

IN THE PERTH CASINO ROYAL COMMISSION

STATEMENT OF KENNETH MCRAE BARTON

Name: Kenneth McRae Barton
Address: Contains sensitive information
Position: Former Chief Executive Officer and Managing Director (Crown Resorts Limited)
Date: 3 August 2021

- A. By letter dated 19 July 2021 from solicitors assisting the Perth Casino Royal Commission (**PCRC**), I was served with a summons to give evidence at the PCRC and was invited to provide a written statement addressing topics set out in a schedule to the summons.
- B. I make this statement in response to that letter.
- C. Except where otherwise indicated, I make this statement from my own knowledge.
- D. This statement is true and correct to the best of my knowledge.
- E. I provided witness statements to the Inquiry under section 143 of the Casino Control Act 1992 (NSW) (**Bergin Inquiry**) dated:
- a. 14 January 2020 (**Bergin Inquiry First Statement**);
 - b. 9 March 2020 (**Bergin Inquiry Second Statement**);
 - c. 16 September 2020 (**Bergin Inquiry Third Statement**);
 - d. 4 November 2020 (**Bergin Inquiry Fourth Statement**);
 - e. 14 November 2020 (**Bergin Inquiry Fifth Statement**);
 - f. 17 November 2020 (**Bergin Inquiry Sixth Statement**); and
 - g. 23 November 2020 (**Bergin Inquiry Seventh Statement**),
- and was examined by counsel assisting the Bergin Inquiry on 23 and 24 September 2020 (collectively **Bergin Inquiry Statements**).
- F. I have referred below to some parts of my Bergin Inquiry Statements where they contain information sought in the PCRC's letter of 19 July 2021. I have clarified paragraph 16 of my Bergin Inquiry Sixth Statement in my response to topic 42.

Your role

1. The period of your employment within the Crown Group.

1. I was employed by Crown Resorts Ltd (**Crown Resorts**) from March 2010 to February 2021.

2. The roles you held within the Crown Group.

2. I refer to:
 - (a) Bergin Inquiry First Statement, paragraph 5;
 - (b) Bergin Inquiry Second Statement, paragraphs 1-2; and
 - (c) Bergin Inquiry Third Statement, paragraphs 5-9 and 20,
 and supplement them as follows:
3. I was the CFO of Crown Resorts from March 2010 to 24 January 2020.
4. I was the CEO of Crown Digital's businesses from February 2017 to February 2021.
5. I was the CEO of Crown Resorts Limited from 24 January 2020 to February 2021.
6. I held the directorships within the Crown group (**Crown**) in Australia set out in an exhibit produced to the PCRC in connection with this statement until 15 February 2021.¹
7. In my role as CFO, I had between 5 and 6 direct reports, which reflected the narrow focus of my role. My letter of employment dated 13 November 2009² described my responsibilities as "those of CFO". These were further enumerated in my executive contract dated 19 December 2018.³ In practice, my duties were:
 - (a) Financial reporting – internal group consolidated financial results and external reporting to the market;
 - (b) Investor relations and communications with the capital markets;
 - (c) Corporate taxation matters – federal income tax, GST and FBT;
 - (d) Funding and capital management; and
 - (e) Group wide performance improvement opportunities including procurement.

¹ BAR.0001.0001.0025.

² BAR.0001.0001.0001.

³ CRW.505.001.1063.

8. From the time of my appointment I was also engaged by the then CEO of Crown Resorts, Rowen Craigie, to assist on projects related to the non-Australian Casino activities – principally Crown's investments in Joint Ventures and its offshore activities.
9. Between 2010 and 2017, a substantial amount of corporate focus was on the Macau investment which was by far the most significant of Crown's investments at the time.
10. From 2013, the CEO, General Counsel and I together with outside advisers worked on a number of domestic investment opportunities including Crown Sydney and the Queens Wharf opportunity in Brisbane.
11. From 2014, I became more involved in Crown's digital ventures, which resulted in a number of transactions between 2014 and 2015.
12. As CFO, I had no responsibility or authority over the operational aspects of Crown. I also did not have responsibility for Australian casino compliance matters.

3. The company or entity within the Crown Group that was your employer from time to time.

13. My employer was Crown Resorts.

4. The person(s) and (or) positions to which you reported in each role you held.

14. From March 2010 to February 2017, I reported to Rowen Craigie, CEO of Crown Resorts.
15. From February 2017 to January 2020, I reported to John Alexander, Executive Chairman of Crown Resorts.
16. From January 2020 to February 2021, I reported to the board of Directors of Crown Resorts.

5. The person(s) and (or) positions which reported to you in each role you held.

17. In my role as CFO, the following positions reported to me:
 - Group Financial Controller;
 - Group Treasury and Finance Manager;
 - Group Head of Tax;
 - Manager – Strategy and Investor Relations;
 - Group General Manager – IT (from around 2013); and
 - General Manager Performance (from around 2014 to 2017).
18. In my role as CEO of Crown Resorts, the following positions reported to me:

- CEO Crown Melbourne;
- CEO Crown Perth;
- CEO Crown Sydney;
- Chief Marketing Officer;
- Chief People and Culture Officer;
- Chief Information Officer;
- General Counsel & Company Secretary;
- Chief Financial Officer;
- Chief Compliance & Financial Crimes Officer;
- Chief Risk Officer;
- EVP - Corporate Affairs;
- EVP - Strategy & Development;
- Chief Executive Officer Betfair;
- CEO DGN Games;
- EVP Business Development; and
- Manager Strategy & Investor Relations.

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

19. The dates of my appointments are set out in an exhibit produced to the PCRC in connection with this statement.⁴ I resigned from each of these roles on 15 February 2021.

7. The circumstances by which you came to become a director of the companies referred to in paragraph 6 above.

20. Following my appointment as CFO and receiving approvals from the relevant regulators, I was appointed a director of Burswood Limited and Burswood Nominees Limited (**Burswood Nominees**) on 24 March 2010.

⁴ BAR.0001.0001.0025.

21. Following the resignation of the previous CFO of Crown Perth, Mr Craig Spence, I was appointed a director of Burswood Resort (Management) Limited (**Burswood Management**) and Riverbank Investments Pty Ltd (**Riverbank**) on 12 August 2014.
22. Following my appointment as CEO and Managing Director of Crown Resorts in January 2020, I was appointed a director of Crown Resorts on 3 March 2020.
23. Following my appointment as CFO and receiving approvals from the relevant regulators, I was appointed a director of Crown Melbourne Limited (**Crown Melbourne**) on 19 July 2010.

8. Whether you sat on any committees or working groups within the Crown Group. Provide details of the committees and working groups, including its duration, purpose, composition and reporting lines.

24. I was a member of the Crown Melbourne Audit Committee from approximately 2010 to 15 February 2021. This was a committee of the Crown Melbourne board and reported to that board. The last review of the Audit Committee charter during my tenure was in August 2020.⁵
25. From around March 2020 I was a member of the Crown Resorts Investment Committee (being an ad hoc committee that did not meet between 2020 and 2021).
26. I was not a member of any other committees, although I was involved in some ad-hoc project related working groups, for example financing transactions and investment projects. I attended some other continuing working group meetings (for example, I sometimes attended meetings of the VIP working group).
27. I also attended some meetings of other Crown Resorts board committees and, from around 2019, the Crown Perth Executive Risk and Compliance Committee (**ERCC**) by invitation.

Qualifications and expertise

9. Your qualifications, expertise and experience generally.

28. I refer to Bergin Inquiry First Statement, paragraphs 7-9.

⁵ CRW.502.001.1925 (at pages CRW.502.001.1934 to CRW.502.001.1937).

10. Your qualifications, expertise and experience specifically in relation to:

(a) casino operations generally;

29. I did not have any experience in casino operations prior to joining Crown Resorts as CFO in 2010. After 2010, I gained experience in casino operations through meetings and briefings by Crown's operational management.

