

Perth Casino Royal Commission

Witness Statement of Alan McGregor

6 August 2021

- 1 I, Alan Frank McGregor, care of **Contains sensitive information**
Contains make this statement in response to the summons to give evidence issued to me dated 6 July 2021.
- 2 This statement is true and correct to the best of my knowledge and belief.
- 3 I have set out below my evidence about the topics to be addressed by me, as described in Schedule 1 to the summons. Where I am unable to provide evidence on those topics from my own knowledge or experience, I have not done so. I understand that evidence will be obtained from other current and past officers and employees of the Crown group. I have not sought to collate and review information of which I was not previously aware and of which other witnesses will be better placed to assist the Commission.
- 4 I am not authorised to waive legal professional privilege in respect of any communication that may be subject to such a claim by any Crown group entity and nothing in this statement is to be construed as involving a waiver of any such privilege.
- 5 Where I have been able to refresh my memory from documents, I have provided an index of those documents at the end of this statement. There may be other documents I have come across which have assisted my memory but have not been included in this index. That is because over the last two years, particularly the last 6 months, it has been necessary for me to review many documents for the purpose of assisting the Bergin Inquiry, the Victorian Royal Commission and this Commission, as well as to perform my role as Chief Financial Officer of Crown Resorts Limited.

YOUR ROLE

[1] The date of your appointment and (if applicable) resignation as a director of Burswood Limited, Burswood Nominees Limited, Burswood Resort (Management) Limited, Riverbank Investments Pty Ltd and Crown Melbourne Limited.

- 6 I joined Crown in April 2005 as the General Manager Corporate Services at Crown Perth (formerly Burswood Entertainment Complex).
- 7 I was appointed Chief Financial Officer of Crown Perth in 2007. I held that role until April 2013.

- 8 Between 26 April 2007 and 4 July 2013, I was:
- (a) the secretary of Burswood Limited;
 - (b) a director and secretary of Burswood Nominees Limited;
 - (c) a director and secretary of Burswood Resort (Management) Limited; and
 - (d) a director and secretary of Riverbank Investments Pty Ltd.
- 9 I resigned from these roles after I moved to Melbourne.
- 10 I moved to Melbourne in April 2013 to assume the role of Chief Financial Officer of Crown Melbourne Limited, before taking the role of Chief Financial Officer of Australian Resorts, which I held from August 2014 until my most recent appointment as Chief Financial Officer of Crown Resorts Limited. As Chief Financial Officer of Australian Resorts, I continued to attend the board meetings of Burswood Limited as an invitee.
- 11 I was formally appointed to the position of Chief Financial Officer of Crown Resorts Limited on 20 August 2020, but took up the role from 23 March 2020, subject to probity approvals.
- 12 Currently, I am:
- (a) the secretary of Burswood Limited (from 23 February 2021 to present);
 - (b) a director of Burswood Nominees Limited (from 9 September 2020 to present) and secretary (from 18 May 2021 to present);
 - (c) a director of Burswood Resort (Management) Limited (from 31 August 2020 to present) and secretary (from 18 February 2021 to present); and
 - (d) the company secretary of Crown Resorts Limited (from 18 February 2021 to present).

[2] The circumstances by which you came to your positions of either director or officer of the companies referred to in question 1.

- 13 See my response to [1]. I was appointed to those positions when they were vacant on or around the dates set out above.

[3] Whether you sat on any committees during your tenure as director or officer. Provide details of the committees, including its duration, purpose, composition and reporting lines.

- 14 Between 2008 and when I assumed the role of Chief Financial Officer of Crown Resorts, I sat on the Crown Perth Executive Risk & Compliance Committee (ERCC) (other than for a brief period between April 2013 and August 2014 when I was Chief Financial

Officer of Crown Melbourne). As Chief Financial Officer of Crown Resorts, I continue to attend meetings of the ERCC as an invitee.

- 15 The purpose of the ERCC and its composition is outlined in the ERCC charter (as at January 2020) (CRW.505.001.1178).
- 16 The ERCC usually convenes on a quarterly basis, a few days to a week before each Burswood Limited board meeting. Meetings usually take 2-3 hours.
- 17 The ERCC is an executive committee, not a "board committee". It does not formally report to anyone. The papers presented and discussed at the ERCC meeting form the basis of the Legal, Risk and Compliance papers presented to the Burswood Limited board at its quarterly meetings.
- 18 Other than the ERCC, I have not previously sat on any committees relating to Crown Perth.
- 19 However, over the years, I have sat on steering committees for various projects in my capacity as an executive and attended the following Crown Resorts Limited committees as an executive management invitee:
 - (a) Audit & Corporate Governance Committee (invitee in role of CFO Australian Resorts and CFO Crown Resorts);
 - (b) Risk Committee (invitee in role of CFO Australian Resorts and CFO Crown Resorts);
 - (c) Safety & Sustainability Committee (invitee in role of CFO Australian Resorts and CFO Crown Resorts);
 - (d) Corporate Responsibility Committee (invitee in the role of CFO Australian Resorts – now included in the remit of (c));
 - (e) Responsible Gaming Committee (invitee in role of CFO Crown Resorts only); and
 - (f) People, Remuneration and Nomination Committee (invitee in role of CFO Crown Resorts only).

I have also been an invitee of various Crown Melbourne committees during my employment with Crown.

[4] Any other roles within the Crown Group and the nature and content of those roles

- 20 When I became Chief Financial Officer of Australian Resorts, I became responsible for looking after the overall financial management of both Crown Perth and Crown Melbourne. I reported to the CEO of Australian Resorts (CRW.512.239.0027).
- 21 My past roles as Chief Financial Officer of Crown Perth, Crown Melbourne and Australian Resorts were different to my current role as Chief Financial Officer of Crown Resorts, despite the title of each position being the same (ie "Chief Financial Officer").
- 22 In my current role as Chief Financial Officer of Crown Resorts Limited, I am responsible for the overall financial management of Crown Resorts including all subsidiary businesses. Most of my focus is on what I consider typical for a Chief Financial Officer – for example, being responsible for the treasury function, stakeholder relationships (e.g. with banks, investors, ratings agencies, analysts, etc), board reporting, taxation, statutory reporting and, more recently, internal audit (CRW.512.239.0034).
- 23 In my past roles as Chief Financial Officer of Crown Perth, Crown Melbourne and Australian Resorts, most of my focus was on working with the respective executive operating teams on operational matters such as procurement, capex approvals, periodic forecasting, and budgeting and financial reporting (CRW.512.239.0013 and CRW.512.239.0027).

