls, you need to understand where they have failed, don't you?

MR MCGREGOR: Yes, indeed.

25 MS CAHILL: That was back in October 2020 and we are now many months down the track. What steps have you taken to get a more satisfactory answer to the question about who aggregated deposits in the Riverbank accounts and why?

MR MCGREGOR: I haven't taken any steps.

30

MS CAHILL: Why not?

MR MCGREGOR: Well, as I said, the focus --- and I understood these transactions to be ones that occurred between 2013 and 2016, predominantly. The business was
35 under intense pressure at the time and certain management personnel were under intense pressure through the Bergin Inquiry and responding to requests for information. We had thousands of employees stood down. Melbourne was still closed. Perth was only just opened and operating in a restricted capacity. We were trying to open the Sydney property at the same time, or at least get it ready to open.
40 So my focus and, I'm sure, the focus of others in our teams was to fix the immediate problems. We understood --- through the Bergin Inquiry evidence and the investigations that had taken place since that time, I think we had a fairly clear understanding of what the problems were and what we needed to do to fix them, and that's what we went about doing.

45

The other point I will make is we had some external parties also, I think Initialism and Grant Thornton and Promontory and others that were engaged by Mr Barton, largely, and Mr Preston, who were investigating all of these matters as well. And, as

I understood it, part of their investigation was to determine root cause of some of the problems as well.

5 MS CAHILL: Whose responsibility is that? Who has been given that job?

MR MCGREGOR: Sorry, which job is that?

MS CAHILL: To find out the root cause?

10

MR MCGREGOR: I understood some of the --- one or others of the external parties, in terms of some of their investigations, part of the scope was to determine root cause.

15 MS CAHILL: Well, your understanding --- you are the CFO of Crown Resorts, so would you accept it is primarily your responsibility to ascertain the root cause?

MR MCGREGOR: Well, as I said, I think we had a pretty clear understanding of what had occurred. We didn't understand why it had occurred, clearly, or --- of the explanations that were given to me and others, they were clearly unsatisfactory so we needed to fix them. So there was some directions given, as I understand it, to the cage staff to ensure that they didn't do that again, and I'd be surprised if they ever did. And, as I said, we worked on predominantly focusing on the things that we needed to improve on at the time, noting the other pressures that were in the environment.

25

MS CAHILL: Why it happened, in terms of the aggregation, that is pretty important, isn't it?

30 MR MCGREGOR: With respect, I think it is important but at the time I considered the more important thing was making sure we improved the processes and controls as quickly as we possibly could and managing the business through what was, respectfully, a time of crises.

35 MS CAHILL: Do you think presently it is important now to get to the bottom of why these aggregations occurred?

MR MCGREGOR: I'm not sure it is overly important. I'm not sure we are going to know too much more than we already did. It was some years ago that this occurred. A lot has happened in the business in and around improvements in AML and financial crime controls. A significant amount of improvement and resources has taken place. We have Mr Blackburn at the helm now, and he and his growing team have taken a real focus on this part of the business. And I'm not sure that undertaking a root cause analysis of what happened in the aggregation space between 2013 and 2016 would actually add a lot right now. That's my personal opinion.

45

MS CAHILL: What if it were a device engaged in by persons employed by Crown Perth to deliberately aid money laundering?

MR MCGREGOR: Well ---

MS CAHILL: Isn't that important to know?

5

MR MCGREGOR: Well, I think the controls we have put in place now would largely --- and obviously you can never completely eradicate the risk. Would largely have --- would prevent any of that activity, moving forward.

10 MS CAHILL: Wouldn't you want to know if it had been engaged in deliberately or not and whether, if it had been, anyone who had so engaged deliberately was still working for Crown? Aren't those important things to know?

15 MR MCGREGOR: Yes, with respect. I mean, as I said, my personal view is I don't think there is a lot to be gained by going back and doing a root cause of what happened between 2013 and 2016. Some of the employees might not be here anymore. Maybe that is something that has already taken place outside of my purview. Maybe Mr Blackburn has looked at it. I don't know. I will check with him.

20

MS CAHILL: You should know that, shouldn't you?

MR MCGREGOR: Should know whether ---

25 MS CAHILL: Whether he has or hasn't looked at that?

MR MCGREGOR: I don't know.

30 MS CAHILL: In terms of identifying the who, who actually aggregated those transactions back in 2013/2014 and so forth, that would be identifiable from the SYCO records, wouldn't it?

MR MCGREGOR: Yes, potentially.

35 MS CAHILL: Not potentially; it would, wouldn't it?

MR MCGREGOR: I think so. I can't be categorical on that. I would expect it to be, yes.

40 MS CAHILL: If you could identify the person who actually aggregated the transactions from SYCO, then you could just go to that person and say, "Why did you aggregate the transactions?" And they will either tell you that somebody told them to or they misunderstood the process or they were in cahoots with somebody who was money laundering. Those would be important things to know, wouldn't they?
45

MR MCGREGOR: Yes and, as I said, maybe people have asked that question. I'm not aware of it.

MS CAHILL: I want to ask you, Mr McGregor, why you seem to be so incurious about this issue?

5 MR MCGREGOR: As I said, my focus was at the time, with others, on fixing the problem, engaging with our transaction bankers and putting in processes that largely eliminated the risk moving forward. And it was a time --- sorry.

MS CAHILL: Sorry, you go.

10

MR MCGREGOR: And, as I said, it was a time of significant pressure on the business and we had a lot of other distractions. My view at the time was that I didn't think there was a lot to be gained by bringing people back who were stood down because of COVID and investigating an issue that occurred between 2013 and 2016, 15 albeit a significantly unsatisfactory matter.

MS CAHILL: And you remain of that view now, that it is still not worth doing that?

20

MR MCGREGOR: Look, I think to close the loop, I'll be checking in with Mr Blackburn to see whether he or any of his team or any of the external parties have investigated that matter. It may be that through the Deloitte forensic review that is being undertaken at the moment, they might cover those matters off, but I'm not completely aware of that.

25

MS CAHILL: If they haven't, is it your intention to try to establish who aggregated and why?

MR MCGREGOR: It's my intention to follow up on it, yes.

30

MS CAHILL: When?

MR MCGREGOR: Pardon me?

MS CAHILL: When?

35

MR MCGREGOR: I'll probably make a call pretty soon after this.

MS CAHILL: Because I have raised the point with you?

40

MR MCGREGOR: Yes.

45

MS CAHILL: Can I take you to page 1421 of that document that is hopefully still on your screen, Mr McGregor. At about point three, you discuss structuring and aggregation of transactions. Then towards the bottom of the page, under the next heading, we have "Other Unusual Transaction Descriptions". Your memo identifies that searching the Southbank and Riverbank CBA bank transactions revealed some unusual descriptors for deposits. If we go over the page, you will see between 2013 to 2019 there are some descriptors of a house and purchase ---

MR MCGREGOR: I'm sorry, can you --- pardon me. Can you blow that up for me, please? Thank you.

5 MS CAHILL: Can you read that now?

MR MCGREGOR: Yes, thank you.

10 MS CAHILL: So there were these descriptors of "house", "purchase", "mortgage" and "school fee". Do you see those?

MR MCGREGOR: Yes, I do.

15 MS CAHILL: Has there been any further investigation into how those descriptors came to be applied to deposits in the Riverbank account?

MR MCGREGOR: There were investigations undertaken at the time, that's why I'm reporting on them in this memo. I think there was, from memory, a document in the form of an operating procedure around 2018. In fact, I mention it in the next
20 paragraph down, by the looks of it, a Return of Funds Guideline, to stipulate that those sorts of things should not occur moving forward.

MS CAHILL: Yes, but beyond saying, oh well, the problem is fixed now, did you go back and see who in the cage was accepting a deposit, without question, that said
25 "school fee" into the Riverbank account?

MR MCGREGOR: No, I didn't and it might not have been --- I don't know whether the cage would have had a visual on that. Maybe they would have. It would have appeared on the written bank statements, I think. It may not have appeared on the
30 online ones, I'm not sure. But to answer your question, I didn't follow up and see on what days those transactions occurred and who saw them.

MS CAHILL: I want to change topics now and ask you about the cheque cashing facility at Crown Perth.

35

MR MCGREGOR: Sure.

MS CAHILL: This is the cheque cashing facility available to domestic patrons?

40 MR MCGREGOR: Yes.

MS CAHILL: You are aware it is a condition of the casino licence that credit can't be extended in connection with gaming at the Perth Casino, save for the acceptance or cashing of cheques or travellers' cheques.

45

MR MCGREGOR: That's right.

MS CAHILL: Can we go to CRW.708.014.2676 at page 2680. I'm taking you to section 20 of the Casino Manual, the Operations part of it, which contains the procedure for cheque cashing facilities.

5

MR MCGREGOR: Yes.

MS CAHILL: Is the procedure for cashing of cheques the same at Crown Melbourne as it is at Crown Perth?

10

MR MCGREGOR: Yes, I understand it is.

MS CAHILL: Under 1.1 "CCFs" --- are you with me?

15

MR MCGREGOR: Can you blow it up for me, please? 1.1, yes.

MS CAHILL: It provides that cheque cashing facilities allow for the provision of cash, chips or chip purchase vouchers. They are called CPVs, aren't they?

20

MR MCGREGOR: That's right, yes.

MS CAHILL: To patrons for gaming purposes in exchange for cheques provided by the patron?

25

MR MCGREGOR: Yes.

MS CAHILL: Then there is a procedure down the bottom of the table on page 2683. Can we go there, please, and blow that up in the bottom half for Mr McGregor. The part that begins "local and interstate patron applications CCF only", that steps out the procedure for granting a cheque cashing facility to a domestic patron; is that right?

30

MR MCGREGOR: Yes, that looks to be the case.

MS CAHILL: It goes over the page and I will take you to the further steps in a moment. But just so we can get a bit of colour around what is set out here, if a domestic patron wants a cheque cashing facility, they fill out an application form; yes?

35

MR MCGREGOR: Yes.

40

MS CAHILL: Presumably, that application form has personal and financial information in it?

MR MCGREGOR: Yes, I think so.

45

MS CAHILL: Part of the financial information would include the bank accounts on which the cheques are to be drawn?

MR MCGREGOR: Yes.

5 MS CAHILL: It would be important for Perth Casino to satisfy itself, if it is going to provide cash or chips to a patron in exchange for a personal cheque, that that cheque will be honoured?

MR MCGREGOR: Yes.

10 MS CAHILL: So part of the process would be providing financial information to the casino for it to satisfy itself that the patron has enough funds and will have enough funds in their cheque account?

15 MR MCGREGOR: I think so. It's a long time since I've looked at this. I couldn't say categorically whether that was a check as part of the process or not.

MS CAHILL: When a cheque cashing facility is approved for a patron, it usually has a limit, doesn't it?

20 MR MCGREGOR: Yes.

MS CAHILL: They will be able to cash cheques up to that limit?

25 MR MCGREGOR: That's right.

MS CAHILL: During any one session; is that right?

MR MCGREGOR: Yes, that's right.