(b) risk management in relation to casino operations generally;
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30. I did not have any experience in risk management in relation to casino operations prior to joining Crown Resorts as CFO in 2010.
31. From 2010 I was invited to (and attended) meetings of the Crown Resorts Risk Management Committee at which the key risks of the group were discussed.
32. As Crown Resorts General Counsel, Mr Michael Neilson would coordinate the review of the risk registers and update them where appropriate. One area of risk was corporate risk. I provided input to the corporate risk register in areas relevant to my role as CFO (such as financing risk, liquidity risk, currency and interest rate risk). The corporate risk register did not include risks related to the operating businesses.
33. Following my appointment as CEO in 2020, I continued gaining experience by working with the Chief Risk Officer on addressing existing and emerging risks.

(c) in particular, and in the context of casino operations;
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(i) AML/CTF risk management;

34. I did not have any experience in AML/CTF risk management prior to joining Crown Resorts as CFO in 2010.
35. AML was the responsibility of AML Compliance Officers and the property compliance committees (the Crown Melbourne Board Compliance Committee and the Crown Perth ERCC). I received copies of the minutes or reports of those committee meetings when they were presented to the boards of Crown Melbourne and Burswood Limited respectively. I was also invited to attend meetings of the ERCC from around 2019.
36. AML was not part of my role as CFO, but as part of my role in relation to capital management, I was the primary contact for Crown's relationship with ANZ. In that capacity, I became involved in the response to ANZ when Paul Birch raised concerns regarding transactions in the Riverbank bank account in 2014.
37. Following my appointment as CEO in 2020, I worked closely with the AML team on expanding and improving management of AML Risk.

38. The matters in paragraphs 36 and 37 are further elaborated in my Bergin Inquiry Statements.

(ii) problem gambling risk management;

39. I did not have any experience in problem gambling risk management prior to joining Crown as CFO in 2010.
40. From around 2018, I was invited to (and attended) meetings of the Crown Resorts Responsible Service of Gaming (**RSG**) Committee.

(iii) electronic gaming machine (EGM) risk management;

41. I did not have any experience in relation to EGM risk management prior to joining Crown in 2010.
42. After 2010, I gained understanding of the operations of the EGM business units through meetings and briefings by management of those units.

(iv) International Commission Business (as defined in the Casino (Burswood Island) Agreement) (ICB) / junket operations risk management;

43. I did not have any experience in ICB or junket operations risk management prior to joining Crown Resorts as CFO in 2010.
44. After 2010, I gained understanding of junket operations through briefings from operational management. These included monthly meetings of senior management and CEO reports to Burswood Limited and Crown Resorts.
45. After I was appointed CEO in 2020, I gained further understanding through reports and briefings from external advisers (such as Deloitte)⁶ and from Crown's Chief Risk Officer. However, given that there was no ICB during 2020, I did not direct my primary attention to ICB during my tenure as CEO.

(v) marketing in foreign countries, in particular China;

46. I did not have any experience in marketing of casinos in foreign countries prior to joining Crown as CFO in 2010.
47. After the China detentions in 2016, I attended Risk Management Committee meetings and board meetings where the regimes in each jurisdiction, including whether the risk of promoting casinos existed in those jurisdictions, was discussed.

(vi) Vulnerability of operations to criminal infiltration/association risk management.

⁶ CRL.658.001.0122.

48. I did not have any experience in criminal vulnerability risk management prior to joining Crown as CFO in 2010.
49. I did not gain any significant experience in criminal infiltration/association risk management until I was appointed CEO in 2020. In that capacity, I received reports and briefings from Crown management and external advisers regarding potential AML risks (Initialism)⁷ and Junket risks (Deloitte).⁸

11. What training or induction, if any, you were given at the time of your employment:

- (a) **generally; and**
 (b) **in relation to matters referred to in 10(a) to 10(c) above.**

50. When I joined Crown as CFO in 2010, I received general induction training which included overviews of AML, RSG, casino operations and risk management. The training was generalised and designed for all Crown employees rather than being tailored for any particular role or business.
51. Other than as set out above, at the time of my employment in 2010, I did not receive any specific training. I did however receive briefings from management about the business over time.

12. What training, if any you were given during your employment:

- (a) **generally; and**
 (b) **in relation to matters referred to in 10(a) to 10(c) above.**

52. In 2020, I received online training when the AML training session was updated. Similar to the initial AML training, this training was general organisational training rather than specific AML training.
53. I also completed other online training programs developed for all Crown employees.

Governance

54. In answering the following questions I use the term "**Crown Perth**" to include Burswood Limited and its subsidiaries.

⁷ CRL.741.001.0666.

⁸ CRL.658.001.0122.

13. Your understanding of your responsibilities as a director of the companies referred to at paragraph 6 above.

- 55. In acting as a director, I must act honestly, in good faith and to the best of my ability and in the best interests of the company. I must also act with due care and diligence.
- 56. In certain circumstances, it is also open for me to rely on expert advice from appropriate employees and external consultants.

14. Your knowledge or understanding of whether and to what extent Crown Resorts Limited, Crown Melbourne Limited (Crown Melbourne) or any other entity within the Crown Group, influenced or directed the manner of governance of Burswood Nominees.

- 57. My understanding was that Burswood Nominees is a wholly owned subsidiary of Burswood Limited. My further understanding was that Burswood Nominees is also the trustee of the Burswood Property Trust, the units of which are owned by Burswood Limited. While this structure preceded my employment at Crown, my understanding was that the board of Burswood Limited was the body which set the overall strategic direction for Crown Perth including in relation to the governance of Burswood Nominees.
- 58. Matters of governance (including risk, compliance, strategy and key operational decisions) were largely proposed by management to the board of Burswood Limited for ratification by that board.
- 59. Crown Resorts set the overall strategic direction for all companies within Crown, including Burswood Nominees. For example, Crown Resorts made decisions regarding large capital investments and financing. It was also involved in decision making regarding senior executive appointments and remuneration, as well as the overall approach to risk management.
- 60. Crown Melbourne did not influence or direct the governance of Burswood Nominees.

15. Your knowledge or understanding of the risk management system applicable to the activities of Burswood Nominees Limited.

- 61. The risk management system applicable to the activities of Burswood Nominees was managed at an executive level in Crown's Perth operations and reported to the Burswood Limited board at its meetings.

62. An ERCC existed in Perth which consisted of Crown Perth's executive management. Mr Joshua Preston, Executive General Manager of Legal Services, had oversight and responsibility for Risk Management and would provide a report on key risks and compliance matters at each Burswood Limited board meeting.
63. The ERCC had a process of risk identification and quantification which involved the business identifying and classifying risks into categories and assessing potential likelihood and consequence. These risks were entered into a Risk Register. The risks were then mapped in a matrix described as the Corporate Risk Profile. Risks were rated as either low, moderate, significant or high. Updates for "Significant" or "High" risks were presented to the Burswood Limited board.
64. Over time this process was enhanced, with a formalised risk appetite adopted by the Burswood Limited board in November 2018.
65. Prior to 2018, Crown Resorts did not have a formal risk appetite. Nonetheless, the Crown Resorts board received regular reports on material risks which quantified such risks. All material risks were contained in a register that was reported to the Risk Management Committee.
66. From 2018, the Crown Resorts board and its Risk Management Committee set the risk appetite for Crown, including risk tolerances, which applied to all operating subsidiaries. The risk was then managed within each business through the risk and compliance committees.⁹

16. Your knowledge or understanding of the management structure applicable to the activities of Burswood Nominees Limited.

67. Burswood Nominees had a board which consisted of executives of other Crown entities. My understanding is that most of the management of the Perth operations were employed by Burswood Management.
68. I was familiar with the key executives of Crown Perth's operations. That is to say, I had a working understanding of the senior leadership and senior functional management of Burswood Nominees. This included the CEO of Crown Perth (or the CEO of Australian Resorts) and most of the direct reports to the CEO.

