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PERTH CASINO ROYAL COMMISSION

PUBLIC HEARING - DAY 39

10.00 AM TUESDAY, 21 SEPTEMBER 2021

COMMISSIONER NJ OWEN

COMMISSIONER C MURPHY

HEARING ROOM 3

MR MICHAEL FEUTRILL SC and MS KIRSTEN NELSON and MS MIA HENDERSON and MS ELLY STURGEON as Counsel Assisting the Perth Casino Royal Commission

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

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

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

MR KANAGA DHARMANANDRA SC and MR LEON FIRIOS as Counsel for Crown Resorts Ltd; Burswood Limited; Burswood Nominees Limited; Burswood Resort (Management) Limited; Crown Sydney Gaming Pty Ltd; Southbank Investments Pty Ltd; Riverbank Investments Pty Ltd and Crown Melbourne Limited

MR GANDHI as Counsel for Mr Richard Smith

MR SIMON DAVIS as Counsel for Ms Denise Vanderklau

DR ELIZABETH BOROS as Counsel for Mr Ken Barton

MR STEPHEN PENGLIS SC as Counsel for Mr Joshua Preston

10:01AM

COMMISSIONER OWEN: Please be seated. I think we have Mr Smith.

Mr Smith, I understand you wish to affirm?

5

WITNESS: Yes, please.

COMMISSIONER OWEN: If you wouldn't mind standing for the moment and give your full name for the record?

10

WITNESS: Richard Craig Smith.

COMMISSIONER OWEN: And read the affirmation, please.

15

MR RICHARD CRAIG SMITH, AFFIRMED

COMMISSIONER OWEN: Thank you very much. Please be seated.

20

Mr Gandhi?

EXAMINATION-IN-CHIEF BY MR GANDHI

25

MR GANDHI: May it please the Commission. I appear for Mr Smith.

COMMISSIONER OWEN: Thank you.

30

MR GANDHI: Mr Smith, can you see your statement on the screen?

MR SMITH: Yes.

35

MR GANDHI: And the first page of the statement has the reference at the top, CRW.998.002.0661.

MR SMITH: Yes.

40

MR GANDHI: Can you scroll down to the end of the statement, which is 674.

MR SMITH: How do I scroll?

MR GANDHI: The operator will do it. That is there now on the screen.

45

MR SMITH: Yes.

MR GANDHI: Is that your signature at the bottom --- you can't see the signature, but

10:02AM

that is the statement that you signed?

MR SMITH: Yes.

5

MR GANDHI: Can we go to the next page, 674. That is RCS-1, a schedule to your statement?

MR SMITH: Yes.

10

MR GANDHI: Is that the entire statement?

MR SMITH: Yes, I believe so.

15

MR GANDHI: Is this statement that you prepared true and correct to the best of your knowledge and belief?

MR SMITH: Yes.

20

MR GANDHI: Thank you.

Commissioners, I tender that statement.

25

COMMISSIONER OWEN: Thank you, could we just go back to the first page, please.

The witness statement of Richard Craig Smith dated 17 September 2021 and bearing identifier number CRW.998.002.0661 will be admitted into evidence as an exhibit.

30

EXHIBIT #CRW.998.002.0661 - WITNESS STATEMENT OF MR RICHARD CRAIG SMITH DATED 17 SEPTEMBER 2021

35

COMMISSIONER OWEN: Thank you, Mr Gandhi. Now, Ms Nelson?

CROSS-EXAMINATION BY MS NELSON

40

MS NELSON: Thank you, Commissioners.

45

Mr Smith, I'll start by looking at your responsibilities at Crown over time as they evolved. You started in Crown Perth in 2008/2009 as a general manager for VIP Gaming; is that correct?

MR SMITH: That's correct.

10:03AM

MS NELSON: And you had a gaming machine manager and three hosts reporting to you at that stage?

5 MR SMITH: I believe so, yes.

MS NELSON: And the term "VIP" does that mean a high turnover patron?

10 MR SMITH: Yes, it was related to, at that time, all members of the Pearl Room, gaming machine members of the Pearl Room.

MS NELSON: So only in the Pearl Room.

15 MR SMITH: Yes.

MS NELSON: But in 2009/2010, you took over the Meridian Room as well as the Pearl Room?

20 MR SMITH: Yes.

MS NELSON: And that is now called the Riverside Room?

MR SMITH: Yes.

25 MS NELSON: And then by 2010 or 2011 you had responsibility for the VIP table games?

MR SMITH: Yes.

30 MS NELSON: So had you given away responsibility for electronic gaming machines at that time?

35 MR SMITH: Yes, around that same time, the Riverside Room game machines were reverted back to main gaming floor general manager (inaudible).

MS NELSON: So the VIP table games that you had responsibility for, were they patrons who were in the Pearl Room or in the Riverside Room?

40 MR SMITH: Pearl Room.

MS NELSON: So effectively, you had responsibility for Pearl Room operations from 2010/2011 for electronic gaming machines and table games.

45 MR SMITH: Yes.

MS NELSON: Except for international players.

MR SMITH: Yes.

10:05AM

MS NELSON: So all domestic players in the Pearl Room.

MR SMITH: Domestic players, yes.

5

MS NELSON: But you took on responsibility for the Pearl Room reception in 2018?

MR SMITH: Yes, around about that time.

10

MS NELSON: So how does the reception of the Pearl Room differ from the operations of it, generally?

MR SMITH: At the time, the reception area was being managed by the international operations team.

15

MS NELSON: I see. Thank you. If you could keep your voice up a little bit, please.

MR SMITH: Yes.

20

MS NELSON: Paragraph 16 of your statement, CRW.998.002.0661, you discuss your current role and responsibilities, and your current role is Director of Premium Gaming - Gaming Machines. So you have given back the table games oversight in the Pearl Room, have you?

25

MR SMITH: Yes.

MS NELSON: Does your role include any fully automated table games that are in the Pearl Room?

30

MR SMITH: My role is related to the membership of the Pearl Room. The actual product, which is table games or gaming machines, including EGMs, is under the ownership of the respective table games machine areas.

MS NELSON: Thank you.

35

In paragraph 14, you mention that the department had a name change from "VIP Gaming" to "Premium Gaming" at the time you took on your current role in September 2019; that's correct?

40

MR SMITH: Correct.

MS NELSON: Despite all those different title changes, is the position that you were responsible for looking after patrons who are VIP or premium patrons in the Pearl Room since about 2010?

45

MR SMITH: Could you repeat that, I'm sorry.

10:07AM

MS NELSON: In essence, have you had responsibility for premium or VIP players in the Pearl Room since 2010?