30 MS CAHILL: Can we go over the page to 2684. Assuming the application is approved by the casino --- we need to blow this up for Mr McGregor ---- then a patron deposit account --- can we blow up task 4, please. Then a patron deposit account is established, or the details of the cheque cashing facility are entered in a preexisting deposit account?

35 MR MCGREGOR: Yes.

40 MS CAHILL: Then can we go underneath this to section 2.2, "Using the facility". When the patron comes and actually wants to cash a cheque, this sets out here what needs to happen to make funds or chips available to the patron; is that right?

MR MCGREGOR: Yes.

45 MS CAHILL: There always has to be a patron cheque presented, doesn't there, by the patron?

MR MCGREGOR: Not necessarily. There could be what's called a counter cheque or a house cheque.

MS CAHILL: Yes, I will come ---

MR MCGREGOR: Initially --- sorry.

5

MS CAHILL: I will just explain my question. A patron can present their personal cheque from their own chequebook, can't they?

MR MCGREGOR: That's right.

10

MS CAHILL: Or the alternative is the cage will create what is called a counter cheque?

MR MCGREGOR: That's right.

15

MS CAHILL: This is, in substance, in the nature of the patron's cheque?

MR MCGREGOR: That's right.

20

MS CAHILL: Can we go to document, CRW.510.039.3532. These are the Standard Operating Procedures for Cage Operations at Crown Melbourne. Can I ask you, are they the same as the Standard Operating Procedures for Crown Perth?

25

MR MCGREGOR: No, they won't be exactly the same. They will be materially similar, I would have thought.

30

MS CAHILL: Let's check what you can recall, then. Can we go to page 3556, section 6. In Crown Melbourne, there is a section on the patron signature and verbal authority, generally. Then at page 3559, paragraph 6.7.1 says that when a patron request funds from their CCF, the cashier will enter the amount requested and a counter cheque or credit marker will be generated in triplicate. Should a personal or company cheque be presented by the patron, the cheque will be attached to the top portion of the document. Is that the same procedure as applies at Crown Perth?

35

MR MCGREGOR: I think so, although we don't accept company cheques any longer, so I'm not quite sure what the date of this document is.

MS CAHILL: What is the distinction between a counter cheque or a credit marker?

40

MR MCGREGOR: A credit marker is for international patrons.

45

MS CAHILL: Understand. Can we go to the Cage Cashier Training Manual, CRW.700.030.6058 at 6082. We are here in the Cage Cashier Training Manual, Mr McGregor. There is an explanation of a counter cheque here at the top. Can we blow that up for the witness:

A counter cheque is a computer-generated cheque that lists the patron's bank

account details. This cheque is a bankable document and is presented to the bank when due.

5 The "bank" there is a reference to the patron's bank, is it?

MR MCGREGOR: No, it would be a reference to our bank. So it will be presented to our bank after five days if the patron hasn't come back and redeemed it before then.

10

MS CAHILL: Presented to your bank, the casino's bank?

MR MCGREGOR: As in banks the cheque, yes.

15 MS CAHILL: How is that cheque then honoured? Where do the funds come from?

MR MCGREGOR: From the patron's bank account. It is effectively, as you said before, a personal cheque from the patron.

20 MS CAHILL: How is the patron's bank notified that it needs to disgorge the funds to the casino?

MR MCGREGOR: Via the presentation of the counter cheque.

25 MS CAHILL: That has the patron's bank account details on it?

MR MCGREGOR: Yes. So the first time a patron would open an account, it has to be their own personal cheque. After that, it could be a house cheque or a counter cheque, which they have to authorise.

30

MS CAHILL: Can we come back to the Standard Operating Procedures, CRW.510.039.3532 at 3559. 6.7.2 says:

The patron must sign the Check and the signature is verified.

35

Is that a procedure that applies at Crown Perth?

MR MCGREGOR: Yes.

40 MS CAHILL: Does that happen in all cases, to your knowledge?

MR MCGREGOR: Yes, it absolutely should.

MS CAHILL: 6.1 and 6.2 at page 3556. 6.1 says:

45

*A patron signature is required at all time as provided for by these SOPs, except
.....*

And it has some exceptions which don't apply here. Then at 6.2:

5 *In exceptional circumstances, after all reasonable steps have been taken to obtain the relevant patron signature(s) as required by Procedure 6.1, Crown may act upon the verbal instructions received from a patron*

To your knowledge, is section 6.2 ever applied in respect of the cheque cashing facility when generating a counter cheque?

10

MR MCGREGOR: I'm not sure.

MS CAHILL: Does the cage ---

15

MR MCGREGOR: I don't know.

MS CAHILL: Does the cage, immediately before accepting a cheque from a patron, do any check to see whether or not there are funds in the patron's bank account sufficient to cover the cheque?

20

MR MCGREGOR: No, I don't think so, but I'm not sure about that.

MS CAHILL: Is the cheque cashing facility procedure at Crown Perth really a way of providing a short-term line of credit for the purpose of gaming?

25

MR MCGREGOR: No, not in my view. It's a facility that has been offered for a very long time and obviously it's in the Standard Operating Procedures, so it's approved by the relevant regulators.

30

MS CAHILL: Can we go back to the Cage Cashier Training Manual at CRW.700.030.6058 at 6082. Before, I had you on the right-hand side of the page at the top. The second sentence, a cheque is a bank document. Then the next sentence:

35 *Cheques are held by Crown for five working days prior to the cheque being banked. This gives the patron the opportunity to redeem the cheque. Counter cheques can only be issued*

Going back to the casino manual at CRW.708.014.2676 at 2680. Under section 1.1, do you see the paragraph that commences:

40

The cheques will either be banked by Crown Perth within the following timeframes, or redeemed by the patron

And it says five days for local or interstate patron?

45

MR MCGREGOR: Yes, I can see that.

MS CAHILL: "Redeemed" here means having the physical cheque returned to the

patron; is that right?

MR MCGREGOR: Yes.

5

MS CAHILL: What is the reason for this practice of holding a cheque for five days to give the patron the opportunity to have the cheque returned to them?

10 MR MCGREGOR: Well, I guess it depends on what their gaming activity results are. Over the five-day period or a shorter period, they may have a winning outcome, in which case they come back and present their chips and cash in and tear up their cheque because it doesn't need to be banked by the casino.

15 MS CAHILL: What is the reason for that? Why not just bank the cheque and then return them their winnings in cash?

MR MCGREGOR: Well, it's up to the patron, really. They may come back to the window and say --- with their chips and they may say "Can you pay me out in cash?", or "Can you bank the cheque and leave the funds on deposit?", or "Can you give me a cheque ?" There's a number of iterations.

MS CAHILL: Why not have a standard practice of cashing the cheque at the time it is presented and then returning any winnings to the patron in cash?

25 MR MCGREGOR: Oh, look, I don't know, Ms Cahill. I think, you know, this is an old arrangement. It might have started off as being something that was implemented because in the old days it took a cheque about five or seven days to clear, perhaps. It's an arrangement that has been in place for a very long time and I suspect will have to change some time in the future, because cheques very soon will become a thing of
30 the past, if they aren't already.

MS CAHILL: The casino manual at page 2684. It provides for temporary increases. Do you see under section A "This Trip Only" and "Temporary Increases"?

35 MR MCGREGOR: Yes.

MR CAHILL: It is also referred to as a CCF override; are you aware of that?

40 MR MCGREGOR: Yes.

MS CAHILL: And the procedure is set out in the table for getting a temporary override of your cheque cashing facility limit?

45 MR MCGREGOR: Yes

MS CAHILL: Looking at the "Responsibility" column on the right-hand side, could a temporary increase be implemented by the casino outside of office hours?

MR MCGREGOR: Outside of regular office hours?

MS CAHILL: Yes.

5 MR MCGREGOR: Yes.

MS CAHILL: And similar to the obtaining of an original approval for the CCF, the increase has to be recorded obviously and gone through these steps and the patron has to sign off?

10

MR MCGREGOR: An approval process, that's right.

MS CAHILL: And when an increase is sought by a patron mid-way through a visit to the Perth Casino casino is that possible for the increase to be given to them there on the spot?

15

MR MCGREGOR: Yes. What would normally happen, and I think it's more prevalent with international patrons, but it can happen with domestic patrons provided their approvals are in place prior. If the host or a gaming host may call up and there is an approval matrix which might be attached to this document or a separate document, they will call up certain managers and say, "X patron has requested an extension of their credit marker for this trip only up to a certain amount, do you approve?" That sort of process.

20

MS CAHILL: Can we go back to the training manual, CRW.700.030.6058 at page 6083, and blow up the top part of that page for Mr McGregor. The section is "Counter cheques and redemptions completed through the pit menu". This is a situation where somebody is actually playing table games, is that right, and there is a pit boss ---

30

MR MCGREGOR: Yes, it would appear to be the case.

MS CAHILL: There are drop boxes in different cages, satellite cages, that allow for chips to be dispensed and cash to be dispensed from those drop boxes; is that right?

35

MR MCGREGOR: Well, from the cage. The drop boxes are at the table as well. I think this is referencing a table.

MS CAHILL: This is a procedure or a system that applies in Perth?

40

MR MCGREGOR: I expect so. I would have to --- this is taking me back, Ms Cahill. I haven't looked at this for quite some time. But I suspect there is a similar procedure in Perth.

MS CAHILL: It mentions that the different cages and rooms have their own drop boxes that are able to generate a chip purchase voucher through an ---

45

MR MCGREGOR: Yes.

5 MS CAHILL: --- onscreen application, issue counter cheques and CDW. What does that refer to?

MR MCGREGOR: Corporate data warehouse. It's a customer database, if it's the one I'm thinking of.

10 MS CAHILL: Is a counter cheque in paper literally produced from the drop box?

MR MCGREGOR: I don't know. It's a little bit beyond my immediate knowledge.

15 MS CAHILL: Are counter cheques produced in this situation where you have these drop boxes at the tables?

MR MCGREGOR: I don't know, I'm sorry. I can't recall.

20 MS CAHILL: I want to ask you something completely different. We will go to document CRW.701.001.2170_R. I need you to explain the contents of this document to me. It is an agenda of the ERCC of 30 November 2016, with papers attached. At 2240, as part of the AML/CTF update, underneath the heading "Occupations" it talks about a review of the gaming activity of patrons whose occupation is bank worker, corporate treasurer, credit and loans officer, real estate agent or stockbroker, who have a win/loss rating of \$50,000 or more, and saying that
25 review is underway.

MR MCGREGOR: Yes.

30 MS CAHILL: Then there is the findings and recommendations. Why was there a review of those particular occupations, combined with that particular minimum win/loss rating in the context of AML/CTF risk?

35 MR MCGREGOR: I can't recall this one, specifically, from 2016, but from time to time there are reviews done of particular occupations as a matter of reviewing whether, in a reasonable person's mind, a bank worker, for example, might be playing over and above their capacity. So those were reviews we undertook from time to time to determine whether there was any risks associated with some of the patrons.
40

MS CAHILL: If we put it bluntly, it is the sort of occupation where it would not generate income --- you would not expect it to generate income to enable gambling at the volume or at the level you are seeing with this particular patron?