⁹ CRW.703.001.1713 (at page CRW.703.001.1775).

17. Your knowledge or understanding of the employer of each person within the management structure of Burswood Nominees Limited.

69. My understanding is that directors of Burswood Nominees were employees of Crown entities, in most cases, either Crown Resorts or Burswood Management.

18. Your knowledge or understanding of 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 or any other entity within the Crown Group in the performance of their duties and responsibilities.

70. The CEO of Crown Perth (or the CEO of Australian Resorts) reported to the CEO (or Executive Chairman) of Crown Resorts. Prior to my appointment as CEO I attended meetings that included the respective CEOs but was not privy to all discussions between them. It was typical at those meetings for Crown Perth management (including the CEO) to seek approval for the overall strategic direction but day to day operational decisions rested with Crown Perth management.
71. In addition, the CEO of Crown Perth (or the CEO of Australian Resorts) also reported to the board of Burswood Limited. At board meetings, management would typically seek approval for major strategic matters.
72. Other management within Crown's Perth operations reported to the CEO of Crown Perth (or the CEO of Australian Resorts).
73. Crown Melbourne did not have any influence over Burswood Nominees.

19. Your knowledge or understanding of whether and to what extent Burswood Limited influenced or directed the manner of governance of Burswood Nominees Limited.

74. I refer to my response to topic 14 above.

20. Your knowledge or understanding of the demarcation of roles and responsibilities as between the directors of Burswood Nominees Limited, on the one hand, and the management of Burswood Nominees Limited as delegate of the board of directors, on the other.

75. The directors of Burswood Nominees met on an ad hoc basis to implement decisions relating to Crown's Perth operations which were typically approved by the Burswood

Limited board. My understanding was that the CEO of Crown Perth (or Australian Resorts) was a director of Burswood Nominees.

76. Other management of Crown's Perth operations participated in board meetings of Burswood Limited but approval of decisions was made by the respective boards.
77. Specific delegated authorities to management existed and were updated in May 2019 to align with the risk appetite approved in 2018.

21. Your knowledge or understanding of 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.

78. Burswood Nominees (in its capacity as trustee of the Burswood Property Trust) had been a guarantor on Crown's major financing arrangements (since at least since 2010).¹⁰
79. Burswood Limited, Burswood Nominees and Burswood Management are parties to a deed of cross guarantee that enables the entities to obtain financial reporting relief pursuant to ASIC class orders.¹¹
80. In addition, in 2020 some of the real estate assets of the Burswood Property Trust were provided as direct security to put in place a facility to support Crown in response to the impact of COVID-19. This was to provide additional liquidity in an uncertain year. I recall that the relevant real estate assets consisted of the Crown Towers Perth and Crown Metropol Perth land and buildings.¹²

22. Your knowledge or understanding of the risk management system applicable to Burswood Limited.

81. I refer to my response to topic 15 above. The risks for the Crown Perth entities were considered on a consolidated basis.

23. Your knowledge or understanding of the management structure applicable to Burswood Limited.

82. The board of Burswood Limited consisted of directors or executives of other Crown entities and two external directors.

¹⁰ For example, CRW.703.001.2702 (at page CRW.703.001.2914).

¹¹ CRW.703.001.2529 (at page CRW.703.001.2682).

¹² CRW.703.001.2988 (at pages CRW.703.001.2997 to CRW.703.001.3000).

83. The board of Burswood Limited would generally make decisions based on the recommendations of the Burswood management. However, if the decisions were over a certain threshold of materiality (eg significant capital investments), then the Burswood Limited board would need to approve the decision. Those decisions also required approval by the Crown Resorts board. This typically occurred as part of the annual budget setting process. If Crown Resorts approved the decision, the implementation was delegated by the board of Burswood Limited to Crown's Perth management.
84. There were certain standing delegations which were recorded in an authority matrix. The authority matrix contained delegated levels of expenditure limits, which allowed management to conduct certain activities without the need to seek approval. However, long term contracts or large contracts would typically need to be escalated to the Burswood Limited board and/or the Crown Resorts board.¹³

24. Your knowledge or understanding of the employer of each person within the management structure of Burswood Limited.

85. My understanding is that directors of Burswood Limited were employees of Crown entities, in most cases, either Crown Resorts or Burswood Management.

25. Your knowledge or understanding of whether and to what extent persons within the management structure of Burswood Limited were influenced, directed or accountable to Crown Resorts Limited, Crown Melbourne or any other entity within the Crown Group in the performance of their duties and responsibilities.

86. I refer to my response to topic 18 above.

26. Your knowledge or understanding of the demarcation of roles and responsibilities as between the directors of Burswood Limited, on the one hand, and the management of Burswood Limited as delegate of the board of directors, on the other.

87. My understanding is that the directors of Burswood Limited approved major decisions relating to the operations of Crown's Perth operations.
88. Other management of Crown's Perth operations participated in board meetings of Burswood Limited but approval of decisions was made by the board.

¹³ CRW.703.001.2529 (at page CRW.703.001.2692).

89. Specific delegated authorities to management existed and were updated in May 2019 to align with the risk appetite approved in 2018.

27. Your knowledge or understanding of the risk management system applicable to Burswood Resort (Management) Limited.

90. I refer to my response to topic 22 above.

28. Your knowledge or understanding of the management structure applicable to Burswood Resort (Management) Limited.

91. I understand Burswood Management is the employing entity for most of the employees at the Crown Perth operation.
92. My understanding is that Burswood Management's board consisted of executives of other Crown entities.

29. Your knowledge or understanding of the employer of each person within the management structure of Burswood Resort (Management) Limited.

93. My understanding is that most of the management of Crown's Perth operations were employed by Burswood Management.

30. Your knowledge or understanding of 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 or any other entity within the Crown Group in the performance of their duties and responsibilities.

94. My understanding is that directors of Burswood Management were employees of entities in Crown.
95. In relation to persons within the management structure, I refer to my response to topic 18 above.

31. Your knowledge or understanding of 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.

96. My understanding is that the directors of Burswood Management met as required to approve decisions relevant to that entity. My understanding is that the CEO of Crown Perth or the CEO Australian Resorts was a director of Burswood Management.
97. Specific delegated authorities to management existed and were updated in May 2019 to align with the risk appetite approved in 2018.

32. Whether you were aware of cl 22.1 (r) and cl 22.1 (ra) of the Casino Agreement between Crown Melbourne and Victorian Commission for Gambling and Liquor Regulation (VCGLR) 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; and**
- (b) how those clauses were interpreted by, and applied to, the operations of Burswood Limited and Burswood Nominees Limited.**

98. I was not specifically aware of cl 22.1(r) and cl 22.1 (ra) of the Casino Agreement between Crown Melbourne and the VCGLR. However, I was aware of an obligation to maintain Crown Melbourne in the dominant position in the international market in Australia.
99. I have no recollection of whether these clauses were discussed at board meetings of the Burswood entities during my tenure.

33. 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, what is your knowledge or understanding of the approach and attitude of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and Burswood Resort (Management) Limited to risk appetite and risk tolerance:

- (a) at the commencement of your employment and (or) directorship(s);**
- (b) whether it changed from time to time during your employment and (or) directorship(s); and**
- (c) the frequency and nature of any instructions given to you by the directors of one or more of those companies or others to whom you reported on those subjects.**

100. I refer to my response to topic 15.

101. At the commencement of my employment, risk appetite or tolerance was implicit in the reporting of risk to the Crown Resorts Risk Management Committee. Each operating business had a process of risk identification and quantification which involved the business units identifying and classifying risks into categories and assessing potential likelihood and consequence. These were then mapped in a matrix, and in the case of more significant risks, analysed separately and presented to the Risk Management Committee and the relevant boards, including the board of Burswood Limited.
102. Over time this process was enhanced, with a formalised risk appetite adopted by the Crown Resorts and Burswood Limited boards on 11 December 2018¹⁴ and 22 November 2018¹⁵ respectively. At that time, consideration was given to the range of consequences that any event could trigger and categorised those potential consequences into seven categories. Crown Resorts then set quantitative metrics for its Risk Appetite against these seven categories. Once a quantitative metric was triggered, the Risk Appetite then required that the matter be reported to the Risk Management Committee and Crown Resorts board for its further consideration. These metrics were also applied to risk reporting to the Burswood Limited board after December 2018.
103. The Risk Management function when I commenced reported through the legal departments of each property. This reporting continued until December 2020. After my appointment as CEO, I changed the reporting lines for risk to go through a new position of Group Chief Risk Officer who reported to the Risk Management Committee of Crown Resorts.