5 MR SMITH: Yes, of gaming machines.

MS NELSON: Only of gaming machines?

MR SMITH: Yes.

10

MS NELSON: And only of local or interstate patrons?

MR SMITH: Yes.

15 MS NELSON: And you've overseen membership applications to the Pearl Room since effectively about 2008/2009?

MR SMITH: Yes, correct.

20 MS NELSON: At paragraph 10 of your statement --- perhaps before we get there --- as a general rule, do patrons who move gaming from the Riverside Room to the Pearl Room, do they increase their gaming turnover as a result of that movement geographically?

25 MR SMITH: No, I don't believe so.

MS NELSON: Are you aware of the electronic gaming machine turnover that the regulator requires to be returned to the players as winnings?

30 MR SMITH: Yes.

MS NELSON: And what is that percentage?

MR SMITH: It is 90 per cent.

35

MS NELSON: So that means that the casino keeps its revenue at 10 per cent of turnover through electronic gaming machines?

MR SMITH: Yes, in theory.

40

MS NELSON: If we could go to paragraph 95 of your statement, which is at page 11, in the first sentence you say:

45 *In my view, the Perth Casino considers revenue and profits to be quite important [to Crown].*

Is it a target of your team to increase electronic gaming machine turnover at the casino?

10:09AM

MR SMITH: I wouldn't term it a target, but that is our objective.

MS NELSON: What's the difference between an objective and a target?

5

MR SMITH: I think it's in the word really. Every business has an obligation to try and increase its revenues.

MS NELSON: Are you personally financially rewarded for your team's performance if they increase turnover amongst VIP EGM players?

10

MR SMITH: There is a --- I'm part of a program called STIP, which is Short-Term Incentive Program. Yes, if the company meets its targets.

MS NELSON: And does signing up Riverside Room VIP patrons to the Pearl Room contribute to increasing the turnover in the Pearl Room?

15

MR SMITH: Well, not necessarily. People would go up and people would come down, so it tends to be reasonably level.

20

MS NELSON: How does your team approach the objective to try to achieve increasing turnover amongst EGMs in the Pearl Room?

MR SMITH: Organic growth, it will be just natural growth with the environment, hopefully. It doesn't always increase its turnover. We often have periods of decline.

25

MS NELSON: And does organic growth include increasing the number of memberships to the Pearl Room?

MR SMITH: No, the number of memberships to the Pearl Room is based on how many people hit the threshold of the requirements to get into the Pearl Room and how many people apply to be a member of the Pearl Room.

30

MS NELSON: So if organic growth doesn't necessarily include increasing membership to the Pearl Room, does it then translate to increasing the turnover of the current membership of the Pearl Room?

35

MR SMITH: We would hope, but that's not always the case.

MS NELSON: Is that the objective, to increase the current turnover of those people who are already members of the Pearl Room?

40

MR SMITH: Yes, we would always like our members, if we provide an environment or provide a service that they believe warrants it, then we hope that they would increase.

45

MS NELSON: Are you incentivised by Crown Perth at all to progress people from

the Riverside Room into the Pearl Room?

MR SMITH: No.

5

MS NELSON: Looking at paragraph 24, you mention the STIP program, the short-term incentive program, and one criteria for STIP, you have said there, is that you meet various grades on personal behaviours. What do you mean by that?

10

MR SMITH: It would be --- so two parts to STIP, one part is the financial performance. There is an overarching occupational health and safety component, there are various parts of that. The secondary part to it is your personal behaviours, which would be are you always happy, are you always on time, it is a long list of standard work performance behaviours, personal behaviours.

15

MS NELSON: So would you characterise the personal behaviours that you've just described as more demeanour ---

MR SMITH: Yes.

20

MS NELSON: --- how you appear when you are at work?

MR SMITH: Yes.

25

MS NELSON: And the financial performance part of the STIP, does that involve you meeting key performance indicators or KPIs?

MR SMITH: Yes, it does.

30

MS NELSON: And what KPIs do you actually have to perform to, to get a STIP bonus?

35

MR SMITH: The first one would be the property has to achieve what it is set up to achieve. If the property doesn't achieve that, then that's that. If the property achieves its bonus --- sorry, if the property achieves its revenue targets, and then I achieve as a department my targets, and then I meet the parts underneath that, if I meet all of those, then you get bonus.

40

MS NELSON: And are these criteria set down in a document?

MR SMITH: Yes.

MS NELSON: What is the name of that document?

45

MR SMITH: It's our --- I call it part of just our PEP.

MS NELSON: PEP?

10:13AM

MR SMITH: Yes.

MS NELSON: What does that stand for?

5

MR SMITH: Performance --- I couldn't tell you right this second.

MS NELSON: Performance evaluation?

10

MR SMITH: Yes, that's it, performance evaluation.

MS NELSON: And when you said in the answer to that question "if the property is set up for what it is meant to achieve", what do you mean by that? Do you mean financial criteria?

15

MR SMITH: Yes, if the property achieves its contribution numbers, then they will look further into your department and see how you've gone there.

20

MS NELSON: And contribution numbers, are you talking about turnover numbers or visits to the site, or are you talking about how many memberships have signed up?

MR SMITH: Just profit.

25

MS NELSON: Have you ever had KPIs linked to your engagement with the priorities of the Responsible Gaming service team?

MR SMITH: Not specifically.

30

MS NELSON: Have you ever had KPIs linked to the number of hours that VIP or premium patrons are at the casino gaming?

MR SMITH: No.

35

MS NELSON: Have you ever had KPIs linked to promoting cashless gaming over the presentation of cash for gaming purposes?

MR SMITH: No.

40

MS NELSON: And what about patron turnover targets, have you had KPIs linked to that?

45

MR SMITH: Yeah. Well, I think my targets would have been on a contribution number and so the turnover --- yes, turnover is a measure of it. But it would be more based on contribution.

MS NELSON: Can you just explain to me what you mean specifically by "contribution"? Contribution to what?

10:15AM

MR SMITH: Contribution would be bottom line profit.

5 MS NELSON: And how do they measure what Richard Smith contributes to bottom line profit?

MR SMITH: The amount of revenues that we've brought in minus all our costs of the department.

10 MS NELSON: And what type of costs of the department are there that you run?

MR SMITH: It would be any offers that the hosts have extended, so hotels, dinners, et cetera. It would be food and beverage within the room itself. It would be staff, their salaries, just all the costs associated with running of the actual Pearl Room.

15 MS NELSON: And the revenue that you bring in would be directly related to turnover through the machines?

MR SMITH: Generally yes, yes.