45 MR MCGREGOR: Yes.

MS CAHILL: And that might raise a question in your mind as to whether there is actually money laundering going on on behalf of somebody else?

MR MCGREGOR: Or, alternatively, fraud on the part of the patron to gain funds they wouldn't necessarily have access to.

5 MS CAHILL: I understand. Can we go over to page 2242, which is the attachment. It has just been redacted to take out names ---

MR MCGREGOR: Sure.

10 MS CAHILL: --- and sensitive information. So I can understand this document, we have a patron number there which comes from either a deposit account or a loyalty card or something like that, is it?

MR MCGREGOR: I expect so, yes.

15

MS CAHILL: Where does the occupation information come from?

MR MCGREGOR: From the patron when they signed up to the loyalty membership.

20 MS CAHILL: Then the next column identifies whether they play table games or electronic gaming machines?

MR MCGREGOR: Yes.

25 MS CAHILL: Then under the next column "DAYS", each of the entries has this 16, 15, 14 but then with different numbers next to it, to each of the 16, 15, 14. Can you explain that?

30 MR MCGREGOR: No, I'm not sure I can. No, it's not making any immediate sense to me, I'm sorry.

MS CAHILL: Or even the "DAYS", so where the numbers differ? 11, 110, 41? Then in the next ---

35 MR MCGREGOR: Sorry, can you blow it up a fraction more for me, please. No, I'm sorry, I don't know.

MS CAHILL: Then we have the patron's ---

40 COMMISSIONER JENKINS: Ms Cahill, perhaps before we go on, the way I read that, and this may or may not be helpful, is that "14" is a reference to 2014 and the patron gambled 41 days in 2014, in 2015, 110 days, and in 2016, 11 days.

MR MCGREGOR: That is quite possible, yes.

45

MS CAHILL: Thank you.

Accepting that hypothesis, that would then translate over into the next two columns?

MR MCGREGOR: That's right. That would be their win/loss in those years.

5 MS CAHILL: Then there is some other information that the Pearl Room management provide in relation to that particular patron and then some additional checks and then there is a "RECOMMENDED ACTION". Do you see that?

MR MCGREGOR: Yes.

10 MS CAHILL: Go down to the second entry, 183477. We have a bank worker playing table games, the number of days, et cetera, the turnover is very large, and then who is "SS"? "SS advised that the patron worked as an ANZ Bank manager and is now semiretired".

15 MR MCGREGOR: I don't know who SS is. It's probably --- it might be one of the gaming hosts, perhaps, who knows the patron. I don't know.

MS CAHILL: If we go over the page to complete that column, who they are associated with, not knowing their relationship, the patron is a Pearl Room member.
20 If we just go back to the page above ---

COMMISSIONER OWEN: Should those names be available?

MS CAHILL: I haven't been advised --- I won't go back to that page. Then it says:
25

Based on patron's occupation and level of turnover and loss, no action is required at this time.

Do you see that?
30

MR MCGREGOR: Yes, I do.

MS CAHILL: But the patron's occupation and their level of loss was what got them onto the list for scrutiny in the first place?
35

MR MCGREGOR: Well, their occupation got them on the list. We were just doing a routine check. So we will choose occupations from time to time, so anyone with those occupations got themselves on the list in the first place. Their resulting play was a product of the review. Then once we knew what that was, a decision or a
40 recommendation would be made.

MS CAHILL: Is it the case that you really needed to see something coming out of the information from Pearl Room staff or the checks that Legal were doing, before you would look further in terms of AML/CTF risk or fraud risk?
45

MR MCGREGOR: Yes. Sorry, I think it's probably a combination of all of the above. I think the investigations were largely: let's pick some occupations that might

be at risk, let's review their activity over the course of two or three years in this case, to see whether it's reasonable or not, check with the staff members who know them to see whether there is any other available or relevant information, do some World-
5 Checks and other checks we could have done to determine further information and then on the back of all of that intel, make a recommendation.

MS CAHILL: Can I take you now to paragraph 86 of your witness statement at page
10 0231 and ask you about something different, to understand what your evidence is in this regard.

MR MCGREGOR: Sorry, what paragraph?

MS CAHILL: 86.
15

MR MCGREGOR: Thank you.

MS CAHILL: You are referring here to International Commission Business.

MR MCGREGOR: Yes.
20

MS CAHILL: I will give you the context on the page before at paragraph 84. Blow up 84 for Mr McGregor. "The ICB's financial model accounts for and reports"?

MR MCGREGOR: Yes.
25

MS CAHILL: "ICB results within the VIP Program".

MR MCGREGOR: Yes.
30

MS CAHILL: Then you say at 85:

VIP play can be volatile and results are reported on an actual basis, *reflecting what Crown has actually won or lost.*

MR MCGREGOR: Yes.
35

MS CAHILL: Do you mean you reported to the board of CRL and the board of Burswood Ltd?

MR MCGREGOR: Yeah, both. So I think you probably need to read paragraphs 85
40 and 86 together. There is a dual reporting process to do with --- my apologies

MS CAHILL: The actual results are reported to the board of CRL and the board of
45 Burswood Ltd?

MR MCGREGOR: Yes, and management, that's right.

MS CAHILL: The actual results are included in the consolidated accounts of the Crown Group that are published?

5 MR MCGREGOR: Yes.

MS CAHILL: At paragraph 86 you say:

10 Results are also reported on a theoretical basis which assumes a theoretical *win rate of [percentage you specify]....*

MR MCGREGOR: Yes.

15 MS CAHILL: A theoretical win rate obviously has no regard to what the actual win rate is; is that right?

MR MCGREGOR: That's right.

20 MS CAHILL: The theoretical win rate is the house edge, isn't it?

MR MCGREGOR: Effectively, yes.

25 MS CAHILL: I want to understand why you say the theoretical win rate, as opposed to the actual results, effectively normalises the results?

30 MR MCGREGOR: Because in any game of chance there could be volatile results. If a player is only playing for a short period of time and they have a large win, then the casino will have a large loss, obviously, so the win rate will be very, very low, if not negative. If the patron comes in and plays in a quick period of time and has a large loss, then the casino's win rate is very, very high, much higher than what it normally would be. So when you are thinking about VIP play, kind of like gaming machines I guess, in terms of the volumes of transactions, when you get a significant volume of transactions, the statistics of the game say that it should result in a 1.35 per cent win for the casino. What we are trying to do here is determine what is normalised or theoretical. Both descriptors are interchangeable and we use them in the public domain as well as the other casino operators, so it's providing useful information for the reader and the market as to what the normalised results would be, taking out any inherent volatility.

40 MS CAHILL: Does that volatility become less pronounced the longer the reporting period? For example, is the volatility issue more pronounced when you are reporting monthly or quarterly results, as opposed to annual results?

45 MR MCGREGOR: Potentially. For a business the size of Melbourne's or some of the bigger casinos, that's probably more accurate because they have or have had, not so much now, but in the past they have had pretty regular international visitation, so the result would more normalise over time. However, in smaller operations or smaller casinos that are exposed to smaller VIP business, such as Perth, you could

have volatile results on a monthly basis, depending on who the visitors are during the period.

5 MS CAHILL: Can I ask you finally about casino tax, Mr McGregor. Have you conducted or commissioned an investigation during 2021 into whether any underpayments of casino tax to the State of Victoria by Crown Melbourne may have also occurred in relation to tax payable to the State of Western Australia by Crown Perth?

10

MR MCGREGOR: Yes. There is a review being undertaken currently by Ernst & Young, our tax advisors, off the back of the issues raised through the Victorian Royal Commission you have mentioned, into whether there is any issues of underpayment of tax in WA. That piece of work from EY is still ongoing. I've seen a draft report but it hasn't been finalised, so I'm hoping that will be finalised in the coming days or week.

15

MS CAHILL: This week, do you say?

20 MR MCGREGOR: In the coming days or week, I'm hoping we will get a final report from EY.

MS CAHILL: Thank you. I have nothing further, Commissioners.

25 COMMISSIONER OWEN: Thank you, Ms Cahill. Are there any applications by people wishing to ask questions? Mr Garas?

MR GARAS: There are, Commissioner.

30 COMMISSIONER OWEN: Mr Garas, you might bear in mind that we will be dealing with remediation at a later stage and as Mr McGregor is a current employee, he may be asked to come back for that session.

35 MR GARAS: I understand, Commissioner. I do have some questions specifically on remediation, some particular documents I was intending to take Mr McGregor to, but it may be convenient for the Commission to hear that evidence today, in any event.

COMMISSIONER OWEN: Let's see how we go.

40

CROSS-EXAMINATION BY MR GARAS

45 MR GARAS: Mr McGregor, my surname is Garas. I act for the Crown companies. Can I have brought up CRW.700.001.1250. Ms Cahill asked you a series of questions regarding the cheque cashing and funds facilities. The questions she asked you were off the back of taking your attention to what was, in fact, a superseded version of this operations manual from 2015. Can you confirm that this is the current

section 20 of the casino manual operations?

MR MCGREGOR: Do you know what the date of that document is?

5

MR GARAS: Operator, can you blow up the bottom inset which shows a date at the bottom of the page, please? Thank you. That's 23 ---

MR MCGREGOR: Yes, that's likely the latest.

10

MR GARAS: Thank you. Can I have brought up CRW.702.001.4275. Mr McGregor, you will see these are minutes from the Burswood Ltd board on 5 December 2019.

15 MR MCGREGOR: Yes.

MR GARAS: Thank you. Can we go forward, please, to page 4332. You will recall that Ms Cahill took you to board minutes from June 2020 and suggested to you that the report was concealing the closure of the CBA bank account. Do you recall that question put to you?

20

MR MCGREGOR: Yes, I do.

MR GARAS: You indicated that the closure of the CBA bank account had, in fact, been reported. Can I just direct your attention to item 2.1, the second bullet point. Is that the reporting you are referring to in relation to late 2019?

25

MR MCGREGOR: Yes, that's right.

MR GARAS: I will ask you some questions about the extent of your responsibility in your CFO roles and where that responsibility intersects with AML. Initially, I want to understand in a broader sense the needs of an organisation of this size. First of all, Crown is a very large organisation, obviously. How many employees does it currently employ?

30

MR MCGREGOR: Across the group, it is probably close to 18,000.

MR GARAS: With an organisation of that size, does it certainly depend on many people applying different areas of expertise to the performance of roles across the company?

35

MR MCGREGOR: Yes, absolutely.

MR GARAS: Different areas of expertise would include legal?

40

MR MCGREGOR: Yes.

MR GARAS: Finance, being your area; correct?

MR MCGREGOR: Yes.

MR GARAS: Compliance is another area?

5

MR MCGREGOR: Yes.

MR GARAS: I want to get to the issue about the cage operations. Now, tell me if I'm wrong, but am I correct in suggesting that there would be more than one input, in terms of expertise, to the oversight and management of cage functions?

10

MR MCGREGOR: Yes.