34. Your knowledge or understanding of the entities concerned in or associated with the organisation and conduct of gaming operations at the Perth Casino and the manner in which gaming operations at the Perth Casino are organised and conducted, including as to:

- (a) **the identity of the employer of individuals engaged in gaming operations at the Perth Casino;**
- (b) **the identity of the operator and (or) manager of gaming operations at the Perth Casino;**
- (c) **any agreement, arrangement or understanding between Burswood Nominees Limited and any employer and operator and (or) manager referred to in paragraphs 34(a) and 34(b); and**

¹⁴ CRW.507.004.0557 (at page CRW.507.004.0561).

¹⁵ CRL.627.001.0529 (at page CRL.627.001.0534).

(d) the extent to which Burswood Nominees Limited has the ability to supervise and control the organisation and conduct of gaming operations by any employer or operator and (or) manager referred to in paragraphs 34(a) and 34(b).

104. My understanding is that the assets relating to the gaming operations at the Perth casino are owned by the Burswood Property Trust, with Burswood Nominees as trustee for the trust a party to most of the relevant agreements
105. I also understand that most of the employees of the Perth casino operations are employed by Burswood Management.
106. I have no knowledge of any agreement, arrangements or understanding between Burswood Nominees and Burswood Management regarding the operation or management of the Perth casino.

International Commission Business

35. Your knowledge and understanding of the historical structure and operation of the ICB of the Crown Group generally and separately in regard to the Perth Casino, including as to:

(a) its financial model;

107. My understanding of the financial model of the ICB business is one of a high cost structure, largely due to the costs (including commissions) of attracting international players to Australia. This was particularly evident as casinos developed and expanded in Macau, Singapore and other jurisdictions in Asia where travel times and breadth of offerings made those destinations highly competitive with Australia. The ICB also had risk of bad debts due to the ability to offer credit. Partly offsetting these financial impediments was the prospect of substantial volumes given Australia's relatively low market share of the Asian market.

(b) management responsibility;

108. Responsibility for ICB at the Perth Casino lay predominantly with the CEO of Crown Perth (or the CEO of Australian Resorts), and the team of executives reporting to that CEO.

(c) agreements, arrangements or understandings with junket operators, junket representatives and (or) premium/privileged players;

109. I understand agreements were documented between Junket Tour Operators (JTOs) and the casino including an umbrella promotion agreement and specific agreements

related to each individual program/group of players. The latter agreements also related to individual premium payers.

110. I was not involved in the negotiation or execution of any of the agreements with JTOs.

(d) memberships, loyalty programs or other agreements, arrangements or understandings with premium/privileged players or casino patrons;

111. I have no specific knowledge of memberships, loyalty programs or other agreements, arrangements or understandings with premium/privileged players or casino patrons other than as outlined in my response to topic 35(c).

(e) The provision of credit to junket operators, junket representatives, premium/privileged players and (or) other patrons;

112. I understand that credit was provided to some JTOs and some premium players but this was not a process I was involved with. However, I did review outstanding amounts for collectability and appropriate provisioning in the financial accounts.

(f) the receipt of payments from junket operators, junket representatives, premium/privileged players and (or) other patrons using a credit or debit card with the funds then made available for gaming activities;

113. I have no knowledge of the receipt of payments from JTOs, junket representatives, premium/privileged players or other patrons using a credit or debit card with the funds then made available for gaming activities.

114. I am aware that in 2019 Crown Perth received approval for the use of EFTPOS (debit only) for patrons to purchase chips or EGM tickets from designated areas within the casino or at a gaming table for use in gaming.

(g) the provision of gratuities to junket operators, junket representatives, premium/privileged players and (or) other patrons;

115. I am aware that agreements with JTOs and premium players in some cases included benefits other than commission, for example an allowance for benefits such as airfares, accommodation and food and beverage. I am not aware of the process by which such allowances were determined.

(h) the provision of funds for gaming at the Perth Casino by junket operators, junket representatives, premium/privileged players and (or) other patrons;

116. My understanding is that the agreements noted above provide that JTOs are the counterparty for financial transactions with Crown including the purchase of chips (either against funds previously provided to the casino or on credit terms). A JTO will then make these chips available to players who are part of the program agreed with

the JTO. In the case of other patrons, purchases of chips or vouchers are transacted between the player and the casino.

117. My understanding is limited to the agreements between Crown and the JTOs (in contrast to the agreements between the JTOs and the junket players).

(i) target markets and marketing for ICB; and

118. Marketing plans were developed by the VIP International team. North Asia was identified as the largest potential market.

119. My knowledge of marketing is limited to incidental knowledge that I obtained through being involved in the financial aspects of ICB and attending management meetings at which ICB was discussed.

(j) the identification and management of risk associated with ICB, including the risks to employees, agents or patrons in target markets.

120. As noted above in my response to topic 33, each operating business unit (including ICB) analysed business specific risks which were then aggregated to the group risk register and presented to the Risk Management Committee.

36. Your knowledge or understanding of the oversight exercised historically by the directors or managers of one or more of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and Burswood Resort (Management) Limited as to the structure and operation of the ICB of the Perth Casino.

121. The CEO of Crown Perth (or the CEO of Australian Resorts) had oversight of the ICB of the Perth Casino. The ICB team reported to the CEO of Crown Perth/Australian Resorts. The CEO reported to the board of Burswood Limited and to the CEO of Crown Resorts on ICB.

37. Your knowledge or understanding of the systems, policies and procedures historically applicable for the Crown Group and (or) Perth Casino for:

- (a) due diligence upon, and probity investigations of, prospective junket operators, junket representatives, premium/privileged players and other patrons before approving or entering into an agreement, arrangement or understanding with junket operators, junket representatives, premium/privileged players and patrons in connection with gaming activities at a Crown casino; and**
- (b) review, affirmation, cancellation or termination of approvals, agreements, arrangements or understandings with junket operators, junket representatives, premium/privileged players and patrons in connection with gaming activities at a Crown casino.**

122. Prior to 2020 I had no detailed understanding of the systems and processes of due diligence for prospective JTOs, junket representatives, premium/privileged players and other patrons before agreements were entered into with junkets. Similarly, I had no detailed understanding of the process for review, affirmation or cancellation of such agreements.
123. My knowledge and understanding of these systems, policies and procedures has been gained from reading the report on Crown's junket and person of interest (**POI**) approval process, which I engaged Deloitte to conduct on or about 3 May 2020. The purpose of the review was to identify opportunities for Crown to enhance its processes around the approval of junket operators.
124. In August 2020, Deloitte completed its work and provided a report to me. As part of this work, Deloitte outlined the processes in place at the time for assessing and approving prospective junket operators at Crown Melbourne.¹⁶
125. I understand that, in respect of the approval and ongoing review of Junkets, a similar process applied to both Crown Melbourne and the Perth Casino.