20 MS NELSON: And looking again at paragraph 24 on the screen, can you also elaborate on what you mean by "bottom line financial performance numbers" --- which is in the middle of the paragraph? Can you see that? It says:

25 *..... my department had to meet bottom line financial performance numbers.*

MR SMITH: Yes, that's the contribution number.

30 MS NELSON: Thank you.

Would you say, generally, your KPI targets are financially focused? With the exception of the demeanour, personal behaviours ---

35 MR SMITH: Yes, there is a strong desire to bring in financial performance to the department.

MS NELSON: Sorry, I didn't catch that answer. There is a strong what?

40 MR SMITH: There is a strong desire to bring in the financial results for the department.

MS NELSON: Thank you.

45 Now that paragraph can be popped back in, thanks. Did you work usual business hours during the day?

MR SMITH: Yes, typical office hours.

10:18AM

MS NELSON: And were you ever on the premises during the evening?

MR SMITH: Yes, if I was attending various events, depending on what they were.

5

MS NELSON: So if you weren't attending events in the evening, were you ever on duty in the Pearl Room, walking the floor?

MR SMITH: I would come in sometimes just to see how it is, not for any particular reason, just to observe it during normal operations, I guess.

10

MS NELSON: And how often a month would you do that, for example?

MR SMITH: Definitely not frequently. It would vary quite a lot. If we weren't doing well, I may want to spend --- come in more often. If we were doing okay, then less. Average, once or twice a month, maybe.

15

MS NELSON: And if you did happen to come in for those once or twice occasions a month, how often generally would you spend at the casino?

20

MR SMITH: Oh, I may only spend an hour, half an hour or an hour. A walk through.

MS NELSON: At the moment, your direct reports are collectively responsible for the Pearl Room and not for the Riverside Room ; is that correct?

25

MR SMITH: I have one direct report who is responsible for the Riverside Room as well.

MS NELSON: Do they, your direct reports, prioritise getting to know the patrons?

30

MR SMITH: One would prioritise that, the other one would be more operationally focused. That person does know the membership incredibly well, but generally the duties of that would be just maintaining operations.

35

MS NELSON: So who is the one direct report who would prioritise getting to know the VIP patrons?

MR SMITH: At the moment, that will be Emma Pringle.

40

MS NELSON: Do you make that one of your priorities as well?

MR SMITH: No.

MS NELSON: Turning now to how you receive information from your various direct reports and your team generally. Your staff in the Pearl Room, or the staff of your direct reports, do they work a 12-hour shift?

45

10:20AM

MR SMITH: No, I believe they work a 10-hour shift. It's quite possible, eight, but I believe it is 10 at the moment.

5 MS NELSON: And during those 10 hours, are they generally walking the floor and talking to patrons, interacting with them?

MR SMITH: Yes, and at reception. Reception of both the Riverside Room and Pearl Room.

10

MS NELSON: And those staff that are either at reception or walking the floor interacting with patrons, how do they record incidents or any observations of activity that they see during the shift, or may see during the shift?

15 MR SMITH: Via a shift report. It depends what exactly you are referring to, I guess.

MS NELSON: What are the various types of ways they could report any incident or observation?

20

MR SMITH: Any incident or observation --- they are certainly free to call anyone they need to, depending on the incident, to narrow it down ---

MS NELSON: So you've mentioned a shift report.

25

MR SMITH: Yes.

MS NELSON: Is that the daily shift report?

30 MR SMITH: Yes, that's the daily shift report.

MS NELSON: I will take you to that in a minute, but what other reports would they make if they saw something that concerned them or they just wanted to notify you or management of something that had happened, other than the daily shift report, is there a mechanism for them to do that?

35

MR SMITH: Yes. They can --- there are various forms for --- well, they could do an unusual activity report. There is a compliance report that they complete every day as well, where it --- they can report anything that may be of concern to compliance.

40

MS NELSON: Is that CURA?

MR SMITH: No. CURA, no.

45 MS NELSON: So the compliance report is a hard copy document?

MR SMITH: Yes, it is a Word or Excel.

MS NELSON: And can that hard copy document be filled out by anyone of the staff,

10:22AM

or is it done by a particular staff member each shift?

MR SMITH: No, it is completed by any of the hosts that are on shift.

5

MS NELSON: Does that occur each shift?

MR SMITH: If there is something to report. But generally there is something minor every day.

10

MS NELSON: What type of matters would find their way into a compliance report?

MR SMITH: It could be varied. It could be someone may have been spoken to about being potentially intoxicated and removed. Honestly, it's quite broad.

15

MS NELSON: And you mention an unusual activity report. Is that also a hard copy document?

MR SMITH: Yes, I believe so.

20

MS NELSON: How long has that been a process?

MR SMITH: I can't recall.

25

MS NELSON: A number of years ---

MR SMITH: Yes, yes.

MS NELSON: --- or a number of months?

30

MR SMITH: A number of years, I believe.

MS NELSON: Couple of years?

35

MR SMITH: I couldn't say exactly how long it's been there for.

MS NELSON: Have you ever filled out one of those unusual activity reports?

MR SMITH: No.

40

MS NELSON: Is all the information received by you at the end of a shift in the daily shift report, or do you also get delivered to you another type of report?

MR SMITH: No, in the daily shift report.

45

MS NELSON: You refer to that at paragraph 39 of your statement, which is page 4 on the screen.

10:24AM

I'll show you an example of a daily shift report, CRW.700.048.0349. Is that the sort of report you get, that you referred to in paragraph 39 (a)?

5 MR SMITH: I do get this report, but this isn't the report that is generated by my department.

MS NELSON: How often do you see this report?

10 MR SMITH: This report comes through every day.

MS NELSON: And who sends you through this particular report?

15 MR SMITH: I believe it comes from the gaming machine shift manager, possibly a supervisor on occasion.

MS NELSON: And this particular one is from 8 February and it doesn't say on the screen, but it is 2018. And do you agree that it's --- if we could just scroll slowly through it, please.

20 See, it refers to technical issues with machines, it refers to human resources type issues, who has been on sick leave.

25 MR SMITH: Yes.

MS NELSON: And there is quite a lot of granular detail as to what has been occurring, down to what is happening with the buses and even the parking, you can see right at the bottom of the page there. The document gives you a breakdown of performance by the various areas of the casino in terms of the different machines, doesn't it?

30 MR SMITH: Yes.

MS NELSON: And it also includes major machine wins and jackpots by patrons?

35 MR SMITH: Yes.

MS NELSON: And it refers to patrons by their name and the time of the win, doesn't it?