MR GARAS: By that I mean you would need, obviously, some input and monitoring from a finance perspective?

15

MR MCGREGOR: Yes.

MR GARAS: You would also need some input and monitoring from a compliance or AML perspective?

20

MR MCGREGOR: Yes, absolutely.

MR GARAS: I want to understand, from an organisational structure, when it comes to cage operations, would it be normal and appropriate for this ability to be divided across different areas of speciality and expertise?

25

MR MCGREGOR: Yes, I think so. As I was saying, there is a group of people who are focused on these matters, obviously, and they all intersect in terms of compliance, AML, legal, cage, VIP, et cetera. But ultimately you have to have a reporting structure in place and the cage variously reported to me through that period.

30

MR GARAS: By way of example, we have seen, obviously, information regarding what is described as structuring or aggregation. I will give you a hypothetical example. If there were five deposits of \$5,000 each into a bank account, so a total set of deposits which aggregate to \$25,000, from a finance perspective and just a purely finance perspective, it is the receipt of the total sum, \$25,000, that necessarily needs to be reported and recorded at some point; correct?

35
40

MR MCGREGOR: That's right.

MR GARAS: From an AML perspective, there is a separate consideration which is ensuring that any suspicious steps in relation to those deposits need to be recognised. That, for example, includes recording each of the five separate transactions; is that right?

45

MR MCGREGOR: Yes, that's right.

MR GARAS: Can I have brought up CRL.557.001.0807. Mr McGregor, that is an email that Ms Cahill took you to. You are not a recipient. Ms Cahill was questioning you about your lack of knowledge of the contents of this email you never
5 received. Can I suggest to you, and is it possible, the reason you have not received this email which principally is concerned with structuring is that it was not within your area of responsibility or expertise?

10 MR MCGREGOR: Yes, that's one possibility.

MR GARAS: Several of the names Ms Cahill asked you to speak to were people either from VIP or AML; is that correct?

15 MR MCGREGOR: Yes.

MR GARL and the VIP team were those principally responsible for ensuring compliance with AML requirements?

20 MR MCGREGOR: Yes, in conjunction with --- yes, that's right, in conjunction with other parts of the business.

MR GARAS: I want to get some clarity around historically what did occur with deposits into the Riverbank account. Deposits would be made with a bank institution in the name of the account entitled "Riverbank"?

25 MR MCGREGOR: Yes.

MR GARAS: That would involve a debit/credit being created against that account. In the cage itself, is it the case then that an amount would be credited against the
30 patron's accounts equal to the deposit in the bank account?

MR MCGREGOR: Yes, that's right.

MR GARAS: There has been much discussion about this idea of sweeping in
35 relation to the bank accounts. I just want to understand. This concept of sweeping, that really refers to nothing more than the transfer of funds between accounts; is that right?

40 MR MCGREGOR: Transfer of funds between Crown's bank accounts, that's right.

MR GARAS: Taking it through a hypothetical example, if a patron's account has been credited, say, \$10,000 and they go and play within the casino, they lose the \$10,000, then all that sweeping really is referring to is at some point in the future, the funds which have been sitting in the account which was where the funds were
45 originally deposited with the bank would be transferred through to one of the casino's other bank accounts; is that right?

MR MCGREGOR: That's right.

MR GARAS: I want to get on to the issue of systems. Commissioner, this is an area
5 I mentioned earlier about the remediation program, in substance, or aspects of it. Mr
McGregor, against the background of the various questions you have been asked
about the Riverbank account, much of which goes back to 2014, I want to spend
some time examining the current systems and policies that Crown has put in place.

10 Can I have document CRW.512.025.1110 and could make sure these are kept on a
private screen. There is an issue in relation to non-publication orders with some of
them. Can you see that document in front of you, Mr McGregor?

MR MCGREGOR: I can't read it clearly but I see the document.

15 MR GARAS: I will take you through aspects of it. It is entitled "Corporate policy
statement", dated 4 January 2021.

MR MCGREGOR: Yes.

20 MR GARAS: The policy title is "Return of funds".

MR MCGREGOR: Yes.

25 MR GARAS: Are you familiar with this policy?

MR MCGREGOR: Yes.

MR GARAS: Can I direct your attention to clause 1 .1. Am I correct in saying this
30 policy applies to all Crown bank accounts used by patrons to deposit funds for
gaming purposes?

MR MCGREGOR: Yes, it does.

35 MR GARAS: Can I direct your attention to clause 1.2. It make clear, doesn't it, that
this policy operates in conjunction with another policy, known as third party transfers
and money remitters policy?

MR MCGREGOR: That's correct.

40 MR GARAS: I will take you through what is in substance the key elements of this
policy which is set out at clause 1.3. This deals with the manner in which all money
transfers must be made into Crown's bank accounts. I will ask you a question at the
end of the list, essentially, but I just want the Commissioners to understand the
45 aspects of this policy.

First of all, it is made clear through this policy that Crown no longer accepts cash
deposits paid into its bank accounts?

MR MCGREGOR: That's right.

5 MR GARAS: Crown no longer accepts payments from third parties into its bank accounts?

MR MCGREGOR: Correct.

10 MR GARAS: All payments into Crown's bank accounts must be from a patron's personal bank account?

MR MCGREGOR: Yes.

15 MR GARAS: Transfers into Crown's bank accounts must state the patron's full name and their Crown Rewards number?

MR MCGREGOR: That's right.

20 MR GARAS: That international transfers into accounts must be supported with a receipt, stating the branch address or, if there is no branch address, the customer must provide appropriate documentation with those details?

MR MCGREGOR: Yes.

25 MR GARAS: Any other description or narration contained in transfers into the bank accounts must state the purpose of the transaction is for gaming or gambling or to repay a debt?

30 MR MCGREGOR: Yes, that's right.

MR GARAS: Descriptions or narrations contained in those transfers must not be misleading and it gives some examples?

35 MR MCGREGOR: Yes.

MR GARAS: Pause there. Ms Cahill took you to one of the historical reports which talked about the fact that some deposits contain descriptions such as "house", "purchase", "mortgage", things along those lines?

40 MR MCGREGOR: Yes.

MR GARAS: Under this policy, that practice is prohibited; correct?

45 MR MCGREGOR: Yes. These were the improvements that I was talking about that we made a priority post the Bergin Inquiry in 2020.

MR GARAS: If a receipt is not provided, it finally provides that the transferred

funds will not be credited to the patron's account?

MR MCGREGOR: Yes, that's right.

5

MR GARAS: Can we go to clause 2.3, please.

MR GARAS: If you would indulge me, Commissioners. Then over to 2.1:

10

Crown will not knowingly accept funds from a third party.

I will come to the particular policy in relation to third parties shortly. But you will see there as well at clause 2.3, and this is the significant aspect of this whole policy:

15

Crown will return all payments made other than in accordance with the Third Party Policy and the Bank Transfer Notification.

That is why this is called the Return of Funds Policy, isn't it?

20

MR MCGREGOR: Yes, that's right.

MS CAHILL: In the event this procedure is not followed, the funds will, in fact, be returned to the depositors or the patrons?

25

MR MCGREGOR: That's correct.

MR GARAS: Further below, and I won't go through all the details here, but the procedure is set out at clause 3, which deals with the manner in which deposits are returned. I simply draw your attention to 3.4 over the page. I won't read this, but it is to assist the Commissioners. Clause 3.4(c), in particular, Commissioners, sets out the consequences in relation to matters that come to the attention of staff. Clause 3.5 set, in substance, the consequences to patrons where the policy is not adhered to.

30

Mr McGregor, can I ask you to confirm that policy is currently in operation?

35

MR MCGREGOR: Yes, it is.

MR GARAS: Can I have brought up CRW.742.001.0101. Can you blow up the top part. This is the AML/CTF Policy statement titled "Third Party Transfers and Money Remitters", dated 16 November 2020. Is this the relevant policy referred to in the previous document I took you to, described as the Third Party Policy?

40

MR MCGREGOR: Yes, it is.

MR GARAS: Going through the purpose of it, you will see in clause 1.1, the policy is in relation to transfers into and out of Crown's bank accounts used by patron to deposit funds, specifically dealing with third party deposits and money remitters where such transfers are for the benefit of a Crown customer .

45

MR MCGREGOR: Yes, that's right.

5 MR GARAS: At 2.1 it identifies that Crown does not accept payments from third parties and, at (b), it will not make payments to third parties unless prior written approval is obtained from the Property Chief Operating Officer and the AML/CTF Compliance Officer, in accordance with the specified procedure.

10 MR MCGREGOR: That's right.

MS CAHILL: And 2.2 expressly provides that to assist in any determination as to whether there should be a departure from the default position. That is, the default position is that transfers of this kind won't be accepted unless there is an approved departure from it; is that right?

15 MR MCGREGOR: That's correct, yes.

MS CAHILL: Then the procedure is set out below. Relevantly at 3.1, a Crown staff member must request that the AML team prepare a written recommendation to assist in the determination. That is a recommendation for a departure from the default position; correct?

MR MCGREGOR: That's right, the AML team must be involved.

25 MR GARAS: Then at 3.2, the requesting business unit must collect and provide to the AML each of the matters specified there?

MR MCGREGOR: That's right.

30 MR GARAS: I won't read each of them. That goes over the page. Can I ask you to confirm, you will see in 3.2(e) the initials "ECDD", does that refer to enhanced customer due diligence?

35 MR MCGREGOR: Yes, it does.

MR GARAS: At 3.2, the procedure requires that the AML team must prepare a third party transfer recommendation and that must contain the various matters set out in paragraphs (a) to (e)?

40 MR MCGREGOR: Yes.

MR GARAS: Can I ask you to explain in relation to paragraph (c) what a Dow Jones screening is?

45 MR MCGREGOR: It's a screening, it's like a World-Check screening, that would be done on a customer. Part of additional due diligence on a customer. It's just one part of the process that would be gone through.

MR GARAS: Then 3.4 provides that where the third party transfer recommendation recommends that the proposed transfer not proceed, the proposed transfer must not proceed. There is no discretion; is that right?

5

MR MCGREGOR: That's correct.

MR GARAS: And only in other cases the third party transfer recommendation should be provided to the property COO for approval and the proposed transfer must only proceed once the COO for the property has approved that third party transfer recommendation?

10

[Technical Disruption]

15

MR GARAS: I think we have lost Mr McGregor. Perhaps a short adjournment, Commissioners? There appears to be some technical difficulty.

20

COMMISSIONER OWEN: We will adjourn, in the old language, pro ten.

ADJOURNED

[3:29P.M.]

25

RESUMED

[3:37P.M.]

COMMISSIONER OWEN: Please be seated. Thank you, Mr Garas.

30

MR MCGREGOR: My apologies, I think that was a technical issue on my side, I'm sorry.

MR GARAS: That's fine, Mr McGregor. I think we got to, and tell me if you weren't at this point when you dropped out, clause 3.4.

35

MR MCGREGOR: Yes.