38. Please include, for example, your knowledge or understanding historically of the Crown Group generally and separately in regard to the Perth Casino, including as to:

- (a) **the person(s) and (or) positions responsible for performing due diligence and probity investigations about a junket operator, junket representative or patron;**
- (b) **the person(s) and (or) positions responsible for decisions to approve/disapprove or enter into/terminate an agreement or arrangement with a junket operator, junket representative or patron;**
- (c) **the policy for reporting to directors and (or) senior managers the due diligence outcomes and decisions to approve/disapprove or enter into/terminate agreements or arrangements with a junket operator, junket representative or patron;**
- (d) **the policy for extending credit to junket operators, junket representatives, premium/privileged players and (or) other patrons; and**
- (e) **the policy for reporting decisions to extend credit to junket operators, junket representatives, premium/privileged players and (or) other patrons to directors and (or) senior managers.**

126. I refer to my responses to topics 37 and 38. My knowledge of these matters was gained from the Deloitte report.

¹⁶ CRL.658.001.0122.

AML/CTF

39. Your knowledge and understanding of the nature and content of the AML/CTF systems, policies and procedures as to the identification and management of the risks of money laundering and terrorism financing in connection with gaming operations at the Perth Casino.

127. I refer to my response to topic 10(c)(i).
128. As stated above, AML was the responsibility of AML Compliance Officers and the property compliance committees.
129. The systems, policies and procedures related to AML/CTF were originally implemented before I joined Crown as CFO in 2010. I understand that the AML/CTF Program for Crown Perth was approved by the Burswood Limited board on 21 November 2007 (**Program**).
130. In relation to the operations of the Perth Casino, from my commencement with Crown Resorts until 2020, the AML Compliance Officer, Joshua Preston, was the executive charged with oversight of all regulatory matters at Crown Perth. Mr Preston reported to the CEO of Crown Perth until 2013 and from 2013, the CEO of Australian Resorts, who, in turn, reported to the CEO of Crown Resorts. Mr Preston was also responsible for reporting to the Burswood Limited board on compliance matters.
131. Substantive changes to the AML program were put to the Burswood Limited board for approval.¹⁷
132. In November 2017, a new role of Group General Manager Anti-Money Laundering was created within Crown Resorts to oversee the AML/CTF programs in Melbourne and Perth, and the development of an AML/CTF program for Sydney.
133. At its meeting on 8 August 2019, the board of Burswood Limited resolved to support the adoption of the joint AML/CTF Program and the AML/CTF Corporate Policy Statement by Burswood Nominees, subject to comments from other Crown companies.¹⁸

¹⁷ CRW.702.001.1721 (at page CRW.702.001.1845).

¹⁸ CRL.627.001.0550 (at pages CRL.627.001.0557 to CRL.627.001.0558).

134. Following my appointment as CEO in 2020, I worked closely with the AML team on expanding and improving management of AML Risk, as elaborated in my Bergin Inquiry Statements.
135. The Joint AML/CTF Program continued to be refined and a revised version was approved by the Burswood Limited board in November 2020 and subsequently implemented.

40. Your knowledge or understanding of the management responsibility within Burswood Nominees Limited and the Crown Group for identifying and managing money-laundering and terrorism financing risks.

136. I refer to my response to paragraph 39 above. Management responsibility was with the AML/CTF Compliance Officer and AML team.

41. Your knowledge and understanding of the oversight exercised by the directors of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) 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.

137. As noted in my response to topic 39 above, board oversight by the Burswood Limited board of AML systems, policies and procedures occurred, initially on implementation of the Program in 2007 and subsequent amendments to the program were brought to the attention of the Burswood Limited board.
138. From 2019 onwards, the Burswood Limited board visibility of AML issues increased. Amongst other things, the Joint AML/CTF program was implemented.
139. From my appointment to the Crown Resorts board in 2020, that board considered AML/CTF issues regularly, as set out in my Bergin Inquiry Statement 3.

42. Your knowledge or understanding of what, if any, investigations or enquiries have been undertaken by the board of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) Limited, and when, to ascertain whether any bank accounts of Riverbank Investments Pty Ltd (Riverbank) or any other bank accounts maintained with respect to the Perth

Casino operations may have been used as a vehicle to facilitate money-laundering or terrorism financing.

140. The boards did not conduct such inquiries.
141. At my request, Claude Marais reviewed transactions in the Riverbank and Southbank Investments Pty Ltd (**Southbank**) bank accounts for instances of structuring where separate transactions had been aggregated into a single transaction when they were entered into Crown's SYCO system and provided the results.¹⁹
142. In addition, I asked Alan McGregor to prepare a summary of the work streams that were happening internally within Crown regarding potential money laundering on Crown's bank accounts.²⁰
143. In terms of external reviews, Minter Ellison engaged Grant Thornton and Initialism on behalf of Crown to analyse transactions on the Riverbank and Southbank accounts in October 2020.
144. This was to have been the first of a series of reviews, with the results of this review being available to the Bergin Inquiry.²¹
145. My statement referred to Grant Thornton being asked to identify a "full set" of potentially structured transactions. That is, unlike the internal inquiries conducted by Claude Marais, Grant Thornton's work was not limited to structured transactions that had been aggregated in SYCO.²² The intention when Minter Ellison engaged Initialism and Grant Thornton was for "all instances and amounts of 'structuring'" to be identified.²³
146. The typologies the subject of this review were settled as between Mr Jeans of Initialism and Mr Stokes of Crown.²⁴
147. Minter Ellison subsequently engaged Grant Thornton and Initialism to conduct a similar analysis in relation to the Crown Perth and Crown Melbourne bank accounts.
148. I understand that that work was not completed and is now being undertaken by Deloitte.

¹⁹ CRW.547.002.1347 (paragraph 4); CRW.708.004.2281.

²⁰ CRW.547.002.1418.

²¹ COM.0004.0011.0317 (at page COM.0004.0011.0391:15-19).

²² CRW.547.002.1345; GTA.0001.0001.2696 (at page GTA.0001.0001.2702); GTA.0000.0005.0001 (paragraphs 6 and 8).

²³ CRW.547.002.1345.

²⁴ CRL.767.001.0007 (at page CRL.767.001.0008, phase 2); CRW.547.002.1874.

43. Whether you know or suspect that any bank accounts maintained with respect to the Perth Casino operations, other than a bank account of Riverbank, may have been used as a vehicle to facilitate money-laundering or terrorism financing.

149. I understand that that question is presently being investigated by Deloitte.

44. Whether you know if any of Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) Limited received or assisted in receiving payments at any hotel forming 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.

150. I have no knowledge of such transactions.

Riverbank

45. Your understanding of your responsibilities as a director of Riverbank.

151. I refer to my response to topic 13 above.

46. Your knowledge or understanding of the activities, assets and business of Riverbank.

152. I refer to my Bergin Inquiry Third Statement, paragraphs 22, 24 and 25.

153. I further understand that money was deposited into the Riverbank account by patrons, following which those funds would be made available to patrons for use in the Perth Casino.

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

154. The establishment of the ANZ Riverbank account preceded my appointment as a director of Riverbank (from 2014) and I have no knowledge of the establishment of the account. In relation to the CBA Riverbank account, I refer to my Bergin Inquiry Third Statement paragraph 41. These accounts were maintained by the finance team at

Crown Perth and overseen by the VIP International business with AML controls implemented by the AML team in Perth under Mr Preston.

48. 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.

155. Riverbank was part of the Crown Perth risk management process as described in my response to topic 33 above.

49. Your knowledge and understanding of the management structure which applied to Riverbank.

156. I refer to my response to topic 47 above.

157. Riverbank had a board which consisted of executives of other Crown entities.

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

158. I refer to my response to topic 47 above. I am not aware of which entity employed those persons. However, I refer in this regard to my response to topic 16.

51. 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.

159. I have no specific knowledge of the persons responsible for the transfer of funds for use by patrons. I understand that these transactions typically occurred as part of the Crown Perth cage operations.

52. 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 or any other entity within the Crown Group in the performance of their duties and responsibilities.

160. I refer to my response to topics 18 and 51 above.

53. 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.

161. The finance team of Crown Perth were responsible for bank reconciliations for Riverbank. The Crown Perth cage were responsible for allocating money received into the account to an individual patron. The AML team for Crown Perth were responsible for ensuring compliance with Crown Perth's AML/CTF programme and procedures.