40 MR SMITH: Yes.

MS NELSON: In the next few questions I will be asking Mr Smith about a patron whose name has been revealed in the media, Commissioners, so I ask that a non-publication order be raised in relation to the name of Mr Daniel Petkov.

45 COMMISSIONER OWEN: When I commenced yesterday, I made an order to the general effect of which was there was to be no publication of the names of patrons,

but I indicated that if the patron's name was a matter of public record through other sources, then on application that could be lifted. In relation to Mr Daniel Petkov, the general non-publication order is lifted.

5

MS NELSON: So looking at page six, are the cancelled credit wins that you can see in the heading, are they jackpot wins?

10 MR SMITH: I couldn't confirm that. They say they are cancelled credits. I don't know that they are jackpots. Some say --- one says jackpots, the rest don't say jackpot. The three could be just an amount the machine has paid out.

MS NELSON: Thank you.

15 Looking at the second and fourth player name, which is Mr Daniel Petkov, you can see cancelled credit amount \$27,075.40 at 2200 hours, and Lucky O'Leary --- is that a reference to the actual machine that it occurred?

MR SMITH: I'm going to assume so.

20

MS NELSON: You don't know that?

MR SMITH: I don't know that. The rest of them have the names, which is cats, hats and bats, for example, so I would say that is the same. Looks like the same format.

25

MS NELSON: And then, Mr Petkov is also the fourth name mentioned for an amount of \$16,031.70 at 11.14 pm. Can you see that, on Jackpot Vault? Do you know whether that is the name of an EGM machine?

30 MR SMITH: Definitely sounds like an EGM machine.

MS NELSON: So Mr Petkov has won the first amount at 10.01 pm and the second amount at 11.14 pm; is that correct?

35 MR SMITH: Yes.

MS NELSON: Is it unusual for a player to win two jackpots or two amounts of this size in such a short period of time?

40 MR SMITH: It's lucky, but I wouldn't say it is that unusual.

MS NELSON: Would it be an outcome of that player having a very high turnover through the EGM machines?

45 MR SMITH: Could you repeat that, sorry?

MS NELSON: The fact that he's won two large amounts in a short period of time, would that suggest to you that he was turning through a lot of money through the

10:30AM

machines?

MR SMITH: Yes, or he could be a lucky person. I've definitely seen instances
5 where members that are not playing to a particularly high level have won multiple jackpots.

MS NELSON: Is the name Daniel Petkov known to you?

10 MR SMITH: Yes.

MS NELSON: And in 2018, in February 2018, was that name known to you?

MR SMITH: The name is known to me. I'm not specific on the dates.

15

MS NELSON: And returning back to page 4 of this document at the bottom of page 4, under the subheading "The Suite", it refers to the same player and the last sentence says:

20 *Following the win of \$27k+ by Daniel Petkov on XX 0701 ten other members along with Daniel proceeded to push through the \$100k barrier, recording \$101.6k at 2200hrs which is a rare occurrence within the premium area.*

Is that a reference to Mr Petkov turning over \$100,000 by 10.00 pm?

25

MR SMITH: I couldn't say what that is a reference to.

MS NELSON: You get these daily shift reports every day?

30 MR SMITH: Yes. I'm --- yes, I couldn't say what that is.

MS NELSON: Is a statement like that something that would have caused you to make some inquiries into who Mr Petkov was, if you didn't already know?

35 MR SMITH: It may. I believe that number there would be the amount of turnover that's been achieved in total, not by an individual player in that period of time.

MS NELSON: So you read that it's the 10 other members, along with Mr Petkov, pushed through the \$100k barrier?

40

MR SMITH: I think they would be relating to the entire room. I believe what they are saying is there is a group of 10 players that are playing to a very high level, and combined, that is what the turnover number would be per hour.

45 MS NELSON: Do you know if Mr Petkov used cash or did he use a cashless gaming option?

MR SMITH: He used cash.

10:33AM

MS NELSON: Do you recall meeting him?

MR SMITH: No, I didn't meet Mr Petkov.

5

MS NELSON: You didn't meet him?

MR SMITH: No.

10 MS NELSON: If we go back to the statement of the witness, please, CRW.998.002.0661 and paragraph 38. You said you don't prepare any regular reports for senior management or the directors of boards. Has that always been the case?

15 MR SMITH: Yes, as far as I can recall. So how do you communicate information that you receive from daily shift reports and other reports to your direct line manager?

MR SMITH: At the moment, we have regular meetings with my immediate manager
20 ---

MS NELSON: That is Mr Bossi?

MR SMITH: No, my immediate manager at the moment is Shannon Blake. So we
25 have regular meetings, weekly meetings. If there was anything of great significance, we would catch up straight away.

MS NELSON: So in your weekly meetings with Shannon Blake, do you discuss
30 turnover in the Pearl Room?

MR SMITH: Yes, we have an analyst there that would talk to all numbers relating to
our machines.

MS NELSON: And would you have the benefit of turnover reports before going into
35 those meetings?

MR SMITH: Yes.

MS NELSON: And what other types of matters would you discuss in that weekly
40 meeting?

MR SMITH: Any matters relating to the department. Could be relating to staff, it
could be relating to promotions, really anything, upcoming activities, et cetera.

45 MS NELSON: Do you have full access to SYCO?

MR SMITH: No.

10:35AM

MS NELSON: What access do you have?

MR SMITH: I don't use SYCO.

5

MS NELSON: You don't have any access at all?

MR SMITH: No. I could have access, but I don't use SYCO.

10 MS NELSON: So if you want to know the turnover for the Pearl Room generally, you rely on the daily shift report?

MR SMITH: No, I would look at the reports to get an overall number, but if I wanted any detail I would go into specific reports that are auto generated.

15

MS NELSON: And you mentioned that in your statement there, they are generated by an analytics team at Crown?

MR SMITH: Yes.

20

MS NELSON: If we could go to paragraph 40, thank you. Can you give the Commissioners an idea of how the data is presented to you, what type of turnover, how it is actually cut up? What aspects of turnover is reported to you?

25 MR SMITH: Total turnover. It would ---

MS NELSON: Sorry, total turnover for the whole casino?

30 MR SMITH: No, I would typically only look at Pearl Room and Riverside Room. So look at the turnover of the rooms, and then you may break it down into looking at the tiers, how the tiers are, so it would be silver, gold, platinum, black. That is generally the order that you would look at, visitations.

MS NELSON: And do you have particular patron turnover?

35

MR SMITH: No, not looking at that level.

MS NELSON: But you could ask for that if you wanted to?