QUALIFICATIONS AND EXPERTISE

[5] Qualifications, expertise and experience generally.

- 24 I hold a Bachelor of Commerce from the University of Auckland and am a member of Chartered Accountants Australia & New Zealand.
- 25 I have worked in the casino industry since 1997 in various roles, predominantly finance related, first with SKYCITY Entertainment Group from 1997 to 2005 and then with Crown from 2005 to present.
- 26 Both SKYCITY and Crown operate similar large-scale integrated resorts with properties across Australasia.
- 27 Prior to working in the casino industry, I worked in the hotel industry for two years, and in a chartered accounting firm for five years.

[6] Qualifications, expertise and experience specifically in relation to:

- (a) casino operations generally;*
- (b) risk management in relation to casino operations generally;*
- (c) in particular, and in the context of casino operations;*
 - (i) AML/CTF risk management;*
 - (ii) problem gambling risk management;*
 - (iii) electronic gaming machine risk management;*
 - (iv) junket operations risk management;*
 - (v) marketing in foreign countries, in particular China;*
 - (vi) vulnerability of operations to criminal infiltration/association risk management.*

28 I have gained experience in these areas over the course of more than 20 years working in the casino industry, interacting with various subject matter experts, and attending discussions about risk-based topics at board, committee, executive and other meetings.

29 I have also completed the training referred to in my response to [8].

[7] What training or induction, if any, you were given at the time appointment as a director or officer of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited, Burswood Resort (Management) Limited and Riverbank Investments Pty Ltd:

- (a) generally;*
- (b) in relation to matters referred to in 6(a)-(c) above.*

30 When I assumed the role of Chief Financial Officer of Crown Melbourne Limited, I received an induction by the General Manager Responsible Gaming, into Crown Melbourne's Responsible Service of Gaming operations.

31 I do not recall participating in any formal induction program upon my appointment to the subsidiary entities.

[8] What training, if any you were given during your tenure as a director or officer of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited, Burswood Resort (Management) Limited and Riverbank Investments Pty Ltd:

- (a) generally;*
- (b) in relation to matters referred to in 6(a)-(c) above.*

32 I have reviewed my training logs. The logs are accurate but are not exhaustive (CRW.512.239.0001, CRW.512.239.0006 and CRW.512.239.0007).

- 33 I have also attended a number Australian Institute of Company Directors, Chartered Accountants Australia & New Zealand and other professional bodies' training courses, as part of my continuing professional development and Chartered Accountants Australia & New Zealand membership.
- 34 I have received targeted training on director and company secretarial duties and corporate governance from Herbert Smith Freehills (Crown's regulatory and continuous disclosure advisor) and participated in AML/CTF Director and Executive Management training, facilitated by Allens and Crown's Chief Compliance & Financial Crime Officer.

GOVERNANCE

[9] Your understanding of your responsibilities as a director or officer of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited, Burswood Resort (Management) Limited and Riverbank Investments Pty Ltd.

- 35 By way of brief overview, I explain my understanding of each entity.
- 36 Crown Resorts Limited is the ultimate parent company of Burswood Limited.
- 37 Burswood Limited is the parent company of Burswood Nominees Limited and Riverbank Investments Pty Ltd. It sets the strategic direction for the Crown Perth business and the operation of the Perth casino.
- 38 Burswood Nominees Limited is the parent company of Burswood Resort (Management) Limited and holds the Perth casino gaming licence, liquor licenses, property and assets as trustee of the Burswood Property Trust. Burswood Nominees Limited is the contracting party for goods and services supplied to Crown Perth.
- 39 Burswood Resort (Management) Limited is a wholly owned subsidiary of Burswood Nominees Limited. It employs the majority of Crown Perth's full-time, part-time and casual employees.
- 40 Riverbank Investments Pty Ltd held bank accounts which were used by patrons to deposit funds to Crown Perth. It did not have any other function.
- 41 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.

[10] Whether and to what extent Crown Resorts Limited, Crown Melbourne Limited or any other entity within the Crown Group, influenced or directed the manner of governance of Burswood Nominees Limited.

- 42 As Burswood Limited is the holding company of the Crown Perth entities, most of the matters relating to Crown Perth are handled by the Burswood Limited board, as opposed to the Burswood Nominees Limited board.
- 43 There are and have been Crown Resorts Limited representatives who sat on the board of Burswood Limited. To that extent, Crown Resorts had, and has, a level of say in Perth matters and decision-making. But there were also independent directors who participate in decision making on the Burswood Limited board.
- 44 The Burswood Nominees Limited board meets as required to approve or ratify decisions made by the Burswood Limited board. Its business is usually administrative and is often done via circular resolutions. It does not meet regularly like the Burswood Limited board.
- 45 As is the case for Burswood Limited, the Burswood Nominees Limited board has typically included one or more Crown Resorts Limited representatives. As mentioned above, to that extent, Crown Resorts has a degree of influence in decision making relating to the Crown Perth business.

[11] The risk management system applicable to the activities of Burswood Nominees Limited.

- 46 See my response to [18].

[12] The management structure applicable to the activities of Burswood Nominees Limited.

- 47 See my responses to [10] and [19]. Burswood Nominees Limited does not have any separate employees or management structure.

[13] The employer of each person within the management structure of Burswood Nominees Limited.

- 48 See my responses to [12] and [20].

[14] Whether and to what extent persons within the management structure of Burswood Nominees Limited were influenced, directed or accountable to Crown Resorts Limited, Crown Melbourne Limited or any other entity within the Crown Group in the performance of their duties and responsibilities.

- 49 See my response to [12].