54. Your awareness of the extent to which the operation of the bank accounts of Riverbank was accounted for in the AML/CTF program of the 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 connection with one or more of the Riverbank Accounts; and
- (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.

162. I refer to my responses to topics 42, 47, 48, and 53 above and my Bergin Inquiry Statements.

163. My understanding is that transactions in the Riverbank account were treated in the same way as other patron deposits in Crown's bank accounts and subject to the same AML/CTF controls.

164. Internal reports were prepared in 2020 relating to the Riverbank account by Claude Marais and Alan McGregor.²⁵ I do not recall reports prior to those reports.

165. Mr Marais' initial report was provided to the Crown Resorts board.²⁶

166. In 2020, the boards of Crown Resorts and Burswood Limited were receiving updates on activity in relation to the Riverbank account.

55. Your awareness of legal advice in respect of the operation of the bank accounts of Riverbank insofar as it concerns the AML/CTF compliance program of the Crown

²⁵ CRW.547.002.1347 (paragraph 4); CRW.708.004.2281; CRW.547.002.1418.

²⁶ CRL.729.021.2370; CRL.729.021.2371.

Group, or entities within that group, and otherwise the compliance of those entities with the Australian AML/CTF legislation requirements.

167. I am not aware of such legal advice.

56. 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.

168. I was aware in 2014 that ANZ expressed concerns about the Riverbank account. I was aware in 2019 that CBA expressed a concern about the Riverbank account. I was aware of these concerns as a result of being the relationship manager for these banks.

169. I refer to my Bergin Inquiry Statements.

57. 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 Crown Resorts Limited, Burswood Limited, Burswood Nominees 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 Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) Limited to the closure of one or more of the Riverbank Accounts.**

170. The boards of Crown Resorts and the Crown Perth entities were not provided with reports or other information about the closure of the ANZ Riverbank account in 2014.

171. In March 2014, I arranged a meeting with ANZ to discuss the matter that included:

- (a) Mr Spence (then CFO of Crown Perth, a director and company secretary of Riverbank, Burswood Management and Burswood Nominees, and company secretary of Burswood Limited);
- (b) Mr Joshua Preston (AML Compliance Officer for Crown Perth and EGM Legal Services, Crown Perth)
- (c) Ms Debra Tegoni (AML Compliance Officer for Crown Melbourne and EGM Legal and Regulatory, Crown Melbourne); and
- (d) Mr Michael Nielson (Crown General Counsel).

172. Because AML was not my area of responsibility, I expected that, having involved the heads of AML Compliance for each property as well as the General Counsel for Crown Resorts, this matter would have been considered by the relevant executives, including at the ERCC, to determine whether the matter required disclosure to any of the relevant boards or board subcommittees.
173. The closure of the CBA Riverbank and Southbank accounts in 2019 was reported to:
- (a) Burswood Limited board – December 2019²⁷
 - (b) Risk Management Committee – December 2019²⁸
 - (c) Crown Resorts board – December 2019²⁹ (via the risk management committee minutes)

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

174. I am not aware of any differences in the way the Riverbank and Southbank accounts were opened or operated.

Taxes and fees

59. Your knowledge or understanding of what, if any, investigations or enquiries have been undertaken by the board of Burswood Limited, Burswood Nominees Limited or Burswood Resort (Management) Limited, and when, to ascertain whether there has been any underpayment of the tax payable under section 20 of the Casino Control Act 1984 (WA) (Tax) to the State of Western Australia by Burswood Nominees Limited with respect to the operation of the Perth Casino.

175. I have no knowledge of any such investigations or enquiries.

60. Your knowledge or understanding of what, if any, investigations or enquiries have been undertaken by the board of Burswood Limited, Burswood Nominees Limited or Burswood Resort (Management) Limited, and when, to ascertain whether there

²⁷ CRW.702.001.4275 (at page CRW.702.001.4332).

²⁸ CRW.507.004.5663 (at page CRW.507.004.5691); CRW.507.004.5742 (at page CRW.507.004.5745).

²⁹ CRW.507.004.5747 (at page CRW.507.004.5916).

has been any underpayment of casino gaming licence fees to the GWC (Licence Fees) by Burswood Nominees Ltd with respect to the operation of the Perth Casino.

176. I have no knowledge of any such investigations or enquiries.

61. Your knowledge or understanding of whether, at any time, in determining the 'Casino Taxable Revenue' (as defined in the Casino (Burswood Island) Agreement) for 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'.

177. I have no knowledge of whether the cost of goods provided as gratuities have been included in the calculation of winnings.

Response to public allegations and regulatory investigation

62. Your knowledge and understanding of any response of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) Limited to public allegations of money laundering through the Perth Casino and the 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";

178. I understand (based on my recollection as well as evidence at the Bergin Inquiry) that an internal review of the allegations that were raised in the program was conducted including to determine whether there was a basis for the allegations. I do not recall seeing any outcomes of that review.

(b) October 2017: Allegations tabled in Federal Parliament by Mr Andrew Wilkie MP;

179. I recall that work was done in relation to a series of allegations by Mr Wilkie in 2017 by the CEO of Australian Resorts and other executives. Mr Alexander ultimately approved an advertisement responding to the allegations and lodgement of an ASX Announcement.

(c) April – July 2018: Guardian (allegations of EGM tampering);

180. I understand these allegations were not related to associations with organised crime. Nonetheless, I understand work was done by the CEO of Australian Resorts and the compliance team to respond to the allegations.

(d) July 2019: 60 Minutes and Fairfax Media (money laundering and criminal infiltration); and

181. In response to the publication of the media allegations on 27 July 2019, Mr Felstead and Mr Preston prepared a report providing an analysis of each of the allegations. The report was sent to the directors of Crown Resorts in advance of a meeting.

182. Following the board meeting, on 31 July 2019, the Crown Resorts board issued an ASX Media Release and placed an advertisement responding to the allegations.

(e) September 2020: ACLEI release of the Operation Angove Report.

183. I do not recall whether there was any response to the ACLEI report.

63. Your knowledge or understanding of any response of Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) Limited to the arrest, detention and conviction of Crown employees in China in 2016.

184. I do not recall a response of Burswood Limited, Burswood Nominees or Burswood Management to the arrest, detention and conviction of Crown employees in China in 2016.

185. I was aware that a group of executives from Crown Resorts was dedicated to responding to the detentions. I was not part of that group and was not privy to the detailed activities that occurred in response to the detentions.

64. Your knowledge or understanding of any response of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited, Burswood Resort (Management) Limited and (or) Crown Melbourne to the recommendations of the VCGLR Report "Sixth Review of the Casino Operator and Licence June 2018" (VCGLR Sixth Review Report).

186. Based on reports provided to the Crown Melbourne board, Crown Melbourne accepted all of the recommendations made in the VCGLR Sixth Review Report and has progressively been implementing the recommendations. Based on the December 2020 Crown Melbourne Board Papers of the 20 recommendations, 17 had been completed.³⁰

³⁰ CRW.508.001.6051 (at page CRW.508.001.6167).

187. The Burswood Limited board was advised in the papers for its meeting on 15 February 2019 that:

*Crown Perth has provided a submission to the GWC regarding the relevance of the VCGLR recommendations to Crown Perth as well as an overview of Crown Perth's RSG framework. The CLO – Australian Resorts attended the December GWC meeting to present on this information.*³¹

65. Your knowledge or understanding of any response of Burswood Limited, Burswood Nominees Limited, Burswood Resort (Management) Limited and (or) Crown Melbourne to the disciplinary actions of the VCGLR referred to on pages 66, 135 (non-compliance with junket related internal controls) and pages 66, 75 (unauthorised variations to the configuration of 17 gaming machines) of the VCGLR Sixth Review Report.