40 MR SMITH: I could go in and look at that individually, yes.

MS NELSON: So is it like an analytical portal that you have access to on the job?

MR SMITH: Yes.

45

MS NELSON: And how often would you go in and have a look at those reports? A daily occurrence or weekly occurrence?

10:37AM

MR SMITH: Not daily, but certainly weekly.

5 MS NELSON: And you received information about which areas of the casino had a higher turnover for the EGMs?

10 MR SMITH: Yes, but they are generally reasonably stable so, unless there was and there hasn't been, they are the numbers. You generally know what the numbers are based on --- you see the daily numbers, therefore, you have a general guide to what the rest would look like.

MS NELSON: Can you tell which type of machine is more popular due to the amount of turnover --- (overspeaking) ---

15 MR SMITH: There is a separate report that will show machines.

MS NELSON: And do you go in to look at that report?

20 MR SMITH: No, not typically.

MS NELSON: But on occasion?

MR SMITH: On occasion.

25 MS NELSON: Who decides where particular electronic gaming machines are to be located within the 2,500 slots that the regulators allow at the casino?

MR SMITH: Game machines department, in general. Not myself.

30 MS NELSON: Do you ---

MR SMITH: Actually, it would be --- I imagine it falls into the product area, so it would be James that you have spoken to (inaudible).

35 MS NELSON: You don't have any input into that decision?

40 MR SMITH: No. I think, in probably the course of a decade or so, I've probably requested two or three machines at the request of a particular player maybe at a particular time. They may have said there is not enough of this in an area and could we look at it. We would put that in writing through to that department and they would either say "yes" or they may do some analytical looking at it and say, "No, we wouldn't want to do that".

45 MS NELSON: Would they explain to you why they wouldn't want to accede to that request of yours?

MR SMITH: Yes.

10:39AM

MS NELSON: And what was generally the reason?

MR SMITH: The ones that are there are not being played very much anyway.
5 Something like that.

MS NELSON: And do you recall the names of those particular games that you requested to be moved?

10 MR SMITH: No, they are incredibly --- that's probably two or three in 10 years.

MS NELSON: If we could move to paragraph 73 of your statement, please, on page 8.

15 You mention you are on the Revocation Committee and that is a committee that considers applications for barred patrons to be reincluded in the casino; is that right?

MR SMITH: Yes.

20 MS NELSON: Have you also been a member of the Responsible Service of Gaming Management Committee?

MR SMITH: Yes.

25 MS NELSON: I don't think you mentioned that in your statement, did you?

MR SMITH: I may have been tying it in with this.

MS NELSON: I will show you some meeting minutes from 25 November 2020, its
30 CRW.563.008.7968. If we could go to page 3 of that document.

Do you see under the "Action Items" at 2, there is an italics sentence that says:

35 *Review customer behaviours for any spikes following amendment to spin rates on GM.*

Is that gaming machines, "GM"?

MR SMITH: Yes.
40

MS NELSON: What is your understanding about a spin rate on an electronic gaming machine?

MR SMITH: The time it takes to complete a game.

45 MS NELSON: So that is the speed of play?

10:41AM

MR SMITH: Yes, speed of play.

MS NELSON: Do you always refer to it as a spin rate?

5

MR SMITH: I don't really refer to it. I don't have conversations around spin rate, typically. I call it game speed.

10 MS NELSON: Do you recall what the context of the reference to the spin rate in that meeting was?

MR SMITH: No, I don't.

15 MS NELSON: You say you don't refer to the spin rate or speed of play, but do you have a view as to whether the speed of play of an electronic gaming machine affects the turnover of that machine?

MR SMITH: Yes, I have a view.

20 MS NELSON: What is your view?

MR SMITH: If the machines will have a faster spin rate, they will turn over more.

25 MS NELSON: In your opinion, would it be preferable for the machines in the Pearl Room to have a faster spin rate than what they do now?

MR SMITH: Yes.

30 MS NELSON: Do you advocate within the management of Crown for the spin rate to be, or the speed of play to be, increased so they are faster?

35 MR SMITH: I don't have those conversations, but I have, many years ago, I can remember saying that I would like faster machines. But I'm from the eastern states and I played on machines in the eastern states, so I'm used to a faster machine.

MS NELSON: And apart from increasing, in your opinion, increasing the turnover, what is it about fast machines that you liked when you played them in the eastern states?

40 MR SMITH: When you play them a lot, even at that rate, they can sometimes appear slow. The feature games can take a long time. It's just I always prefer playing faster machines.

45 MS NELSON: Do you have a view as to whether there is any correlation between the speed of play and RSG issues?

MR SMITH: I believe there is a correlation.

10:44AM

MS NELSON: And what is your belief as to what that correlation is?

MR SMITH: That there could be increased risk of harm.

5

MS NELSON: And have you observed that in the 10 years you've been working at Crown?

MR SMITH: No, not from spin rates.

10

MS NELSON: Where did you get that belief from?

MR SMITH: Watching the Commissions.

15

MS NELSON: So apart from watching what has been going on at the Commission, did you have that view beforehand?

20

MR SMITH: No, personally I haven't had that opinion, but bearing in mind my opinion of gaming machines for a very significant period of time has been in a VIP environment and the members tend to be cash rich, time poor. So it's not --- it hasn't been --- I haven't viewed it in that context. The members that I've generally spoken to prefer fast games.

25

MS NELSON: And those are the members in the Pearl Room that you've spoken to?

MR SMITH: No, I wouldn't say that, I would just say, in general, in my general observation, people like playing fast. I wouldn't say members have said that to me.

30

MS NELSON: Is it your view that the Pearl Room membership tends to have less gambling harm outcomes than those players on the main gaming floor?

MR SMITH: I couldn't say whether that is true or not.

35

MS NELSON: You talk about the Pearl Room members being "cash rich, time poor", do I take it from that that they like to come in and play quickly and then get out, rather than spending hours at a time in front of the machines?

MR SMITH: Could you repeat that, I'm sorry?

40

MS NELSON: You say that --- you said the Pearl Room members tend to be "cash rich, time poor", so in your opinion do they tend to try and come in and game quickly and then get out again?

45

MR SMITH: No, not typically. Some do, yes.

MS NELSON: If we can go to paragraph 36 of your statement, talking now about your AML/CTF training. Do I understand that it has been limited to online training at Crown Perth?

10:47AM

MR SMITH: Yes.

5 MS NELSON: And you say at paragraph 41, that your understanding of the AML procedures and systems is limited to the online training.

MR SMITH: Yes.