[15] Whether and to what extent Burswood Limited influenced or directed the manner of governance of Burswood Nominees Limited.

50 See my response to [10].

[16] The demarcation of roles and responsibilities as between the board of Burswood Nominees Limited, on the one hand, and the management of Burswood Nominees Limited as delegate of the board, on the other.

51 See my response to [22].

[17] Whether and to what extent the assets of Burswood Nominees Limited, including the casino licence, have been used as security for the debts of any other company or entity within the Crown Group.

52 To my knowledge, the casino licence has never been used as security for debts.

53 In 2020, the Crown Towers Perth and Crown Metropal Perth properties were provided as security for Crown Group Finance Limited to secure funding on behalf of Crown Resorts for the purposes of ensuring adequate liquidity through the COVID closure period across the Crown Group.

54 Burswood Nominees Limited as trustee for the Burswood Property Trust is also a party to the Crown Group Deed of Cross Guarantee and is a guarantor under all of Crown's debt facilities (as are other key members of the Crown Group).

[18] The risk management system applicable to Burswood Limited.

55 As set out in the Bergin Report at [26]-[38], in 2018, the Crown Resorts Risk Management Strategy was introduced and applies to Burswood Limited and all other companies in the Crown Group. The Crown Resorts Risk Management Strategy governs current risk management practices and processes across the Crown Group.

56 The document outlines Crown's risk culture, framework, appetite and processes. It employs three lines of defence, designed to identify, appropriately rate and escalate risks within the business as well as undertake ongoing reviews and assessments of risk:

- (a) first, the managers and employees at the front line of operations where the risks are identified and owned;
- (b) secondly, the Risk, Compliance and Financial Crime teams who provide the framework and have independent reporting lines to the Crown Resorts Risk Committee, Crown Melbourne Compliance Committee, Burswood Limited board and Crown Sydney Gaming Pty Ltd Limited board; and

- (c) thirdly, the Internal Audit function which also has an independent reporting line to the Crown Resorts Audit & Corporate Governance Committee, the Crown Melbourne Audit Committee, the Burswood Limited board and the Crown Sydney Gaming Pty Limited board.

- 57 The document sets out categories of risks as they are relevant to Crown's operations and includes a table of the categories which describes Crown's reporting tolerances and triggers. If a risk tolerance is exceeded, that triggers a reporting event to the Risk Management Committee, the Crown Resorts Limited board and the subsidiary boards, including Burswood Limited.
- 58 The Crown Resorts Limited Chief Risk Officer is responsible for the risk management system across the group and, in addition to reporting to the CEO of Crown Resorts Limited, has an independent reporting line to the Burswood Limited board, and attends Burswood Limited board meetings.
- 59 The Crown Perth ERCC continues to meet, as it has since 2008.

[19] The management structure applicable to Burswood Limited.

- 60 The management structure for the Crown Perth business is as set out in the Crown Perth Business Operating Team chart as at July 2021 (CRW.512.239.0003). Several Crown Perth employees in that structure have reporting lines to managers who have group responsibility across the Crown Group (mainly Perth, Melbourne, and Sydney properties). Those managers are, for the most part, domiciled in Melbourne but (at least in pre-COVID times) would regularly travel to Perth to meet with their team and the wider Crown Perth team in the performance of their duties.

[20] The employer of each person within the management structure of Burswood Limited.

- 61 Burswood Resort (Management) Limited employs most of Crown Perth's employees. As noted above, there are positions in the management structure for Crown Perth which are held by persons who have 'group' roles and are responsible for functions relating both to Crown Perth and other Crown Group businesses, and those persons are employed by Crown Resorts Limited.

[21] Whether and to what extent persons within the management structure of Burswood Limited were influenced, directed or accountable to Crown Resorts Limited, Crown Melbourne Limited or any other entity within the Crown Group in the performance of their duties and responsibilities.

- 62 See my response to [10].

63 In my experience, whenever the Burswood Limited board met, the topics were focused on Perth. Other than updates on any material matters relating to the broader Crown group, there were never, or at least very seldom, occasions where the board addressed matters more broadly about the Crown group.

[22] The demarcation of roles and responsibilities as between the board of Burswood Limited, on the one hand, and the management of Burswood Limited as delegate of the board, on the other.

64 I consider the demarcation between the role and responsibilities of the board and management to be as follows. Management is responsible for the day-to-day operation of Crown Perth and proposing long term strategy. The board's role is to review the performance of the Crown Perth business, to consider and provide input on matters relevant to the operation of the Crown Perth business (e.g. legal, risk and compliance and occupational health and safety matters), and to review and approve financial plans and strategic proposals brought forward by management.

[23] The risk management system applicable to Burswood Resort (Management) Limited.

65 See my response to [18].

[24] The management structure applicable to Burswood Resort (Management) Limited.

66 See my response to [19]. Burswood Resort (Management) Limited does not have a separate management structure.

[25] The employer of each person within the management structure of Burswood Resort (Management) Limited.

67 See my responses to [20] and [24].

[26] Whether and to what extent persons within the management structure of Burswood Resort (Management) Limited were influenced, directed or accountable to Crown Resorts Limited, Crown Melbourne Limited or any other entity within the Crown Group in the performance of their duties and responsibilities.

68 See my response to [24].

[27] The demarcation of roles and responsibilities as between the board of Burswood Resort (Management) Limited, on the one hand, and the management of Burswood Resort (Management) Limited as delegate of the board, on the other.

69 See my responses to [22] and [24].

[28] The entities associated with the organisation and conduct of gaming operations at the Perth Casino, and the relationship between those entities and Burswood Nominees Ltd.

- 70 Burswood Limited, as the holding company of the Crown Perth business, is the entity that ultimately manages and directs Crown Perth's activities, including its gaming operations.
- 71 Burswood Nominees Limited is a wholly owned subsidiary of Burswood Limited and holds the Perth casino and liquor licenses and owns the Perth property and assets on behalf of the Burswood Property Trust.