188. In relation to the configuration of gaming machines I understand improvements to the processes around approval of modifications have been implemented although I am not aware of the specific details.³²

189. I am not aware of any response to the VCGLR disciplinary action referred to on pages 66,135.

66. Your knowledge or understanding of any response of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) Limited during the course of the Bergin Inquiry to matters raised during that inquiry relating to:

(a) criminal infiltration of the Perth Casino;

190. I refer to my Bergin Inquiry Statements and my presentations to the Crown Resorts board in August³³ and September 2020.³⁴

³¹ CRW.703.001.2156 (at page CRW.703.001.2277).

³² CRL.627.001.0235 (at page CRL.627.001.0238).

³³ CRL.682.001.0001.

³⁴ CRW.507.005.3962 (at page CRW.507.005.3982).

(b) commercial relationships with junket operators, junket representatives, premium/privileged players and (or) other patrons at the Perth Casino who have known or alleged associations to organised crime; and

191. In September 2020, the Crown Resorts board suspended all activity with JTOs until 30 June 2021 to enable a comprehensive review of its processes related to JTOs to be undertaken. In December 2020,³⁵ the Crown Resorts board determined to permanently cease dealing with JTOs subject to consultation with gaming regulators in Victoria, Western Australia and New South Wales, and only to recommence dealing with a JTO if that JTO is licensed or otherwise approved or sanctioned by all gaming operators in the States in which Crown operates.

(c) money-laundering through bank accounts operated in connection with the Perth Casino.

192. I refer to my response to topic 39 and my Bergin Inquiry Statements.

193. The Bergin Inquiry Statements detail, amongst other things, presentations regarding the reform program including improvements in AML. These improvements were also the subject of presentations made to the Gaming and Wagering Commission (**GWC**) in October³⁶ and December 2020.³⁷

Problem gambling

67. Your knowledge or understanding of what, if any, investigations or enquiries have been undertaken by the board of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited or Burswood Resort (Management) Limited, and when, to ascertain the nature and extent of problem gambling at the Perth Casino.

194. I am not aware if any such investigation has been undertaken.

68. Your knowledge or understanding of the nature and content of Crown Resorts Limited's, Burswood Limited's, Burswood Nominees Limited's and (or) Burswood

³⁵ CRW.507.005.5423 (at page CRW.507.005.5425).

³⁶ CRW.709.136.4783.

³⁷ CRW.513.021.6262; CRW.513.021.6263.

Resort (Management) Limited's systems, policies and procedures to identify and manage the risks of problem gambling at the Perth Casino.

195. I have some understanding (from attending RSG Committee meetings from around 2018) of Crown's overall RSG programs in place across Melbourne and Perth.

69. Your knowledge or understanding of the management responsibility within Crown Resorts Limited's, Burswood Limited's, Burswood Nominees Limited's and (or) Burswood Resort (Management) Limited's systems for identifying and managing the risks of problem gambling at the Perth Casino.

196. Historically Sonja Bauer, Crown's General Manager of Responsible Gambling, reported to Mr Preston as Chief Legal Officer of Australian Resorts. This was amended in December 2020 so that the reporting is now to the Compliance and Financial Crimes division in Crown Resorts.

70. Your knowledge or understanding of the oversight exercised by the directors of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) 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.

197. The board of Crown Resorts, and to a greater extent the Crown Resorts Responsible Gaming Committee, oversaw the development and implementation of responsible gaming policies and procedures.

198. I do not recall the Burswood Limited board overseeing the development of these policies and procedures.

71. Your knowledge or understanding of what, if any, requests have been made of any of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and Burswood Resort (Management) 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.

199. I have no knowledge of such requests.

Electronic Gaming Machines

72. Your knowledge or understanding of, from 2004, the structure and operation of Burswood Nominees Limited's EGM business at the Perth Casino, including as to:

(a) its financial model;

200. The financial model of the EGM business is one which has a cost structure consisting largely of taxes as well as some labour and marketing costs. There is also an ongoing cost of investment in new gaming machine products and casino amenities.

(b) management responsibility; and

201. Management responsibility has historically been with the CEO of Australian Resorts, the COO of Crown Perth and a management team within the EGM department of Crown Perth. Since December 2020, the CEO of Australian Resorts role was removed, and the COO Crown Perth role elevated to be CEO Crown Perth.

(c) marketing.

202. I have some familiarity with marketing plans for Crown Perth which I understand largely promote the overall resort including value meals, entertainment, hotels as well as the gaming offering. I obtained that familiarity by being present at board meetings of Burswood at which the marketing plans for the EGM business were discussed.

73. Your knowledge or understanding of the oversight exercised by the directors of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and Burswood Resort (Management) Limited as to the structure and operation of its EGM business.

203. The boards of Crown Resorts and Burswood Limited were briefed on the operations and strategy of the EGM business. However, the day to day decision-making around the operation of the business was left with operational management.

74. Your knowledge or understanding of the nature and content of Crown Resorts Limited's Burswood Limited's, Burswood Nominees Limited's and (or) Burswood

Resort (Management) Limited's systems, policies and/or procedures for seeking authorisation from the GWC for games to be played on EGMs.

204. I have no knowledge of the procedures for seeking approvals from the GWC for games to be played on EGMs.

75. Your knowledge or understanding of what, if any, investigations or enquiries have been undertaken by the directors of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited or Burswood Resort (Management) Limited, and when, to ascertain the nature and extent of problem gambling at the Perth Casino associated specifically with EGMs.

205. I refer to my response to topic 67.

76. Your knowledge or understanding of the nature and content of Crown Resorts Limited's, Burswood Limited's, Burswood Nominees Limited's and (or) Burswood Resort (Management) Limited's systems, policies and procedures to identify and manage the risks of problem gambling at the Perth Casino associated specifically with EGMs.

206. I refer to my response to topic 68.

77. Your knowledge or understanding of the management responsibility within Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) Limited for identifying and managing the risks of problem gambling at the Perth Casino associated specifically with EGMs.

207. I refer to my response to topic 69.

78. Your knowledge or understanding of the oversight exercised by the directors of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) 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 EGMs.

208. I refer to my response to topic 70.

79. Your knowledge or understanding of what, if any, investigations or enquiries have been undertaken by the board of Crown Resorts Limited, Burswood Limited,

Burswood Nominees Limited and (or) Burswood Resort (Management) Limited, and when, to ascertain whether there has been any tampering with or adjustment of EGMs at the Perth Casino to unfairly disadvantage patrons or to increase the risks of problem gambling associated with such machines.

209. I have no knowledge of any such investigations.

Gaming and Wagering Commission and the Department

80. Your knowledge or understanding of 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.

210. I do not recall any general or specific direction or guidance.

81. Your knowledge or understanding of 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; and /or

(b) had communicated to the GWC.

211. The Burswood Limited board was appraised of significant proposals to engage with the GWC around specific initiatives such as proposals to materially amend license conditions although not the content of information communicated to the GWC.

212. Material that was for information rather than for decision by the Burswood Limited board was sometimes communicated to board members outside board meetings.

82. Your knowledge or understanding of 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 89 below.

213. I do not recall any specific direction or guidance.

83. In respect of the subject matter of each of the allegations identified in paragraph 89 below, your knowledge or understanding of how and (or) to what extent management of the Perth Casino operations informed the directors 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; and / or

(b) had communicated to the GWC.

214. I do not recall any specific communication or discussion around the proposed content of information to be provided to the GWC about the allegations in paragraph 89 (c), (h), (i) and (n). In relation to paragraph 89(o) I made presentations in around October and December 2020 to the GWC regarding the matters raised during the Bergin Inquiry and Crown's remediation plan arising from those matters. The information presented to the GWC at those meetings was consistent with information presented to Directors of Crown Resorts. I informed Ms Fewster and Mr Poynton of the December Presentation in person, given that it did not coincide with a Burswood Limited board meeting. Mr Marais communicated with some people regarding the October presentation, but I am not aware whether Ms Fewster was informed.