10 MS NELSON: Are you aware of the standard operating procedures that relate to gaming machines and anti-money laundering? Have you ever seen any of those?

MR SMITH: I read everything that comes across my desk, but I can't say that I can -
--

15 MS NELSON: I will show you a document, CRW.700.025.2414. Have you seen this document before?

MR SMITH: I can't recall it specifically, but if I had received it, I would have read through it.

20 MS NELSON: If we can just scroll slowly through the document, please. Do any of these pages look familiar to you?

MR SMITH: All pages like this look familiar to me.

25 MS NELSON: As the management of the Pearl Room is your responsibility, does that also extend to making sure that your staff are aware of any anti-money laundering or counter-terrorism financing issues that they might encounter?

30 MR SMITH: It's correct, that it's only the gaming machines component of Pearl Room, not (inaudible) but yes, my staff all undergo standard training, and as managers, we get preference, if they haven't completed something, they follow up on it.

35 MS NELSON: You see on this last page, "Certification". The first name, Melissa Smith. That is your wife?

MR SMITH: Yes.

40 MS NELSON: And how does her role differ to your role? What is her area of responsibility?

MR SMITH: You would have to ask Melissa what her responsibilities are.

45 MS NELSON: You don't know that?

MR SMITH: No, she works in gaming machines, in general, the main gaming floor.

10:49AM

I work in premium gaming.

5 MS NELSON: So it is more of a geographical separation. You are in the Pearl Room and she is on the main gaming floor.

10 MR SMITH: Yes, they are quite --- I should say her role encompasses more of an environment than mine would. I'm restricted to the Pearl Room and Riverside Room, Melissa would have just a different area of responsibility. Gaming machine operations.

MS NELSON: That can be taken down for the moment, thank you.

15 If one of the gaming machine attendants --- well, first of all, in the Pearl Room, were there gaming machine attendants?

MR SMITH: Yes, there were gaming machine attendants.

20 MS NELSON: So if they saw something of concern, what was the process by which they would notify of that, if the matter was a money laundering suspicious transaction or unusual activity?

MR SMITH: I'm not sure what their policies for their staff are.

25 MS NELSON: So you don't ---

MR SMITH: I imagine they are closely aligned with our own.

30 MS NELSON: So if I just talk about your direct reports ---

MR SMITH: Yes, I don't have attendants.

MS NELSON: I see. So your direct reports are responsible for hosts?

35 MR SMITH: Yes, hosts.

MS NELSON: So if a host or something is a concern from a money laundering perspective ---

40 MR SMITH: Yes.

MS NELSON: --- what is the process by which they would notify of that, if at all?

45 MR SMITH: If they had a suspicion, they would --- they could complete a UAR, they would escalate it up to their line managers.

MS NELSON: And would you necessarily know whether they've done that?

10:51AM

MR SMITH: I'm not sure.

MS NELSON: Have you ever seen a UAR filled out by one of the hosts?

5

MR SMITH: I don't believe so, no.

MS NELSON: Have you ever been made aware of one of your hosts putting in a suspicious matter report or notifying their line manager of such a report?

10

MR SMITH: I can't recall one, no. I'm not saying they haven't ever done one, but I can't recall them.

MS NELSON: And that's in the whole 10 years that you've been at Crown Perth?

15

MR SMITH: Yes, but that's a long time so

MS NELSON: In the whole 10 years you've been at Crown Perth, have you ever known of one of the people in your team ---

20

MR SMITH: I can't recall one ever submitting one.

MS NELSON: Sorry?

25 MR SMITH: I can't recall one ever submitting one. But then, remembering we are not at the cage and we are not involved with the financial part, so we're not table game staff seeing money come across the table or anything like that. So we have limited visibility in regards to cash transacting.

30 MS NELSON: So do you see the responsibility to report AML/CTF issues to be mostly a responsibility that resides in cage personnel?

MR SMITH: No, I think it is equally, everyone's responsibility. I think it is just more likely to happen at the cage or at the tables.

35

MS NELSON: An unusual activity report, what type of behaviour would make its way on to an unusual activity report? I understand you are speaking from a theoretical perspective because you haven't known of one to be filed, have you?

40 MR SMITH: No. Unusual activity report is anything that they believe is unusual.

MS NELSON: Can you be a bit more specific about what might find its way? What type of behaviour?

45 MR SMITH: No. It is anything they see outside of the normal, their normal environment.

MS NELSON: Are you talking about behaviour of a patron or also behaviour of

staff?

MR SMITH: It could be either.

5

MS NELSON: And what about the method of play, is that something that might find its way on to an unusual activity report?

MR SMITH: If it were unusual.

10

MS NELSON: What would you consider to be unusual? If you walked into an EGM area of the Pearl Room ---

MR SMITH: Yes.

15

MS NELSON: --- what would you consider to be unusual activity?

MR SMITH: I've never seen any unusual activity in the game machine Pearl Room environment. If I saw it, I would know it is unusual, but I haven't seen it, so I ---

20

MS NELSON: Well, if you saw a player hitting an EGM machine, would that be a type of behaviour that would find its way on to an unusual activity report?

MR SMITH: No, if a player was hitting a machine it would be a concern for RG or security, but I doubt that it would make its way into an unusual activity report. Having said that, it would be at the discretion of the person who was completing it. So it could.

25

MS NELSON: What about if you saw a player playing two machines at once?

30

MR SMITH: I don't know that that would make it on to it. Two machines at the same time, I don't believe people here play that way, but I'm aware that, on occasion, someone is waiting for, for example, they are waiting to previously receive a cancelled credit so their machine is locked up so they've jumped on to another machine while they are waiting, and so that wouldn't be anything unusual but technically they've got two machines being used by themselves.

35

MS NELSON: If you saw a patron lending money to another patron, is that something that would make its way on to an unusual activity report?

40

MR SMITH: Lending money --- lending money isn't --- I haven't seen it, but my understanding is that it is not an unusual thing within, particularly, maybe The Suite environment where they are all well-known to each other, they are all friends, and rather than go out to the ATM again, one would say, "Can you lend me \$50" or something. So long as we know there is no interest or anything like that involved, like loan shark --- if there was anything like that, then definitely it would be a UAR or it would be escalated higher.

45

MS NELSON: You mentioned loan sharking in that reply. What do you understand loan sharking to be?

5 MR SMITH: Lending money for profit.

MS NELSON: Have you ever known that to be happening in the Pearl Room?

MR SMITH: No.

10

MS NELSON: I'm talking about the whole of the entire 10 years you've been at Crown, you've never known that to be happening at the Pearl Room?

MR SMITH: No.