[29] Whether you were aware of cl 22.1 (r) and cl 22.1 (ra) of the Casino Agreement between Crown Melbourne Ltd and Victorian Commission for Gambling and Liquor Regulation and, if so:

- (a) *whether those clauses were ever discussed by or with the board of Burswood Limited or Burswood Nominees Limited during your tenure as a director;*
- (b) *how those clauses were interpreted by, and applied to, the operations of Burswood Limited and Burswood Nominees Limited.*

- 72 I am aware of these clauses, but I cannot recall when I specifically became aware of them.
- 73 I do not recall any specific discussions about cl 22.1(r) and (ra) of the Victorian Casino Agreement at any of the Burswood Limited board meetings that I attended.

[30] The phrases 'risk appetite' and 'risk tolerance' are commonly used in risk management aspects of corporate governance. Acknowledging that the reach and understanding of those phrases is of relatively recent origin, please explain your understanding of the approach and attitude of Burswood Limited, Burswood Nominees Limited and Burswood Resort (Management) Limited to risk appetite and risk tolerance:

- (a) *at the commencement of your tenure as a director; and*
- (b) *whether it changed from time to time during your tenure.*

- 74 See my response to [18]. The "risk appetite" and "risk tolerance" of the Crown Perth entities is described in the Crown Resorts Risk Management Strategy.
- 75 As explained above, the ERCC for Crown Perth has been in place since 2008.
- 76 In my experience, risk categories, tolerances and ratings may change from time to time as and when certain risks may increase or decrease in relevance. For example, since the time of the arrests of Crown Group employees in China, the risk appetite and risk

tolerance of the Crown Group has reduced. Further, more recently health and finance risk ratings have changed because of the impact of COVID-19.

- 77 In my tenure at Crown, the approach to risk has changed. When I joined Crown, each property had its own risk management strategy document. During 2018 a group approach to risk was implemented with the introduction of the Crown Resorts Risk Management Strategy.

INTERNATIONAL COMMISSION BUSINESS

[31] The historical structure and operation of the 'International Commission Business' (as defined in the Casino (Burswood Island) Agreement) or other junket business of the Perth Casino, including as to:

- (a) its financial model;*
- (b) management responsibility;*
- (c) marketing;*
- (d) the provision of credit or gratuities;*
- (e) the identification and management of risks.*

- 78 The International Commission Business (ICB) is no longer in operation at Crown Perth.
- 79 In February 2021, the Gaming and Wagering Commission banned program play in Western Australia – both junkets and premium play.
- 80 Crown Perth has no plans to re-instate junket or premium play.
- 81 COVID permitting, some international visitors may still visit, however, they will play on the main floor and premium rooms, not on any VIP program.
- 82 Historically, from around 2014, management responsibility for the ICB was under the Chief Executive Officer Australian Resorts (Barry Felstead).
- 83 The Chief Executive Officer Australian Resorts had a Group Executive General Manager of VIP (Jason O'Connor) who reported to him. The VIP business had a management structure of its own, including finance, marketing, credit control, sales and customer hosting functions.
- 84 The ICB's financial model accounts for and reports ICB results within the VIP Program Play Business Unit at Crown Perth. That program was provided to "high rollers" either playing as premium players or as part of a junket.

- 85 VIP play can be volatile (with big groups coming in from time to time recording large volumes of play) and results are reported on an actual basis, reflecting what Crown has actually won or lost.
- 86 Results are also reported on a theoretical basis which assumes a theoretical win rate of 1.35% and effectively "normalises" the results. This removes the volatility of VIP play, giving a better understanding of the underlying value of the business. From the 2013 financial year, internal theoretical reporting was at 1.40%. External theoretical reporting has always been at 1.35%.
- 87 The ICB's marketing was undertaken by the marketing and sales teams within the VIP Business unit.
- 88 The provision of credit and gratuities was largely managed by the Senior Vice President International Business (Roland Theiler) and his credit team. The credit team would meet regularly, maybe once every two months, with the wider Crown Resorts finance, legal and VIP teams to discuss the doubtful debt position.
- 89 The VIP team was responsible for identifying and managing any ICB risks such as volatility of gaming, breaches of gaming regulations and credit control.

[32] The oversight exercised by the board of Burswood Nominees Limited as to the structure and operation of the International Commission Business or other junket business of the Perth Casino.

- 90 Responsibility for managing the ICB in Perth (and across the Crown Group) was by the CEO Australian Resorts and the VIP team.
- 91 The Burswood Nominees Limited board had no direct oversight of the ICB.
- 92 The Burswood Limited board had some oversight of the ICB as it related to Crown Perth, via updates from Barry Felstead (CEO Australian Resorts). Perth ICB volumes were, however, relatively minor although Crown made a lot of investment in key VIP assets to promote growth of the ICB in Perth.

[33] What, if any, investigations or enquiries have been undertaken by the board of Burswood Limited or Burswood Nominees Limited, and when, to ascertain whether the Perth Casino's International Commission Business or other junket business was vulnerable to criminal infiltration or may have been used to facilitate money-laundering.

- 93 I am not aware of any investigations or inquiries undertaken by the board of Burswood Limited into the ICB and AML matters, however, I understand that there have been several investigations and inquiries, largely managed by Joshua Preston and his team

on behalf of Melbourne and Perth, into the operation of the ICB (and Crown's business more generally) relating to AML activity particularly in recent years in response to the media and regulatory focus on these matters.

- 94 External investigations into AML activity in Crown's bank accounts more generally have also been undertaken by Initialism, Grant Thornton, Promontory and Deloitte.

[34] What, if any, investigations or enquiries have been undertaken by the board of Burswood Limited or Burswood Nominees Limited, and when, into the arrests of employees of the Crown Group in China, and into any potential effects of those arrests on the International Commission Business or other junket business of the Perth Casino.

- 95 Crown conducted investigations and inquiries at the time of the China detentions, but I was not privy to the scope, processes, or outcomes of those investigations other than what may have been discussed broadly at various board meetings at the time.

AML

[35] The nature and content of Burswood Nominees Limited's systems, policies and procedures to identify and manage the risks of the Perth Casino operations being used as a vehicle to facilitate money-laundering.