84. 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.

215. I have no knowledge of any gifts or benefits.

85. 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.

216. I am aware of a personal relationship that existed between Mr Marais and Michael Connolly, the deputy director-general of regulation for the Department. I was first made

aware that this relationship existed in December 2020 by Mr Marais on the basis that, following the disclosure of the relationship to the GWC earlier in 2020, it may be raised by the GWC during a presentation I was making to the GWC later that day with Lonnie Bossi, COO of Crown Perth and Ms Coonan.

86. Your knowledge or understanding of any policies and procedures of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) Limited regarding integrity issues relevant to interactions with the GWC, including with individual GWC members and (or) the Department, including with individual officers and employees. For example, addressing conflicts of interest and detecting and reporting misconduct (serious and minor).

217. Crown Resorts has a Code of Conduct³⁸ for employees and a policy regarding Anti-Bribery and Corruption,³⁹ which include guidelines on when gifts or hospitality can be provided and ethical behaviour.

87. Your knowledge or understanding of any involvement of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) Limited in changes that have been made historically to the GWC's regulatory objectives and philosophy in respect of:

- (a) the regulation and oversight of Perth Casino, generally; and**
- (b) the risks associated with junket operations, money laundering, cash and electronic transactions and the Perth Casino and criminals infiltrating casino operations (RISKS), specifically.**

218. I am not aware of involvement by those entities in changes to the GWC's regulation and oversight nor in relation to RISKS.

³⁸ CRW.005.001.6062.

³⁹ CRW.512.014.0075.

88. Please include your knowledge or understanding, for example, of any involvement of Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) Limited concerning:

(a) approval of 'video bingo' as an authorised game in or about 2004;

219. I have no knowledge or understanding of any involvement of Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management concerning the approval of "video bingo" as an authorised game in or about 2004.

(b) changes to the regulation of junkets in 2010;

220. I have no knowledge or understanding of any involvement of Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management concerning changes to the regulation of junkets in 2010.

(c) changes to the manner in which Taxes and (or) Licence Fees are calculated between 2013 and 2015;

221. I am aware that discussions took place regarding changes to tax arrangements in 2014. However, I was not a participant in those discussions and I understand the specific discussions took place between Mr Felstead, Mr Preston and representatives of the GWC.

(d) changes to the nature and level of on-site supervision in 2015;

222. I have no knowledge or understanding of any involvement of Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management concerning changes to the nature and level of on-site supervision in 2015.

(e) changes to the Casino Manual (Operations) relating to junkets in 2017; and

223. I have no knowledge or understanding of any involvement of Crown Resorts Limited, Burswood Limited, Burswood Nominees or Burswood Management concerning changes to the Casino Manual (Operations) relating to junkets in 2017.

(f) approval to extend credit to ICB players, junket operators, premium players, privileged players and (or) patrons.

224. I have no knowledge or understanding of any involvement of Crown Resorts Limited, Burswood Limited, Burswood Nominees or Burswood Management concerning

approval to extend credit to ICB players, JTOs, premium players, privileged players or patrons.

89. Your knowledge or understanding, including your understanding of the accuracy, of any communications with, representations made to or disclosure of information to the GWC and (or) Department by Crown Resorts Limited, Burswood Limited, Burswood Nominees Limited and (or) Burswood Resort (Management) Limited with respect to the following matters relating to regulation and oversight of the Perth Casino:

(a) approval of 'video bingo' as an authorised game in or about 2004;

225. I have no knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management with respect to the approval of "video bingo" as an authorised game in or about 2004.

(b) changes to the regulation of junkets in 2010;

226. I have no knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management with respect to changes to the regulation of junkets in 2010.

(c) the allegations made in the Four Corners program "High Rollers – High Risk? Australian casinos and the threat posed by organised crime" in September 2014;

227. I have no knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management with respect to the allegations made in the Four Corners program "High Rollers - High Risk? Australian casinos and the threat posed by organised crime" in September 2014.

(d) changes to the manner in which Taxes and (or) Licence Fees are calculated between 2013 and 2015;

228. I refer to my response to topic 88(c) above. I was provided with drafts of proposed presentations to be made to the GWC or Department and provided input to those

presentations. Otherwise I have no knowledge of the content of these communications.

(e) changes to the nature and level of on-site supervision in 2015;

229. I have no knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management with respect to changes to the nature and level of on-site supervision in 2015.

(f) the arrest, detention and conviction of Crown employees in China in or about 2016;

230. I have no knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management with respect to the arrest, detention and conviction of Crown employees in China in or about 2016.

(g) changes to the Casino Manual (Operations) relating to junkets in 2017;

231. I have no knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management with respect to changes to the Casino Manual (Operations) relating to junkets in 2017.

(h) the allegations tabled in Federal Parliament by Mr Andrew Wilkie MP in October 2017;

232. I have no knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management with respect to the allegations tabled in Federal Parliament by Mr Andrew Wilkie MP in October 2017.

(i) the allegations of EGM tampering raised in Guardian articles in April – July 2018;

233. I have no knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management with respect to the allegations of EGM tampering raised in Guardian articles in April - July 2018.

(j) disciplinary action taken by the VCGLR for failure to adhere to internal controls relating to junkets in or about 2018;

234. I have no knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management with respect to disciplinary action taken by the VCGLR for failure to adhere to internal controls relating to junkets in or about 2018.

(k) disciplinary action taken by the VCGLR for varying the operation of 17 gaming machines without approval in or about 2018;

235. I have no knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management with respect to disciplinary action taken by the VCGLR for varying the operation of 17 gaming machines without approval in or about 2018.

(l) the recommendations of the VCGLR Sixth Review Report;

236. I refer to my response to topic 64. I have no knowledge of the content of those communications.

(m) approval to extend credit to ICB players, junket operators, premium players, privileged players and (or) patrons;

237. I have no knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management with respect to approval to extend credit to ICB players, junket operators, premium players, privileged players or patrons.

(n) the allegations of money laundering and criminal infiltration raised in 60 Minutes and Fairfax Media articles in July 2019;

238. I have no contemporaneous knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management within respect to the allegations of money laundering and criminal infiltration raised in 60 Minutes and Fairfax Media articles in July 2019. However, I have recently been

shown a copy of a PowerPoint presentation which appears to be a communication to the GWC on this topic.

(o) the allegations raised during the Bergin Inquiry and conclusions in the Bergin Report concerning the RISKS;

239. I made presentations to the GWC in around October and December 2020 regarding the matters raised during the Bergin Inquiry and Crown's remediation plan arising from those matters. The presentations were an accurate summary of Crown's analysis and intentions at the time.

(p) EGM revenue; and

240. I have no knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management with respect to EGM revenue.

(q) problem gambling.

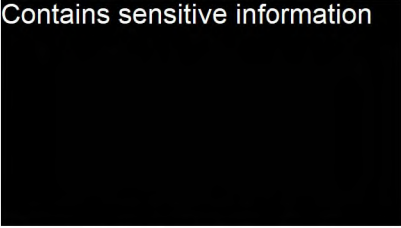
241. I refer to my response to topic 64.

242. I have no knowledge or understanding of any communications with, representations made to or disclosure of information to the GWC or Department by Crown Resorts, Burswood Limited, Burswood Nominees or Burswood Management with respect to problem gambling.

90. Your knowledge or understanding of any steps taken by the Crown Group and (or) Burswood Nominees Limited prior to any communications with, representations made to or disclosure of information to the GWC and (or) Department to ensure or verify the accuracy of the communications, representations and information.

243. I have no knowledge or understanding of any steps taken by Crown or Burswood Nominees prior to any communications with, representations made to or disclosure of information to the GWC or Department to ensure or verify the accuracy of the communications, representations and information other than as provided in my response to paragraph 89(o) above.

Contains sensitive information



KENNETH MCRAE BARTON

DATE: 3 August 2021