MR GARAS: Which deals with the fact that no transfer is to proceed if that is the nature of the recommendation. Lastly, 3.5, that in substance the transfer would only occur with the COO's approval, the COO of the property, and only after that approval has in fact been given. Can I ask you to confirm that is the policy that is currently in operation?

40

MR MCGREGOR: Yes, I think it is, yes.

45

MR GARAS: Can I please have document CRL.742.001.0009. Mr McGregor, I will

only draw your attention to parts of this document because it is highly sensitive and will be the subject of a non-publication order. You will see it relates to bank statement monitoring and is dated 16 November 2020. I can ask you to confirm, at least, as set out at 1.1, this is a rule that has been made pursuant to the joint AML and counterterrorism financing policy of Crown; is that right?

MR MCGREGOR: Yes, that's right.

MS CAHILL: I will draw your attention and the Commissioners' attention to the particular aspects or the mischief sought to be deterred or avoided at clause 1.3, with further elaboration at section 2. Can I ask you to confirm, Mr McGregor, that is also the policy currently in operation in relation to bank statement monitoring?

MR MCGREGOR: Yes, it is.

MS CAHILL: Lastly, can I have brought up CRW.700.001.1182, please. Again there are sensitive aspects of this document, Mr McGregor. I will just ask you to confirm this is the current applicable version of section 29 of the Casino Manual on operations in relation to the lodged funds and telegraphic transfers. Perhaps if we lift the document to the bottom of the page.

MR MCGREGOR: Yes. Thank you.

MR GARAS: And just expand or magnify the words in the box at the bottom, please.

MR MCGREGOR: Yes, I can see that. That is the latest version.

MR GARAS: That indicates it has been approved by the Commission, doesn't it?

MR MCGREGOR: Yes, that's right.

MR GARAS: When you were answering some of Ms Cahill's questions before, you explained that after the issues arose in the course of the Bergin Inquiry, your priorities and Crown's priorities were to address the weaknesses in the system. Are these some of the various steps that were taken to try and address those weaknesses as a priority?

MR MCGREGOR: Yes, absolutely they are.

MR GARAS: Thank you, Mr McGregor. I have no further questions.

COMMISSIONER OWEN: Thank you, Mr Garas. Are there any other applications? Mr Evans?

MR EVANS: Commissioner, there are a couple of lines from the witness that was cross-examined previously that I might pursue with Mr McGregor, as he is the

current incumbent CFO.

COMMISSIONER OWEN: Go ahead, Mr Evans.

5

CROSS-EXAMINATION BY MR EVANS

10 MR EVANS: Mr McGregor, my name is Evans. I appear for the Gaming and Wagering Commission.

MR MCGREGOR: Good afternoon.

15 MR EVANS: It appears from your witness statement, and I understand from the evidence you have given, that you have been involved in the casino industry now for some 24 years; is that right?

MR MCGREGOR: That would be about right, yes.

20

MR EVANS: You appreciate it is a heavily regulated industry?

MR MCGREGOR: Yes, I do.

25 MR EVANS: You appreciate that, as a licensee, it is important for a licensee in dealing with a regulator to be candid and transparent?

MR MCGREGOR: Yes, I agree with that.

30 MR EVANS: And in the reporting of information to its regulator, to be scrupulously careful and accurate?

MR MCGREGOR: Yes.

35 MR EVANS: One of the functions of the finance team in Crown Perth is to provide a monthly report to its regulator, the Gaming and Wagering Commission, in accordance with the casino directions in relation to the chip transactions and bank account transactions on a monthly basis. Do you understand that?

40 MR MCGREGOR: Yes, I'm ---

MR EVANS: You are familiar with that report?

45 MR MCGREGOR: I'm not overly familiar with it. I haven't looked at it for some time, but I'm familiar with the requirement, yes.

MR EVANS: When you were Chief Financial Officer between 2007 and 2013, were you responsible for preparing and signing that report?

MR MCGREGOR: Not that I recall. It would have been completed by members of my team.

5 MR EVANS: Did it come to you for signature and delivery?

MR MCGREGOR: I can't recall, to be honest. It's a long time ago.

10 MR EVANS: Can I bring up an example of it, one signed by your successor, Mr Spence?

MR MCGREGOR: If it was signed by my successor, when I was there it probably would have been signed by me.

15 MR EVANS: Can I have brought up GWC.0001.0007.0212. Can we have this on room screens only, thank you. Do you recall that form of document?

MR MCGREGOR: Can you blow it up for me, please. Yes, provision of the bank statements and the like, yes.

20

MR EVANS: Can I take you to page 5. That is a Riverbank Investments Hong Kong dollar account?

MR MCGREGOR: Yes.

25

MR EVANS: You regarded it as being relevant to the satisfaction of the obligation under the directions, to deliver the Riverbank Investments Hong Kong dollar bank account statements to the regulator?

30 MR MCGREGOR: I think that was part of the commitment, yes, the patron deposit accounts.

MR EVANS: Yes. It is the case --- you may not be able to answer this, Mr McGregor, but it is the case that from 2014 until 2019, the Australian dollar Riverbank Investments accounts were not included in this statement. Do you know that to be the case?

35

MR MCGREGOR: I am aware of that, yes.

40 MR EVANS: Is it the case they weren't delivered prior to 2014 either?

MR MCGREGOR: No, I think they were. I've only recently become aware of that gap and I can't explain why that happened.

45 MR EVANS: In 2019, the casino commenced reporting Riverbank Investments accounts once more, did it not?

MR MCGREGOR: Yes, that is my understanding.

MR EVANS: On your evidence, it did so prior to 2014, but ceased to do so?

5

MR MCGREGOR: Yes, there was a bit of a gap in reporting, as I understand it, and I have no understanding of why that is. I think it was a miss on behalf of the finance team.

10 MR EVANS: The finance team that you are responsible for?

MR MCGREGOR: Yes.

15 MR EVANS: And that "miss" for five years was corrected commencing in August 2019? You are familiar with that?

MR MCGREGOR: Yes, I think that was when it recommenced.

20 MR EVANS: It recommenced, funnily enough, a few days after the publication in The Age and the Sydney Morning Herald of information about the Riverbank Investments account?

MR MCGREGOR: Yes. I suspect ---

25 MR EVANS: Were you involved ---

MR MCGREGOR: Sorry.

MR EVANS: Go on. You suspect?

30

MR MCGREGOR: I suspect that was the catalyst for the team looking at what they were providing and making sure it was complete.

MR EVANS: Were you involved in the decision to recommence?

35

MR MCGREGOR: No, I wasn't.

40 MR EVANS: Can we move on to a second question. This is in relation to the functioning of the board of Burswood Ltd. As CFO Perth, then Australian Resorts and then Crown Resorts, you have been involved with the Burswood Ltd board effectively since 2007, either as an invitee or as a member of the board; is that correct?

45 MR MCGREGOR: Only as a --- sorry, Burswood Ltd board, is that the board you're referring to.

MR EVANS: Burswood Ltd board, yes.

MR MCGREGOR: Yes, I was a --- I've never been a director but I've been company secretary for the first five or six years and then there was a gap of about a year to 18 months when I was just in Melbourne, where I did not attend the Burswood Ltd board. But since that period from about August 2014, I have recommenced attending the Burswood Ltd boards as an invitee.

MR EVANS: And, in fact, as company secretary, an office you now hold?

MR MCGREGOR: Sorry, my apologies. And most recently, company secretary again, yes.

MR EVANS: One of the responsibilities of the company secretary is to ensure the records of the company are accurately maintained?

MR MCGREGOR: That's right.

MR EVANS: Including the preparation of the minutes?

MR MCGREGOR: That's right.

MR EVANS: If we look at the minutes as they are prepared from time to time, certainly during the time when you were company secretary, we should work on the basis that those minutes actually record the proceedings of the meetings of Burswood Ltd?

MR MCGREGOR: Yes.

MR EVANS: And that the start time and end time of those meetings are accurately recorded?

MR MCGREGOR: Yes.

MR EVANS: And the persons who attended are accurately recorded?

MR MCGREGOR: Yes.

MR EVANS: In relation to the preparation of the board packs which are put to the Burswood Ltd board, are you involved in the preparation of the board pack as company secretary?

MR MCGREGOR: Not necessarily as company secretary. I've more been involved in the preparation of the board packs as CFO, in pulling the financial information and the like together. But I certainly have assisted in pulling the --- and coordinating the other documents.

MR EVANS: Before I turn to that, there was a question by Counsel Assisting the Commission put to you in writing, which informed your statement. Do you have

your statement in front of you?

MR MCGREGOR: Yes, I do.

5

MR EVANS: Can you go to question 9, between 34 and 35.

MR MCGREGOR: Yes.

10 MR EVANS: The question was about your understanding of your responsibilities as a director or officer of Crown Resorts Ltd, Burswood Ltd, Burswood Nominees, et cetera?

MR MCGREGOR: Yes.

15

MR EVANS: You commence your response by saying:

By way of a brief overview, I explain my understanding of each entity.

20 That is not what the question directly asks.

MR MCGREGOR: Yes.

25 MR EVANS: In paragraph 37, you say that Burswood Ltd, in describing it as the parent company of Burswood Nominees Ltd and Riverbank Investments, sets the strategic direction for the Crown Perth business. Is that correct?

MR MCGREGOR: Yes.

30 MR EVANS: That, again, didn't respond directly to the question, did it?

MR MCGREGOR: Not directly to question 9, no.

35 MR EVANS: Did you, or anybody else who assisted you in the preparation of this statement, discuss with anybody else your answer to question 9?

MR MCGREGOR: No.

40 MR EVANS: Because in answer to similar questions, Mr Barton, Mr Bossi and Mr Felstead both used very similar language of Burswood Ltd setting the strategic direction for the Crown Perth business. I will ask you squarely, did the question of the strategic business of that --- sorry, the strategic direction of that business, is that a matter of your own formulation or did that come from somewhere else?

45 MR MCGREGOR: I think it was a matter of my own formulation.

MR EVANS: Thank you.

MR MCGREGOR: It's my statement.

5 MR EVANS: Did you mean to say, in setting the strategic direction, that Burswood Ltd actually made substantive decisions in relation to the management of the Crown Perth business?

10 MR MCGREGOR: Yes, to some extent. The way I think of it is, or thought of it from my initial period of exposure was that the Burswood Ltd board was the board that met fairly regularly and had the independent directors on it and that the management team presented to.

15 MR EVANS: When you say it met fairly regularly, it met about once every three months?

MR MCGREGOR: Four times a year, approximately, that's right.

MR EVANS: The Crown Resorts Board met, generally, monthly, if not more often?

20 MR MCGREGOR: In recent times, it's been meeting extremely frequently, but prior to the current period of regulatory focus, I think it was meeting probably about six times a year.

25 MR EVANS: The Burswood Ltd board is at all times comprised of the two most senior executives of Crown Resorts Ltd?

MR MCGREGOR: Yes, I think that's right.

30 MR EVANS: And the most senior executive of Burswood or Crown Perth?

MR MCGREGOR: Yes, I think that's generally correct.

35 MR EVANS: And the plans and matters which it considered in its meetings, or which were presented to it in its meetings, would have been formulated by those senior executives?