15

MS NELSON: Has anyone ever told you they thought it was happening in the Pearl Room?

MR SMITH: No, I don't believe anyone has ever come up and said that to me specifically. I can't recall where or who from, but there have been --- no, I would say no. I can't recall ever someone saying someone is loan sharking.

20

MS NELSON: If a player was playing with large amounts of cash over one gaming session, would it be a matter of reporting that if the host was unsure as to where the cash was coming from, given what they know about that player?

25

MR SMITH: Can you repeat that again, I'm sorry.

MS NELSON: Well, generally with patrons in the Pearl Room, you know something about them or the host does; is that correct?

30

MR SMITH: Yes.

MS NELSON: And if a player was playing with a large amount of cash in one session and that didn't seem to fit with what was known about the player's occupation, would that be a matter that might find its way on to an unusual activity report?

35

MR SMITH: It might.

40

MS NELSON: What about if a patron appears to get a large payout from a machine or from a table game but doesn't appear to have been playing for very long, so they've had minimal play, is that a matter that might find its way on?

MR SMITH: Again, anything that any staff believe is unusual, they are obligated to complete an unusual activity report.

45

MS NELSON: We've talked, in passing, about the hosts that are in the Pearl Room

10:59AM

and you've had hosts reporting to you since 2008/2009 when you started at Crown.

MR SMITH: Yes.

5

MS NELSON: You are nodding your head. So you had three initially as direct reports.

MR SMITH: Yes.

10

MS NELSON: And now ---

MR SMITH: Not direct reports. I believe, when I first started, they reported to a manager and the manager reported to myself.

15

MS NELSON: Thank you. And that is the situation now too, isn't it? The host manager reports directly to you?

MR SMITH: Yes.

20

MS NELSON: And is that Emma Pringle?

MR SMITH: Yes.

25

MS NELSON: If we could go to your statement again, thank you, CRW.998.002.0662, page 2, paragraphs 18, 20 and 22.

In these paragraphs, you talk about the various tiers of hosts. Is it correct that there is a hierarchy of roles?

30

MR SMITH: Yes, correct.

MS NELSON: And is it correct to say there are 27 Riverside Room hosts who manage gaming machine patrons in the Riverside Room?

35

MR SMITH: (Nods head).

MS NELSON: Nodding your head?

40

MR SMITH: Yes.

MS NELSON: If you could just answer for the transcript, thank you, Mr Smith.

MR SMITH: Sorry.

45

MS NELSON: And there are 17 premium hosts who manage gaming machine patrons in the Pearl Room?

11:00AM

MR SMITH: Correct.

MS NELSON: And then three premium experience hosts.

5

MR SMITH: Correct. Can I just clarify something.

MS NELSON: Certainly.

10 MR SMITH: The 27 Riverside Room hosts, a number of them will perform higher duties into the Pearl Room as well. So, whilst it says 17 are Pearl Room, there are 17 dedicated Pearl Room thereabouts, but there are a number of hours that would be performed by Riverside Room hosts in a higher duty capacity within the Pearl Room as well.

15

MS NELSON: Thank you.

Are there additional hosts in the Pearl Room who are just responsible for table game patrons?

20

MR SMITH: I couldn't say --- I don't know the structure and how they use the hosts in the table game environment.

25 MS NELSON: And at paragraph 21, you referred to the various duties of the hosts. You say they are "in-room duties". So they are answering player questions, making sure they have food, beverages and keeping the amenities clean. So does that role apply to all tiers of hosts or only one particular tier?

30 MR SMITH: All hosts would have an obligation to make sure everything is running well but the room hosts, their duties are responsible for as outlined here.

MS NELSON: And do all hosts have a role in knowing the patrons' usual gaming habits in the gaming room?

35 MR SMITH: No.

MS NELSON: The Crown Rewards loyalty card system tracks player data, doesn't it? Gaming data?

40 MR SMITH: Yes.

MS NELSON: Do the hosts have access to that data?

MR SMITH: They have access to loyalty, yes.

45

MS NELSON: And do they have access to SYCO?

MR SMITH: Yes, they would have varying levels of access. They would need

SYCO to allow people into the Pearl Room, for example, when they swipe.

MS NELSON: And from SYCO they can see gaming history?

5

MR SMITH: I couldn't tell you exactly what they can see, but it would be limited to a degree.

MS NELSON: Do hosts build up a history of how much their player spends and what usual days of the week they come into the Pearl Room?

10

MR SMITH: Not those hosts that we were just referring to there. There would be --- there is the premium experience hosts that they would have more in-depth knowledge.

15

MS NELSON: So the premium experience hosts, do they look after the higher turnover patrons?

MR SMITH: No, they look after everyone.

20

MS NELSON: Can you explain how the responsibilities of the hosts differ then?

MR SMITH: Riverside hosts typically look after the Riverside Room, and some will have cross duties into the Pearl Room, basically looking after the environment of the Riverside Room. The Pearl Room premium hosts look after just the Pearl Room environment, make sure food and beverage is operating as it should be, cleanliness, answering questions, et cetera. Premium experience hosts are assigned to a group of players within the Pearl Room.

25

MS NELSON: And do all players within the Pearl Room, are they assigned to a premium experienced host?

30

MR SMITH: My apologies, only platinum and above are assigned. In the system, we assign them to a host purely from a systems perspective. It doesn't really relate to anything other than we need everyone in there assigned to a host. But really their focus is to look after the platinum and above.

35

MS NELSON: So platinum and above, you obtain that level by the amount of gaming turnover over a period of time.

40

MR SMITH: Yes.

MS NELSON: So they tend to be the higher turnover players?

45

MR SMITH: Yes.

MS NELSON: And is the next level above platinum the black?

11:05AM

MR SMITH: Typically yes, however black isn't dependent on your turnover alone. We have some black members that would play at a significantly lower level than platinum.

5

MS NELSON: I see.

So how many --- if I was a premium experience host, how many platinum patrons would I be given to look after at any one time?

10

MR SMITH: Maybe 100. 70 to 100, something like that.

MS NELSON: And who decides which patron is assigned to which premium experience host?

15

MR SMITH: When they start in the Pearl Room, the Pearl Room membership coordinator will assign them to a host.

MS NELSON: And is the membership coordinator someone who reports to you?

20

MR SMITH: Yes.

MS NELSON: And who is that person at the moment?

25

MR SMITH: We have a lady that has only been in there for a matter of weeks, that is Brenda. She's not full-time in that role at the moment.

MS NELSON: Is she also a premium experience host herself?

30

MR SMITH: Yes.