- 96 Burswood Limited and Burswood Nominees Limited have oversight, on behalf of the Crown Perth group of companies, of the AML Program at Crown Perth.
- 97 Historically Crown Perth had a separate AML Program as required by the relevant legislation. Up until 2019, Crown Perth and Crown Melbourne had separate AML Programs, although there would have been material consistency across the two. In or around August 2019, the Crown Resorts Board approved a Joint AML Program to cover the Perth, Melbourne and Sydney (when open) properties incorporating relevant policies and procedures consistently applied across the Group.
- 98 When I was the Chief Financial Officer of Crown Perth from 2007 to 2013, responsibility for AML largely sat with the legal and compliance teams. I did have the cage reporting to me as Chief Financial Officer of Crown Perth. The cage worked closely with the legal and compliance teams on AML compliance. There were a number of policies and audits which the cage was subject to with respect to AML compliance.

[36] The management responsibility within Burswood Nominees Limited for identifying and managing money-laundering risks.

- 99 See my response to [35].

[37] The oversight exercised by the board of Burswood Nominees Limited as to the development and implementation of, and compliance with, its systems, policies and procedures to identify and manage the risks of the Perth Casino operations being used as a vehicle to facilitate money-laundering.

100 See my response to [35].

[38] Your knowledge and understanding of any response of Burswood Nominees Limited, Crown Resorts Limited, Burswood Limited and (or) Burswood Resort (Management) Limited to public allegations of money laundering through the Perth Casino and the Melbourne Casino, infiltration of the Perth Casino and the Melbourne Casino by organised crime and associations between Crown and organised crime made at or around the following times:

- (a) September 2014: Four Corners "High Rollers - High Risk? Australian casinos and the threat posed by organised crime",*
- (b) October 2017: Allegations tabled in Federal Parliament by Mr Andrew Wilkie MP.*
- (c) April July 2018: Guardian (allegations of EGM tampering).*
- (d) July 2019: 60 Minutes and Fairfax Media (money laundering and criminal infiltration).*
- (e) September 2020: ACLEI release of the Operation Angove Report.*

101 I was aware of the issues as they were raised in the public domain and discussed within the Crown Group at the time.

102 However, I do not have any direct knowledge or understanding of Crown's response to the public allegations listed in [38]. These issues were managed by the legal teams at the time supported and directed by the CEO Crown Resorts and CEO Australian Resorts.

[39] What, if any, investigations or enquiries have been undertaken by the board of Burswood Limited or Burswood Nominees Limited, and when, to ascertain whether any bank accounts of Riverbank Investments Pty Ltd or any other bank accounts maintained with respect to the Perth Casino operations may have been used as a vehicle to facilitate money-laundering.

103 I was not directly involved in any inquiries or investigations undertaken by the boards of the Burswood entities.

104 In 2019 and 2020, there were a significant number of workstreams investigating AML issues across the Crown Group. These investigations included internal reviews of Crown Group bank accounts and external reviews conducted by Initialism and Grant Thornton and, most recently and currently, Deloitte.

- 105 In 2020, Ken Barton (then Crown Resorts CEO) asked me to prepare a memo summarising the many workstreams underway investigating the Riverbank and other Crown Group bank accounts.
- 106 In October 2020 I finalised the memo and provided it to Ken. (CRW.547.002.1418).
- 107 As noted above, a comprehensive forensic review of all of Crown's bank accounts is currently underway by Deloitte. The final Deloitte report is due later this year.

[40] Whether you know or suspect that any bank accounts maintained with respect to the Perth Casino operations, other than a bank account of Riverbank Investments Pty Ltd, may have been used as a vehicle to facilitate money-laundering.

- 108 I do not know whether other patron deposit accounts at Crown Perth other than Riverbank may have been used to facilitate money laundering. I am aware from my work on the memo described above that there were indications of activity in Crown Perth's ANZ account via cash deposits that potentially related to money laundering, but I do not know whether any money laundering in fact took place.

[41] Whether any of Burswood Nominees Limited, Crown Resorts Limited, Burswood Limited and (or) Burswood Resort (Management) Limited, or any other company in the Crown Group, received or assisted in receiving payments at any hotel forming part of the Perth Casino complex, or at any other part of the Perth Casino complex, from international customers using a credit or debit card (ordinarily a China Union Pay (CUP) card), with the funds received then being made available for gaming.

- 109 To my knowledge Crown Perth has never provided a hotel card / China UnionPay facility for customers of Crown Perth. I believe it was considered at some point but never implemented. I am not aware of any plans to implement it in Perth now.

RIVERBANK INVESTMENTS PTY LTD

[42] Your understanding of your responsibilities as a director of Riverbank Investments Pty Ltd (Riverbank).

- 110 See my response to [9]. I was a director and secretary of Riverbank Investments Pty Ltd for a period of about six years between April 2007 and ending in July 2013.
- 111 My understanding when I took on these roles was that Riverbank Investments Pty Ltd was solely set up to run patron deposit accounts. When I took on the role, patron deposit accounts were already established.
- 112 My responsibilities during this period were largely administrative. I was involved in matters like changing authorised persons on the bank accounts, but I did not have any

oversight over transactions in and out of those accounts. I was also an authorised signatory on some of Riverbank Investments' bank accounts.

113 Riverbank Investments Pty Ltd had no employees.

114 I cannot recall any AML related issues being raised through my time as director of Riverbank Investments Pty Ltd.

[43] Your knowledge or understanding of the activities, assets and business of Riverbank Investments.

115 As explained above, I understand that Riverbank Investments Pty Ltd was incorporated to provide patron deposit bank accounts.

[44] Your knowledge or understanding of the circumstances in which Riverbank opened and operated any bank accounts that were used in connection with gaming at a casino (Riverbank Accounts), including as to:

- (a) how it was decided that Riverbank Investments Pty Ltd was to hold, and continue to hold, bank accounts which were to be used by the Perth's Casino's patrons to deposit funds; and*
- (b) otherwise, the purpose of accounts with financial institutions held by Riverbank Investments Pty Ltd.*

116 I have reviewed many documents for the purpose of assisting the Royal Commissions in Victoria and Western Australia. From my review of those documents, I understand the following.