MR MCGREGOR: First and foremost, they would have been formulated by the Perth executives.

40 MR EVANS: Who reported, or at least for the last decade or so, have reported to the Crown Resorts executives?

MR MCGREGOR: Yes, that's true.

45 MR EVANS: They would have been discussed with the Crown Resorts executives in formulation?

MR MCGREGOR: Yes.

MR EVANS: For matters such as the budget, the budget would have been prepared by Crown Perth in conjunction with the Resorts finance team?

5 MR MCGREGOR: Yes, that's true.

MR EVANS: The budget would have been presented for consideration to the Crown Resorts Board prior to consideration by the Burswood Ltd board?

10 MR MCGREGOR: Typically, yes. Potentially, there were occasions where it went to the Burswood Ltd board first, but you're right, on most occasions it went to the Resorts board in the first instance.

MR EVANS: Were you following the evidence of Mr Barton yesterday?

15

MR MCGREGOR: I didn't see much of it at all, live. I got a bit of a briefing later on yesterday after this session.

MR EVANS: Do you recall I took Mr Barton to the 2020 Burswood Ltd consideration of the budget and financial plan?

20

MR MCGREGOR: Yes, I'm familiar with that.

MR EVANS: You are familiar that there is no --- in fact, it appears on the face of the minutes, there is no consideration of the 2021/'24 budget and plan by Burswood Ltd in August 2020.

25

MR MCGREGOR: No, I think what happened in August 2020 was at that point Mr Poynton was also a director of Crown Resorts Ltd. We had presented the budget and the plan in the consolidated Crown Resorts Ltd Group to the Crown Resorts Board prior to that. So that all of the directors, other than Ms Fewster, who attended the Burswood Ltd board in August, had had a briefing on the budget, as it pertains to Burswood and the rest of the group, obviously. So the decision, as I recall, at the August meeting was that Mr Bossi and I would take Ms Fewster through the budget and plan separately, so as not to bog down the meeting with the other directors having already been through it.

30

35

MR EVANS: Yes.

40 MR MCGREGOR: And we subsequently did that.

MR EVANS: So there was no deliberation by the board, as a board, on the budget. It was simply taken as read and you briefed Ms Fewster on what had already been determined at the Crown Resorts Board two months previously?

45

MR MCGREGOR: Yes, that's effectively right. We were obviously seeking the Burswood board's views on it as well. In my mind, it wasn't just simply presenting

the budgets, we were presenting them --- clearly, they had already been presented to the Resorts board and approved there, but they were presented and discussed at the Burswood Ltd boards.

5

MR EVANS: It would be a surprise if the CEO of Crown Resorts disagreed with the budget he had presented to the board two months previously?

MR MCGREGOR: Yes, I agree.

10

MR EVANS: And it would be a surprise to see (inaudible) Burswood and Perth (inaudible), a hand in the delivery of that budget, resile from it?

MR MCGREGOR: Sorry, I missed that question.

15

MR EVANS: It would be a surprise if Mr Bossi, as CEO in Perth, resiled from the budget that he had a hand in preparing?

MR MCGREGOR: That's true.

20

MR EVANS: Can I take you to a matter of current updating, as you are the current Chief Financial Officer. You may be aware I took Mr Barton to certain financial entries in the August 2020 board pack yesterday?

25

MR MCGREGOR: Yes.

MR EVANS: I asked him to explain that.

MR MCGREGOR: Yes.

30

MR EVANS: You do not disagree with the explanation that he gave?

MR MCGREGOR: I wasn't 100 per cent across it, I haven't seen it firsthand, but I think he referred in answer to one of your questions about the amounts that were paid back to parent companies, Crown Resorts, as repayment of loans. They were in fact probably just sweep arrangements or cash flow management, in terms of sweeping funds from the Perth entity across to some of the other parent companies.

35

MR EVANS: Yes, indeed. We'll turn to that in a moment. That's perhaps an opportune time to consider this. In answer to a question about governance which I referred you to a moment ago, in identifying your duties as a director in answer to question 9, that was put to you, you said in actual response to that:

40

45

I understand my responsibilities as director and officer of the above-mentioned entities are, broadly speaking, to act in the best interests of each company and to exercise my duties in good faith and with care and diligence.

Is one aspect of that to consider when borrowing money, for example, the ability of

Crown Perth to repay that money in the future?

5 MR MCGREGOR: Yes, as an overall group function, I think we have to be careful in any refinancing activity that we have the ability to repay.

MR EVANS: As an overall group function, you're talking about Crown Resorts Ltd. I asked you about Crown Perth in borrowing money.

10 MR MCGREGOR: Yes.

MR EVANS: Crown Perth, in borrowing money, needs to consider whether it will be able to repay it when it is due?

15 MR MCGREGOR: Yes, but the way the company has been structured since Crown Resorts or then PBL took over Burswood, any of the financing arrangements have been undertaken by the parent entity, albeit with some guarantors across the group.

20 MR EVANS: Then funds were necessarily lent down to Crown Resorts --- Crown in Perth; is that correct?

MR MCGREGOR: Yes.

25 MR EVANS: Conversely, is it one of your obligations to consider, when letting money out of the Crown Group, that is out of Crown Perth, that is when lending money to the rest of the Crown Group, your ability to recover that money for the purposes of Crown Perth, as and when required?

30 MR MCGREGOR: Yes.

MR EVANS: Can I take you to CRW.701.004.0394 on room screen only, please, thank you. This is the latest version of the balance sheet of the Crown Group that I have been able to locate. There may be a later one, I don't rule out that possibility. This is in the board pack for the June meeting, as I recall, of Burswood Ltd. You are familiar with the document?

35

MR MCGREGOR: Yes. Could you blow it up a little bit more for me, please. Thank you. Yes.

40 MR EVANS: Recognising that these are management accounts?

MR MCGREGOR: Yes.

45 MR EVANS: This is a consolidated balance sheet for the Crown Perth entities as at May 2021, compared to June 2020?

MR MCGREGOR: Yes.

MR EVANS: It represents management's best view of the assets and liabilities of the Crown Perth Group at that point in time; is that correct?

5 MR MCGREGOR: Yes.

MR EVANS: You may recall I took Mr Barton yesterday to certain noncurrent liabilities which were expressed in negative terms?

10 MR MCGREGOR: Yes.

MR EVANS: Is it the case that this balance sheet restates those, effectively, to remove the negative liabilities and instead creates a noncurrent asset called "receivables", which represents advances by Crown Perth to the rest of the group?

15

MR MCGREGOR: Yes.

MR EVANS: The net effect at the bottom on the net asset line is not materially different from the position which was shown in the document I looked at with Mr Barton yesterday ---

20

MR MCGREGOR: Yes.

MR EVANS: --- but the line items have been restructured in a more conventional way?

25

MR MCGREGOR: Yes, that's right.

MR EVANS: And, conveniently, in the marginal note on the right of the group receivables "Crown Resorts sweep per cash flow statement". And to understand that, one needs to go to the next page, which is the cash flow statement. And the bottom half of that, it is under financing activities, there is a line which is now called Crown sweep?

30

35 MR MCGREGOR: Yes.

MR EVANS: You will see on the end of that the amount of money which represents, as I understand it, effectively an amount removed from the Crown Perth group to the balance of the Crown Resorts group on an annual basis out of surplus cash flow?

40

MR MCGREGOR: That's correct.

MR EVANS: That becomes an accrual to that group receivable we just looked at in the non-current assets?

45

MR MCGREGOR: That's right.

MR EVANS: Can I just ask this question, because I'm not an accountant,

Commissioner Murphy may have a better view in relation to; to classify that as a non-current asset suggests that there is some arrangement in place where those funds are not available at call to Crown Perth?

5

MR MCGREGOR: I'm not sure that is the case. I think there are --- the company or the corporate structure of Crown is complex. There are a number of intercompany transactions and balances that will obviously eliminate on consolidation of the Crown Resorts Group. I think as and when funds are required across the group they are transferred where they are needed. For example, I think I used this example earlier, when the Crown Towers project was underway there were funds transferred into the Perth Group to fund that project.

15

MR EVANS: Yes, all right. Thank you. No further questions.

COMMISSIONER OWEN: Thank you, Mr Evans. Any other applications? Is anyone online? Commissioner Murphy?

20 **QUESTIONS BY THE COMMISSIONERS**

COMMISSIONER MURPHY: Mr McGregor, just to clarify if you would for me the arrangement for transferring funds or crediting patrons' accounts when the Riverbank account was in operation. So, you described a process where the patron comes to the cage with their deposit slips, is that the only time or the only opportunity that basically the casino had for crediting that account? Was there not a daily or a weekly examination of what was going on in Riverbank to credit accounts in SYCO?

30 MR MCGREGOR: Yes. So the cage back in the early days was responsible for reviewing the bank accounts on a daily basis to determine which --- to review deposits into the account in anticipation of customers coming in to visit. Now normally a customer would obviously deposit funds and arrive at the casino the next day, so to speak, or on the day, perhaps, sometimes it would take some days. So they would be reviewing those transactions and preparing for the patrons to arrive and draw down on their deposits.

40 COMMISSIONER MURPHY: But they didn't actually make any entry into the accounts in SYCO until the patron turned up.

MR MCGREGOR: That's right. So there needed to be a verification process with the patron.

45 COMMISSIONER MURPHY: Okay. While I'm on that topic, if the patron had authorised a third party to withdraw funds on their behalf, that was an acceptable practice?

MR MCGREGOR: In the early days it was. It is no longer an acceptable practice

now.

COMMISSIONER MURPHY: Was authorisation required or did the patron ---

5

MR MCGREGOR: Yes.

COMMISSIONER MURPHY: Yes.

10 MR MCGREGOR: Yes, authorisation was required.

COMMISSIONER MURPHY: Who authorised that, someone in the cage or VIP or treasury?

15 MR MCGREGOR: Look, there would have been an authorisation process
previously. For example, some patrons might have joint accounts and a husband and
wife might come in and they would be depositing funds to the account and typically
you would have an approval on record for that sort of arrangement. There might be
other arrangements where they were transferring them to a separate third party and
20 they would need appropriate authorisation, which would normally go through the
cage, or cage management, in particular.

COMMISSIONER MURPHY: Okay. Thank you.

25 COMMISSIONER OWEN: Mr McGregor, I have just a couple of questions for you.

I notice from your witness statement that you've been involved in the casino industry
since 1997 and with organisations other than Crown.

30 MR MCGREGOR: Yes.

COMMISSIONER OWEN: We've heard evidence that casino operations conducting
--- that with casino operations conducting bank accounts of the ilk or the like of
Riverbank and Southbank was a reasonably common practice in the casino industry.
35 Is that something which to your knowledge you could comment?

MR MCGREGOR: Not really, Commissioner. I can't recall when I was with the
other operator, it was many, many years ago now and I really can't recall what the
bank accounts were called. I know I've heard my colleagues say from their
40 experience with other operators that it has been --- well, it was common years ago.
Clearly attitudes have changed significantly and it is no longer an acceptable
practice.

COMMISSIONER OWEN: Thank you.

45

And a different topic, when you became the Chief Financial Officer of Crown Perth
did you familiarise yourself with the property trust deed?

MR MCGREGOR: Not that I recall, Commissioner. I think I would have

familiarised myself with the group structure because it is complex, you know. It is a bit convoluted and it was something that I wasn't used to, but it was something that we inherited. So I sort of familiarised myself with that structure but I can't recall
5 ever actually reading the trust deed.

COMMISSIONER OWEN: So you wouldn't be able to comment then on whether within the trust deed itself there was at any time an obligation for the manager of the trust to prepare accounts of the trust and as to whether that changed over time?
10

MR MCGREGOR: No, not as a requirement of the trust deed, no.

COMMISSIONER OWEN: Thank you.

15 Now, I want to bring up a document on the in-room screen only because it contains commercially sensitive information and it is CRW.703.001.3312. This is the management accounts for the year ending 2020.

MR MCGREGOR: Yes.
20

COMMISSIONER OWEN: So you would have been involved in the preparation of these accounts?

MR MCGREGOR: No longer in the preparation in my current role but I'm
25 obviously reviewing them as they come through on a monthly basis, yes.

COMMISSIONER OWEN: And you would have been reviewing these for the purpose of consolidation at the group level?

30 MR MCGREGOR: Yes, I would have.

COMMISSIONER OWEN: If we could just blow it up a little bit. What I want to take you to is you see in the middle, almost in the middle of the page, is the word "CONTRIBUTION"?
35

MR MCGREGOR: Yes.

COMMISSIONER OWEN: That is the there area I want to focus on. I will do this as carefully as I can. You will see there is a subheading and four identifiers. You see that?
40

MR MCGREGOR: Yes, I do.

COMMISSIONER OWEN: And the third of those identifiers is the total of the previous two?
45

MR MCGREGOR: Yes.

COMMISSIONER OWEN: And then underneath that is a separate identifier?

MR MCGREGOR: Yes, I can see that.

5

COMMISSIONER OWEN: I'm only here speaking in broad generalities but my mathematics is that that fourth line constitutes about 70 per cent of the total of the third and fourth lines; would you accept that?

10 MR MCGREGOR: Yes, I would.

COMMISSIONER OWEN: Just bear that figure of 70 per cent in mind because then I want to take you to the next four lines; you see those?

15 MR MCGREGOR: Yes, I do.

COMMISSIONER OWEN: And if I put it to you that again in broad brush, and we're only talking here about contribution ---

20 MR MCGREGOR: Yes. ---

COMMISSIONER OWEN: --- in broad brush the total of the bottom four lines is about 26 per cent of the overall total, bearing in mind the two lines above it; do you accept that?

25

MR MCGREGOR: Yes, I agree with that.

COMMISSIONER OWEN: Now, what I want to ask you is this is June 2020. If we take back a period, say, four or five years, were those percentages that I've mentioned
30 reasonably constant or did they change, and if they changed, did they change materially over the period?

MR MCGREGOR: Yeah, it's an interesting question. I think a couple of comments
35 I would make in looking at that column that you are in June it is a COVID-impacted period where the Perth complex was actually closed for the last three months of the year, effectively from around March to June and reopened in late June. So you can see by looking at the far right-hand side of that summary where there is an actual F19 column, if you are looking for a pre-COVID indication of performance for the business, that is probably a better column to look at. I don't think the percentages
40 you called out would be materially different but the numbers are obviously greater because the performance of the business hasn't been impacted by COVID.

COMMISSIONER OWEN: Yes, sorry, I am concentrating on the percentages.

45 MR MCGREGOR: Yes. And so I think if you look back in previous years, to your question, the fourth line would always have been materially the greatest contributor to the overall performance. The subtotal at the top would have been greater in previous years. I think the performance of that business unit has been greatly

impacted by economic factors in Perth over recent times and has decreased. Conversely, the contribution from the fourth line has probably increased a little bit on the back of some of the improvements in the product.

5

COMMISSIONER OWEN: Thank you very much, Mr McGregor. Commissioner Jenkins?

COMMISSIONER JENKINS: Thank you.

10

Mr McGregor, the first series of questions I want to ask you is about the provisioning of credit to international patrons. My understanding is that your evidence is substantially that it was the VIP group or team who decided how much credit and to whom it was to be given?

15

MR MCGREGOR: Yes, that's right.

COMMISSIONER JENKINS: When --- and that VIP team was in Melbourne; is that right? Substantially?

20

MR MCGREGOR: They were substantially in Melbourne, yes.

COMMISSIONER JENKINS: And in respect of credit provided to patrons who gambled at Perth, were those debts, that credit, recorded in the operating accounts of the Perth Casino or ---

25

MR MCGREGOR: Yes.

COMMISSIONER JENKINS: Right.

30

MR MCGREGOR: Yes, they were.

COMMISSIONER JENKINS: And my understanding is that interest was not charged on those debts; is that right?

35

MR MCGREGOR: That's correct.

COMMISSIONER JENKINS: Why is that?

40

MR MCGREGOR: I'm not entirely sure. I think it is probably a competitive thing. I don't think any of the other casino operators were charging interest and if Crown did it would be to the detriment of securing business. In its heyday the VIP business was a pretty competitive one amongst those operators that were involved.

45

COMMISSIONER JENKINS: Those debts weren't always repaid; were they?

MR MCGREGOR: That's right.

COMMISSIONER JENKINS: Some of them remain outstanding; is that right?

MR MCGREGOR: That's correct.

5

COMMISSIONER JENKINS: And we're talking large amounts of money, aren't we, in respect of Perth Casino, something like \$130 million; would that be right?

MR MCGREGOR: Yes, I don't know the number off the top of my head, but I wouldn't dispute that.

10

COMMISSIONER JENKINS: And is it the case now that that has substantially been determined to write that off?

MR MCGREGOR: I think a large portion of it has been written off, yes.

15

COMMISSIONER JENKINS: And it is the case that local gamblers could not be afforded credit; is that right?

MR MCGREGOR: That's correct.

20

COMMISSIONER JENKINS: To the extent that there are debts owed by local gamblers to the Perth Casino, that would be as a result of dishonoured cheques or providing uncleared funds to gamblers which were never cleared?

25

MR MCGREGOR: Yes. It would be fairly few and far between, but you are right, it would have been if a CCF or a personal cheque had not cleared.

COMMISSIONER JENKINS: You gave evidence about the cage and the count room. I want to ask you about the presence of government inspectors at the casino. Were you working at Perth Casino when government inspectors were at the casino 24 hours a day or close to it?

30

MR MCGREGOR: I think so. Off the top of my head I'm struggling to remember when that was. But I suspect I would have been in the early years.

35

COMMISSIONER JENKINS: I just want to lay the foundation for these questions and there is no use me asking them if I can't do so.

MR MCGREGOR: Sorry.

40

COMMISSIONER JENKINS: I want to know when you were at the casino would you have been aware if government inspectors were on the floor of the casino or were your offices elsewhere?

45

MR MCGREGOR: No, my offices were elsewhere and I didn't have any direct engagement with the GWC or its officers in my role.

COMMISSIONER JENKINS: And is that the case at Perth Casino as well when you worked there? Your offices were elsewhere?

5 MR MCGREGOR: Yes, that's right.

COMMISSIONER JENKINS: Well, I won't ask you those questions then.

10 In respect of your AML training, can you tell me whether the 30-minute online training you received was the same online training which was offered to other employees or was it targeted to your role?

15 MR MCGREGOR: It was the same online training as I understand it that was targeted to most support functions, if you like. I think there was some more targeted, more in-depth training for those employees on the frontline, so to speak.

COMMISSIONER JENKINS: And that was the training you received up until this year; is that right?

20 MR MCGREGOR: That's right.

25 COMMISSIONER JENKINS: In respect of the relativities between Melbourne and Perth, am I correct in understanding that the upper management roles of Perth Casino are being focused or centred in Melbourne, more so than they have been historically?

30 MR MCGREGOR: Yes, I think that is a fair comment. There are --- I think I mentioned earlier some group functions, if you like, particularly in the support areas of the business. Many, or quite a few of those people, are domiciled in Melbourne. Having said that, there are a handful of group roles of personnel who are actually domiciled in Perth as well. Not as many.

35 COMMISSIONER JENKINS: The decision to centralise group roles in Melbourne is optional, is it not? It doesn't depend upon the size or the quality of the Melbourne property?

MR MCGREGOR: No. No, it doesn't.

40 COMMISSIONER JENKINS: So there has been a decision at the CRL level to deliberately centralise management functions in Melbourne; is that right?

45 MR MCGREGOR: I would probably say there has been a deliberate decision to centralise functions, not necessarily with people in Melbourne. As I said, if there's better people in Perth then those people in Perth will fill the roles. I think it's more about the structure than the centralised group structure.

COMMISSIONER JENKINS: Can you tell me any group role that is centralised in Perth, and managed in Perth, from Perth, for the Melbourne casino?

MR MCGREGOR: Yes. There is a few I can think of. One of them reports to me. The global head of tax who looks after the tax matters across the group. She lives in Perth.

5

COMMISSIONER JENKINS: And who is that?

MR MCGREGOR: I beg your pardon?

10 COMMISSIONER JENKINS: Sorry, I didn't mean to interrupt but I do want to know who that is and I didn't want to lose my train of thought. So who is that person.

15 MR MCGREGOR: Not at all. That is Ms Bowden-Jones she is the overall group tax manager. There is a senior person in IT, Ms Kosovich who lives in Perth. There is a senior person in marketing and analytics, Ms Reynolds, lives in Perth. Those are three I can think of off the top of my head.

20 COMMISSIONER JENKINS: And in answer to a question from Commissioner Owen you said that you couldn't recall reading the trust deed provisions. Does that mean you would not be able to inform us of the extent to which the trust deed provisions, that is the Burswood Trust Deed, and the State Agreement, that is the WA State Agreement, have been taken into account in deciding how to structure the management of the Perth Casino?

25

MR MCGREGOR: That would be correct. I'm not able to help you with that.

30 COMMISSIONER JENKINS: Moving to another topic in relation to Riverbank. I think you mentioned the topic of telegraphic transfers and also I've seen that referred to elsewhere. My understanding is that the structuring that occurred in the Riverbank bank account was primarily cash deposits; am I right in that?

MR MCGREGOR: Yes.

35 COMMISSIONER JENKINS: So what role do telegraphic transfers have in the issue of structuring through the Riverbank account?

40 MR MCGREGOR: There might be some confusion in terms of the naming conventions. The cage use the term "TTs" to, as I understand it, describe the process of processing, if you like, the deposit into SYCO. It's processing a TT, which --- it's not really a TT, it's kind of an EFT or internal process that happens when they process the deposit into the Riverbank account into the casino management system, which is SYCO.

45 COMMISSIONER JENKINS: Thank you for clarifying that.

In answer to a question from Commissioner Murphy, you referred to the fact that previously Crown has permitted third parties to redeem deposits credited to another

patron's account. Why did Crown allow that to occur?