117 In August 2003, a submission to the VCGLR (then the VCGA) was made to approve the opening of bank accounts in the name of Southbank Investments Pty Ltd, which noted that the purpose of those accounts was to provide international patrons with privacy by providing the option of depositing funds without disclosing to their bankers that they are transferring funds to a casino.

118 Riverbank Investments Pty Ltd was established for the same purpose.

119 Riverbank Investments Pty Ltd arose out of the renaming of an existing Burswood entity called Burswood Partnership Pty Ltd on 14 November 2005.

[45] Your knowledge and understanding of the risk management system which applied to Riverbank, both in and of itself and more broadly within the context of the Crown Group.

- 120 Riverbank Investments Pty Ltd was a wholly owned subsidiary of Burswood Limited (and ultimately Crown Resorts Limited). It was governed by the same risk management systems and management structure in place across the group.

[46] Your knowledge and understanding of the management structure which applied to Riverbank.

- 121 Riverbank does not have a management structure.

[47] Your knowledge and understanding of the persons who performed services in relation to the activities of Riverbank and which entity employed those persons.

- 122 The persons who performed services in relation to the activities of Riverbank included representatives from finance, cage, compliance / AML, corporate treasury and the VIP credit team and management. Most of those persons were employed by Burswood Resorts (Management) Limited, however, there were representatives of the Crown Resorts VIP credit team who would have knowledge of and access to the Riverbank accounts for the purposes of monitoring and reporting on VIP patron activity including deposits of front money and payment of debts.
- 123 Members of the VIP credit team were employed by Crown Resorts Limited.
- 124 There was a list of authorised signatories for the Riverbank bank accounts who were authorised to review and facilitate transfers to and from the Riverbank accounts. I understand those persons included representatives from finance, cage, compliance / AML, corporate treasury and the VIP credit team and management. As noted above, I was an authorised signatory on some of the Riverbank accounts, but I do not recall being involved in facilitating any transactions.
- 125 Daily monitoring of the Riverbank account for compliance with systems, policies and procedures was jointly conducted by the cage team (monitoring and reporting on deposits into the account and identifying any unusual or suspicious matters), the compliance team (reviewing bank activity and reporting on any threshold transactions or suspicious matters) and the VIP credit team for monitoring and matching patron deposits and debt payments.

[48] Your knowledge and understanding of the persons who were responsible for transferring funds from the accounts with financial institutions held by Riverbank for use by patrons of the Perth Casino and under whose direction they did so.

- 126 See my response to [47].

[49] Your knowledge and understanding of whether and to what extent persons who performed services for Riverbank were influenced, directed or accountable to Crown Resorts Limited, Crown Melbourne Limited or any other entity within the Crown Group in the performance of their duties and responsibilities.

127 See my response to [47].

[50] Your knowledge and understanding of the person(s) and (or) positions responsible for monitoring the operation of the bank accounts of Riverbank for compliance with systems, policies and procedures to identify and manage the risks of the Perth Casino operations being used to facilitate money-laundering and terrorism financing.

128 See my response to [47]. I understood that reporting of threshold transactions and suspicious matter reports were actioned through to the relevant authorities as appropriate.

[51] Your awareness of the extent to which the operation of the bank accounts of Riverbank was accounted for in the AML/CTF program of Crown Group or entities within that group, including as to:

- (a) the extent to which the Riverbank Accounts were the subject of AML/CTF systems, policies and procedures;*
- (b) whether any internal Crown AML/CTF reports were prepared in connections with one or more of the Riverbank Accounts;*
- (c) whether any internal Crown AML/CTF reports prepared in connection with one or more of the Riverbank Accounts were reported to or provided to directors of Burswood Nominees Limited and (or) other members of the Crown Group.*

129 I am aware, from the Bergin Inquiry, that the Riverbank accounts were not part of the Crown designated Business Group for the purposes of the AML/CTF Act as Riverbank was not a reporting entity.

130 I am aware that Crown's AML/CTF team prepared reports in connection with Riverbank bank accounts. See my response to [39].

[52] Your awareness of legal advice in respect of the operation of the bank accounts of Riverbank insofar as concerns the AML/CTF compliance program of Crown Group, or entities within that group, and otherwise the compliance of those entities with the Australian AML/CTF legislation requirements.

131 I do not recall any specific legal advice having been sought or received in respect of the operation of Riverbank bank accounts.

[53] Your involvement in, or awareness of, concerns expressed by financial institutions, with which bank accounts in the name of Riverbank were held, that such accounts may have been used by third parties for the purpose of money laundering, as well as what response was given and ought to be given to those financial institutions in relation to such concerns.

- 132 In late 2019, I first became aware of concerns raised by the banks regarding potential money laundering activity when I was CFO Australian Resorts.
- 133 At the time, Riverbank Investments Pty Ltd was being mentioned in the media and there was a lot of media speculation and attention on Crown's activities.
- 134 I attended meetings in late 2019 with Crown's lenders in the context of refinancing negotiations which were occurring at that time. Representatives of Crown's AML team attended those meetings and presented at them, as the lenders had requested information about the implementation of Crown's Joint AML Program and improvements made to Crown's AML monitoring and reporting practices.
- 135 Since my appointment to the role of Crown Resorts CFO in March 2020, I have been in numerous discussions, together with Crown's recently appointed Chief Compliance and Financial Crime Officer Steve Blackburn, with Crown's key lenders regarding AML matters to provide updates and progress reports on Crown's investigations and improvements to its financial crime programs, policies and procedures.

[54] Your knowledge or understanding of the circumstances in which one or more of the Riverbank Accounts was closed, including as to:

- (a) *whether the directors of Burswood Nominees Limited, Crown Resorts Limited, Burswood Limited and (or) Burswood Resort (Management) Limited were provided with reports or other information about the closure of one or more of the Riverbank Accounts; and*
- (b) *the response of Burswood Nominees Limited, Crown Resorts Limited, Burswood Limited and (or) Burswood Resort (Management) Limited to the closure of one or more of the Riverbank Accounts.*

- 136 My understanding of the circumstances in which the Riverbank bank account was closed came from discussions and correspondence with Ken Barton (then Crown Resorts CFO) and Travis Costin (Group Finance & Treasury Manager). I understood that the Commonwealth Bank had closed the account due to concerns about money laundering activity and the criticisms levelled at Crown in the public domain in providing a patron deposit account in the name of Riverbank Investments Limited as opposed to in Crown Perth's own name.

137 The Burswood Limited board was advised of the closure of the Riverbank bank account at the board meeting in December 2019.

138 I do not recall the precise response of the Burswood Limited board to the news of the closure of the Riverbank bank account at the time.

[55] Your knowledge or understanding of differences (if any) in the way the bank accounts of Riverbank and bank accounts of Southbank Investments Pty Ltd Accounts were opened and operated in connection with gaming at the Perth Casino and Melbourne Casino respectively.

139 I am not aware of Riverbank conducting any other activities or any significant differences in operation between the bank accounts of Riverbank and Southbank.

TAXES AND FEES

[56] What, if any, investigations or enquiries have been undertaken by the board of Burswood Limited or Burswood Nominees Limited, and when, to ascertain whether there has been any underpayment of tax to the State of Western Australia by Burswood Nominees Ltd with respect to the operation of the Perth Casino.

140 I am not aware of any investigations having been initiated by the board of Burswood Limited into any underpayment of tax to the State of Western Australia with respect to the operation of the Perth Casino. However, I am aware that EY has been engaged to undertake a review of Crown Perth's gaming taxes. I understand that EY's report is close to being finalised.

[57] What, if any, investigations or enquiries have been undertaken by the board of Burswood Limited or Burswood Nominees Limited, and when, to ascertain whether there has been any underpayment of licence fees to the GWC by Burswood Nominees Ltd with respect to the operation of the Perth Casino.

141 I am not aware of any investigations having been initiated by the board of Burswood Limited into any underpayment of license fees to the GWC. Nor am I aware of there being any concerns or issues raised with respect to any underpayment of license fees.

[58] Whether, at any time, in determining the 'Casino Taxable Revenue' (as defined in the Casino (Burswood Island) Agreement) of the Perth Casino the cost of goods or services provided as gratuities or loyalty program rewards to gaming patrons have been deducted on the basis that they are 'winnings'?

142 I am not aware that any costs of goods or services provided as gratuities or loyalty program rewards to gaming patrons have been deducted in determining Casino Taxable Revenue on the basis that they are winnings.

PROBLEM GAMBLING

[59] What, if any, investigations or enquiries have been undertaken by the board of Burswood Limited or Burswood Nominees Limited, and when, to ascertain the nature and extent of problem gambling at the Perth Casino.

- 143 I am not aware of any investigations having been undertaken by the board of Burswood Limited or Burswood Nominees Limited to ascertain the nature and extent of problem gambling at the Perth Casino. However, responsible service of gaming fell outside of my area of responsibility; accordingly, I would not necessarily be aware of such investigations.

[60] The nature and content of Burswood Nominees Limited's systems, policies and procedures to identify and manage the risks of problem gambling at the Perth Casino.

- 144 My understanding of Crown Perth's response to problem gambling and responsible service of gaming matters has been gained from discussions and presentations at various executive committee meetings, ERCC meetings and Burswood Limited board meetings.
- 145 RSG matters were considered at meetings of the committees and boards described above and updates were normally included within the Legal, Risk and Compliance papers.
- 146 I am generally aware that there are policies in place to manage the risks of problem gambling and that there is a responsible gaming centre in Perth which operates 24/7. However, I do not have a detailed understanding of those policies.

[61] The management responsibility within Burswood Nominees Limited for identifying and managing the risks of problem gambling at the Perth Casino.

- 147 See my response to [60] above.
- 148 The Crown Resorts RSG Committee has oversight of RSG matters across Perth, Melbourne and Sydney. I joined that committee as an invitee when I commenced my current role.
- 149 The Burswood Limited Board also has oversight of RSG matters as they pertain to Crown Perth. My understanding is that matters raised through the Crown Resorts RSG Committee are shared with the Burswood Limited Board for review and input via the Legal, Risk and Compliance papers.
- 150 There is an RSG team at Crown Perth who reports through to the Group General Manager of RSG, Sonja Bauer, who is based in Melbourne. Ms Bauer has a reporting

line to Crown Resorts Chief Compliance and Financial Crime Officer and the Crown Resorts RSG Committee.

[62] The oversight exercised by the board of Burswood Nominees Limited as to the development and implementation of, and compliance with, its systems, policies and procedures to identify and manage the risks of problem gambling at the Perth Casino.

151 See my response to [61] above.

[63] What, if any, requests have been made of either Burswood Limited or Burswood Nominees Limited by third parties to conduct research into any aspect of problem gambling by reference to the Perth Casino or by utilising information about the Perth Casino operations, and any responses to such requests.

152 Through my recent attendance at the Crown Resorts RSG Committee meetings, I am aware that Crown have engaged an independent panel of responsible gaming experts to advise on RSG matters. I am not aware of any requests having been made of either Burswood Limited or Burswood Nominees Limited by third parties to conduct research into any aspect of problem gambling by reference to the Perth Casino or by utilising information about the Perth Casino operations.

ELECTRONIC GAMING MACHINES

[64] From 2004, the structure and operation of Burswood Nominees Limited's electronic gaming machine business at the Perth Casino, including as to:

- (a) its financial model;*
- (b) management responsibility;*
- (c) marketing.*

153 The Electronic Gaming Machines (EGM) business at Crown Perth is accounted for via the Gaming Machines Business Unit which records EGM revenues and associated expenses to arrive at an operating profit for the EGM business unit.

154 The financial performance of the EGM business is a key contributor to Crown Perth's business performance. EGM performance is tabled and discussed at Burswood Limited board meetings and there is an annual business plan and budget presentation made to the board around June each year.