5 MR MCGREGOR: Look, I'm not sure. I think the example I gave with the husband and wife perhaps is a classic example where they are both gamers and from time to time may visit separately or together so they would be transacting like that. That was an arrangement. I think the other key one is probably the moneychangers or money remitters. They are of course a third party by definition. And so from an international business perspective that was a common arrangement over many years,
10 historically.

COMMISSIONER JENKINS: That's a different situation, isn't it? As I read the Initialism and Grant Thornton reports, a typical transaction was one where money was deposited to a patron's account, a known patron's account, but then a third party
15 was allowed to redeem that money in Perth. That's not a money remitter situation; is it?

MR MCGREGOR: Yes, yes, that's right. Sorry, I was --- yes, that's right.

20 COMMISSIONER JENKINS: And ---

MR MCGREGOR: So ---

COMMISSIONER JENKINS: Sorry, go on.
25

MR MCGREGOR: I was going to say, look, my understanding is I don't think those transactions or arrangements were common, but where a patron requested a transfer to a third party there would be approval processes in place and checks and balances to occur. But, as I said, those arrangements are no longer in place. Well, certainly
30 not without significant approval.

COMMISSIONER JENKINS: And another part of a typical transaction referred to in the Initialism and Grant Thornton reports appears to be that the deposit would be able to be redeemed it seems in cash rather than in chips or a CPV voucher or a
35 TITO ticket. The distinction I'm making is that the money from the patron's account could come out in cash in Perth; do you understand that also is being referred to in the reports?

MR MCGREGOR: No. Well, yes, I've read those reports a while ago. It's not my
40 understanding. Clearly a patron could draw down on their deposits via cash, sorry, via chips or a CPV and recash those chips in and get cash, but I'm not aware of circumstances where they would deposit funds into a bank account, arrive at the cage and ask for it to be paid out in cash.

45 COMMISSIONER JENKINS: Let alone deposit the accounts and a third party arrive at the cage and take out the cash?

MR MCGREGOR: That's right.

COMMISSIONER JENKINS: You wouldn't be able to explain why that might be allowed as a proper function of the casino?

5 MR MCGREGOR: Not at all.

COMMISSIONER JENKINS: You've been asked a lot about the email from Roland Theiler, I'm not sure if I'm pronouncing that correctly, to a number of people. Those recipients did not include yourself. I think we've established that 100 per cent. Do
10 you think that it was relevant for you as the CFO of the Melbourne casino at that time to have been advised that ANZ were closing some Southbank accounts and the Riverbank account in the Australian dollars?

MR MCGREGOR: Yes.

15

COMMISSIONER JENKINS: And when did you become that that had happened. I know you say it wasn't in 2014.

MR MCGREGOR: No. It probably was through 2019 I think when we were delving
20 into all of the media reports.

COMMISSIONER JENKINS: So, having become aware of it, have you spoken to any of the recipients of that email or to Mr Barton or Mr Preston to ask them why it was that it was not disclosed to you at the time?

25

MR MCGREGOR: No, I haven't.

COMMISSIONER JENKINS: Because it may have been an omission by accident, or it might have been deliberate, might it?

30

MR MCGREGOR: Yes. As I said, I just assumed it was a product of the timing where it was a Riverbank ANZ account related to Perth and I was --- at that point we were in the transition phase where there was a Perth CFO and Melbourne CFO. I happened to be the Melbourne CFO through that period so they probably thought it
35 wasn't something that I had carriage of.

COMMISSIONER JENKINS: But Southbank foreign currency accounts were being closed too, weren't they?

40 MR MCGREGOR: Not at the same time, I don't think. They were with CBA at that stage. I think from my memory, and I can stand corrected, the ANZ closure was a Riverbank account in 2014.

COMMISSIONER JENKINS: So in October 2014, Mr Preston drew to your
45 attention transactions that Mr Girando had seen in the Riverbank accounts; is that right?

MR MCGREGOR: That's right.

5 COMMISSIONER JENKINS: Do I understand your evidence, Mr Preston didn't take the opportunity at that point of telling you of the history of the Riverbank account and the fact that ANZ Bank had closed the account because of similar transactions?

10 MR MCGREGOR: No, I don't recall a conversation like that at that time.

COMMISSIONER JENKINS: Do you know of any explanation as to why Mr Preston wouldn't have told you that history?

15 MR MCGREGOR: No. Other than, as I said, through that period I was based in Melbourne for about 18 months and he was in Perth so I kind of left the Perth scene to go to Melbourne in a Melbourne centric role, so that is possibly one explanation.

COMMISSIONER JENKINS: This is in October 2014 when you were now CFO of Australian Resorts. So you were responsible for ---

20 MR MCGREGOR: Yes, I was.

COMMISSIONER JENKINS: (Inaudible) as well ---

25 MR MCGREGOR: Yes, that's right so if I could --- (overspeaking) ---

COMMISSIONER JENKINS: So this was relating to accounts that you were now responsible for?

30 MR MCGREGOR: Yes, that's right. So I think it was around August 2014 or somewhere around there where I changed roles again.

COMMISSIONER JENKINS: And by this time you would have both been on the Perth ERCC; is that right?

35 MR MCGREGOR: I would have been back on the ERCC in Perth, yes, that's right.

COMMISSIONER JENKINS: Which was overseeing AML --- the AML program in Perth; is that right?

40 MR MCGREGOR: Yes. That was a matter that was addressed through the ERCC.

COMMISSIONER JENKINS: You say you spoke to the cage managers in order to obtain an explanation as to how the aggregation occurred in the Riverbank and Southbank accounts; is that right?

45

MR MCGREGOR: Yes.

COMMISSIONER JENKINS: So we're talking about a conversation you had with Mr Brown; is that right?

5 MR MCGREGOR: Yes.

COMMISSIONER JENKINS: And a conversation you had with was it Mr Hancock?

10 MR MCGREGOR: That's correct.

COMMISSIONER JENKINS: And you said that those --- the explanations they provided to you didn't make sense to you; is that right?

15 MR MCGREGOR: Not necessarily. I think they made sense, it was just that they were not really explanations that warranted the behaviour. To add to that, clearly the cage staff should have known that aggregating those deposits was not the right thing to do.

20 COMMISSIONER JENKINS: But in respect of the explanation that you received, it was that they did it in order to save time; is that right?

MR MCGREGOR: Yes. That was the explanation I was given, that it was a customer service element for want of a better description. With the customer
25 standing in front of them they would process it quicker aggregating them together.

COMMISSIONER JENKINS: See my understanding is from what you said to Commissioner Murphy was that the inspection of the Riverbank account, in fact, the inspection of all the patron accounts, in order to identify deposits was done on a
30 regular basis if not daily; is that right?

MR MCGREGOR: That was my understanding, yes.

COMMISSIONER JENKINS: And wouldn't it be at that time that the amounts were
35 aggregated into SYCO?

MR MCGREGOR: Potentially that might have happened at that time, but it depends on the timing of the deposit and the arrival of the patron. They may not have had an opportunity to review the bank statements and make those adjustments before the
40 patron arrived.

COMMISSIONER JENKINS: So that is the only time, isn't it, that the explanation you received would have made even some sense ---

45 MR MCGREGOR: Yes.

COMMISSIONER JENKINS: --- would be the patron arrived at the cage to redeem their money before cage staff had had an opportunity to review the account, as they

did regularly ---

MR MCGREGOR: (Nods head).

5

COMMISSIONER JENKINS: --- and record the deposits into SYCO?

MR MCGREGOR: Yes, that's right, although, as I said, before my understanding was that they wouldn't process those amounts until such time as the patron presented themselves with adequate evidence of the receipts, et cetera.

10

COMMISSIONER JENKINS: Could you repeat that?

MR MCGREGOR: So I'm not 100 per cent sure --- my apologies.

15

COMMISSIONER JENKINS: Sorry, I didn't hear or understand your answer, Mr McGregor, that's why I asked you if you could repeat it.

MR MCGREGOR: Okay. My understanding was that they would not process the transactions to SYCO until such time as the patron presented themselves with the appropriate Crown loyalty card, ID and receipts for the deposits. I might be wrong on that. It might be that they did do that in advance of patrons arriving, I would have to check on that.

20

COMMISSIONER JENKINS: Did you know about the CUP process when it was operating at the Melbourne casino?

25

MR MCGREGOR: I was aware of --- there was some VIP plans and presentations about business performance from time to time where I'm pretty sure there was references to the CUP process.

30

COMMISSIONER JENKINS: So you were CFO of Australian Resorts at that time?

MR MCGREGOR: Yes.

35

COMMISSIONER JENKINS: As CFO of Australian Resorts, were you comfortable that the process was appropriate conduct for the casino to be facilitating?

MR MCGREGOR: No. I wasn't fully au fait with the process whilst it was in train.

40

COMMISSIONER JENKINS: Did you think that it was important for you to become fully au fait with it so you could provide advice as to whether it should proceed or not?

MR MCGREGOR: With the benefit of hindsight, yes.

45

COMMISSIONER JENKINS: Finally, Mr McGreogr, Ms Cahill took you to the minutes of, I've forgotten now whether it was an AML/CTF team meeting, or the

04:41PM

ERCC team meeting where there was an analysis of bank workers occupations?

MR MCGREGOR: Occupations, yes.

5 COMMISSIONER JENKINS: Can I ask you whether the committee whose minutes they were when they saw that a semi-retired bank worker had lost \$135,000 over three years at the Perth Casino, pass that information on to the Responsible Service of Gaming team?

10 MR MCGREGOR: I'm not entirely sure but I think there would have been RSG representatives at the ERCC meeting. I think the manager of the RSG --- sorry, the RSG team would have been present but that may or may not be the case. I would have to check. And I don't know if they weren't, whether that information was provided to them.

15 COMMISSIONER JENKINS: Thank you, Mr McGregor.

COMMISSIONER OWEN: Anything arising?

20 MS CAHILL: No, thank you.

COMMISSIONER OWEN: Mr Dinelli?

25 MR DINELLI: Thank you, Commissioners. I have no further questions for Mr McGregor.

COMMISSIONER OWEN: Thank you, Mr Dinelli.

30 MR DINELLI: Thank you.

COMMISSIONER OWEN: Mr McGregor, thank you very much for your evidence. It has been of assistance to us. We may need to hear from you again in the remediation phase so I will leave the summons in place, but for the moment you are free to go and with our gratitude. Thank you very much.

35 MR DINELLI: Commissioner, if I may just raise a matter, just to be clear, there is no problem then I would imagine with Mr McGregor speaking to his lawyers or, indeed, Crown's lawyers between now and that re-appearance if it be necessary?

40 COMMISSIONER OWEN: That's correct.

MR DINELLI: Thank you, Commissioner.

45 MR MCGREGOR: Thank you, Commissioner.

COMMISSIONER OWEN: Thank you. And we'll adjourn until 10 am tomorrow.

ADJOURNED AT 4.43 PM UNTIL THURSDAY, 12 AUGUST 2021 AT 10.00 AM

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