155 The responsibility for the EGM business ultimately resides with the CEO Crown Perth with direct responsibility assigned to the EGM of Gaming Machines, Shannon Blake.

156 Marketing activity is jointly directed and managed by the EGM operational team, led by Mr Blake, and Crown Perth's marketing team. The Crown Resorts EGM of Marketing, Nic Emery, also has input into marketing strategy and activity at Crown Perth.

[65] The oversight exercised by the board of Burswood Nominees Limited as to the structure and operation of its electronic gaming machine business.

157 Problem gaming matters specific to EGMs are managed by the RSG team and EGM operational teams as described in the Problem Gambling section above. There is not a separate RSG team specifically assigned to EGMs.

[66] The nature and content of Burswood Nominees Limited's systems, policies and/or procedures for seeking authorisation from the GWC for games to be played on electronic gaming machines.

158 I do not have a detailed knowledge of the systems, policies or procedures of the authorisation process with the GWC relating to EGMs. That responsibility sits with the EGM and Compliance teams.

[67] What, if any, investigations or enquiries have been undertaken by the board of Burswood Limited or Burswood Nominees Limited, and when, to ascertain the nature and extent of problem gambling at the Perth Casino associated specifically with electronic gaming machines.

159 I am not aware of any investigations or inquiries undertaken by the Burswood Limited board to ascertain the nature and extent of problem gambling at the Perth Casino associated specifically with EGMs.

[68] The nature and content of Burswood Nominees Limited's systems, policies and procedures to identify and manage the risks of problem gambling at the Perth Casino associated specifically with electronic gaming machines.

160 See my response to [66].

[69] The management responsibility within Burswood Nominees Limited for identifying and managing the risks of problem gambling at the Perth Casino associated specifically with electronic gaming machines.

161 See my response to [64].

[70] The oversight exercised by the board of Burswood Nominees Limited as to the development and implementation of, and compliance with, its systems, policies and procedures

to identify and manage the risks of problem gambling at the Perth Casino associated specifically with electronic gaming machines.

162 See my response to [64].

[71] What, if any, investigations or enquiries have been undertaken by the board of Burswood Limited or Burswood Nominees Limited, and when, to ascertain whether there has been any tampering with or adjustment of electronic gaming machines at the Perth Casino to unfairly disadvantage patrons or to increase the risks of problem gambling associated with such machines.

163 I am not aware of any investigations or inquiries undertaken by the Burswood Limited board into any tampering or adjustment to EGMs at Crown Perth.

GAMING AND WAGERING COMMISSION AND THE DEPARTMENT

[72] Whether, how and/or to what extent management of the Perth Casino operations was given direction or guidance from the board of either Burswood Limited, Burswood Nominees Limited or any other entity within the Crown Group about when and how generally to communicate with the GWC or the Department about matters to do with the Perth Casino, either generally or in relation to specific subjects.

164 I have had little to no involvement with GWC. Most, if not all, engagement with the GWC was managed through the legal and compliance team and the CEO of Crown Perth and, prior to that, CEO Australian Resorts.

[73] Whether, how and/or to what extent management of the Perth Casino operations, as a matter of general practice, informed the board of either Burswood Limited, Burswood Nominees Limited or any other entity within the Crown Group of the content of information that management:

- (a) proposed to communicate to the GWC;*
- (b) had communicated to the GWC.*

165 See my response to [72].

[74] Whether, how and/or to what extent management of the Perth Casino operations was given direction or guidance from the board of either Burswood Limited, Burswood Nominees Limited or any other entity within the Crown Group about when and how to communicate with the GWC

or the Department about the subject matter of any of the allegations identified in paragraph 14 of Chapter 3.1 of the Bergin Report.

166 In attending Burswood Limited board meetings, I recall various discussions about the media allegations identified in paragraph 14 of chapter 3.1 of the Bergin Report, but I was not directly responsible or involved in reviewing or reporting on these matters.

[75] In respect of the subject matter of each of the allegations identified in paragraph 14 of Chapter 3.1 of the Bergin Report whether, how and/or to what extent management of the Perth Casino operations informed the board of either Burswood Limited, Burswood Nominees Limited or any other entity within the Crown Group of the content of information that management:

- (a) proposed to communicate to the GWC;*
- (b) had communicated to the GWC.*

167 See my response to [74].

[76] Your knowledge of any gifts or benefits, including hospitality, provided by the Crown Group, including by its officers or employees, to officers and employees of the Department, and members of the GWC.

168 I am not aware of any gifts or benefits being provided to officers or employees of the Department or GWC.

[77] Your knowledge of any personal relationships and friendships between employees and officers of the Crown Group on the one hand and employees and officers of the Department, or members of the GWC, on the other. Please specify when, to your knowledge, those personal relationships and friendships began and when you first became aware of them.

169 As to my knowledge of personal relationships and friendships between employees and officers of the Crown Group and employees and officers of the Department or Gaming and Wagering Commission, I knew we had hired individuals who had worked at the Department or Gaming and Wagering Commission. I cannot recall any specific personal relationship issues raised during any board meetings.

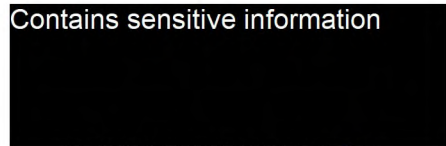
[78] The nature and content of Burswood Nominees Limited's systems, policies and/or procedures regarding integrity issues, including conflicts of interest, relevant to interactions with the GWC, including with individual GWC members, and/or the Department, including individual officers and employees.

170 As explained above, Burswood Nominees Ltd did not have any systems, policies or procedures specific to Burswood Nominees Ltd. The systems, policies and procedures that existed for the Burswood group of companies governed by Burswood Limited and,

where relevant, the group systems, policies and procedures across the Crown Group were in place for the Crown Perth entities as a whole.

- 171 My role does not encompass interactions with the GWC. Accordingly, I have no specific knowledge of any interactions with individual GWC members or individual officers and employees of the Department.

Contains sensitive information



ALAN FRANK MCGREGOR

Dated: 6 August 2021