MS NELSON: Do hosts ---

MR SMITH: She is a premium host, not a premium experience host.

35

MS NELSON: So premium hosts are not assigned particular patrons?

MR SMITH: No.

40

MS NELSON: Has that always been the case?

MR SMITH: Yes.

MS NELSON: Do hosts go through a training program at all?

45

MR SMITH: No.

MS NELSON: On how to treat patrons?

11:07AM

MR SMITH: No, not as such, no.

MS NELSON: Is there an informal type of training program in place?

5

MR SMITH: When they start, they are buddied up with another host and they spend an amount of time with them until they are familiar and comfortable, and then if we are comfortable with it, they have to complete a series of things and get it all signed off that they are aware of all the processes. Once they've done that, then they can have shifts by themselves.

10

MS NELSON: And what type of processes do they have to be aware of before they get signed off for shifts by themselves?

15

MR SMITH: Typically, typically, most of the time, they would start in the reception area so they have to have just a full working knowledge of how the reception area works.

MS NELSON: And that is the only process they need to know?

20

MR SMITH: No, just also in the room, just every day duties that the hosts would perform. Because they are buddied up, they get to see everything that the hosts do.

MS NELSON: So what are the typical every day duties that a premium experience host would perform?

25

MR SMITH: All the stuff mentioned earlier, which is make sure the rooms are tidy, make sure food and beverage services are being delivered, people aren't unhappy about that sort of thing.

30

MS NELSON: That seems to be common to all tiers of hosts?

MR SMITH: Yes, it is.

35

MS NELSON: What are the extra duties that a premium experience host would give to a patron?

MR SMITH: A premium experience host would attend events with the players, they would invite players to events. They are rostered the same as, well, not the same shifts, but they are rostered as per the other hosts as well.

40

MS NELSON: And would they generally be rostered when they expect their patrons would be frequenting the Pearl Room?

45

MR SMITH: No, they are just rostered a standard rotation. They don't work a 24-hour rotation but they work up until 2.00 or 4.00 am, maybe.

11:09AM

MS NELSON: 2.00 or 4.00 am?

MR SMITH: Yes, depending on the day of the week.

5

MS NELSON: So they tend to work at night rather than during the day?

MR SMITH: Day and night equally.

10 MS NELSON: When you say "attend events" or "invite patrons to events", what type of events are you talking about?

MR SMITH: Football. It might be they may have theatre tickets. They may have dinners --- just any event.

15

MS NELSON: Is it usual for the premium experience hosts to go with the patrons to those types of events you've described?

MR SMITH: Yes, unless it is something in a theatre, then they would just issue tickets.

20

MS NELSON: Were patrons in the Pearl Room given free alcohol?

MR SMITH: Yes.

25

MS NELSON: Was there any limit on a number of drinks that a patron was given in a gaming session?

MR SMITH: No, just in line with RSA.

30

MS NELSON: Did all the hosts have RSA training?

MR SMITH: Yes, all the hosts have standard training for RSA.

35 MS NELSON: And would you agree a foundational tenet of RSA training is that you don't serve alcohol to people who are intoxicated?

MR SMITH: Yes, agree.

40 MS NELSON: You mention, in passing, in your statement the interstate program that you also have responsibility for in your role. What is the interstate program?

MR SMITH: Members that would be sent over to Crown Perth typically from Melbourne, or wherever they happen to come from.

45

MS NELSON: And who would make the decision to send those players to Crown Perth?

11:10AM

MR SMITH: Crown Melbourne. Interstate team that is based in Melbourne.

MS NELSON: Are you part of that interstate team based in Melbourne?

5

MR SMITH: No.

MS NELSON: Like a satellite member?

10

MR SMITH: No.

MS NELSON: Apart from yourself at Crown Perth, is there anyone else who does the interstate program work at Crown Perth?

15

MR SMITH: No. Well, interstate generally rates table games, and that would be a table games question.

MS NELSON: And when those people that have been sent from Crown Melbourne or elsewhere come to Crown Perth, are you responsible for looking after them?

20

MR SMITH: Are you talking the current or past?

MS NELSON: How long have you had this role for?

25

MR SMITH: I don't believe Crown has any interstate program at all at the moment.

MS NELSON: Pre-COVID?

30

MR SMITH: Pre-September 2019 for myself. Yes, the local --- we had one interstate host and one manager and they would look after the hosts when they came over. More often than not, they would also send a host or manager from Melbourne to be with the players as well who would typically look after them.

35

MS NELSON: So, as manager of interstate programs, what were you actually managing then, if Crown Melbourne organised it and brought someone over with the patron?

MR SMITH: The experience that they had when they arrived.

40

MS NELSON: And what aspects of the experience did you manage?

MR SMITH: When you meet and greet them at the airport, you would check them into the hotel. If they wanted to go out and play golf or something like that, you would facilitate that for them.

45

MS NELSON: Did you do this personally?

MR SMITH: No, I didn't do this personally, I had a manager and an interstate host

who would do that for me.

5 MS NELSON: Could we go to paragraph 47, thank you. You say there that:

Crown Perth does not have contracts or agreements with local high value *players*.

10 Did you have any contracts or agreements with interstate high value players, when they came pre-COVID?

10 MR SMITH: No.

MS NELSON: You didn't?

15 MR SMITH: No.

MS NELSON: Are you aware of Crown Perth generally though?

20 MR SMITH: No, I'm not aware.

MS NELSON: Are you aware of some high value local players from here going over to Crown Melbourne on an interstate program?

25 MR SMITH: Yes. Crown Perth players go to Melbourne on a program.

MS NELSON: And are you aware of whether those players had any contracts or agreements with Crown Melbourne in relation to their gaming play?

30 MR SMITH: No, I'm not aware of what contracts they may have had in place.

MS NELSON: Thank you. That can be taken down.

35 Returning to Mr Petkov, and we looked at the daily report from February 2018 which showed that he had two jackpots, or two high value wins, in one night and was part of that high turnover on a particular night, when did he become known to you as a high value player?

MR SMITH: I couldn't recall the timeline on that, I'm sorry.

40 MS NELSON: Were you aware of whether he was in the top 10, or top five, of players at any time at Crown Perth?

MR SMITH: I was aware that he was a high level player.

45 MS NELSON: But you can't say when you became aware of that?

MR SMITH: No, I can't say. I can't recall when.

11:15AM

MS NELSON: Are you aware of whether he played electronic gaming machines exclusively or table games as well?

5 MR SMITH: No, I believe he played gaming machines exclusively.

MS NELSON: So he is a player who would come under the responsibility of your team within the Pearl Room?

10 MR SMITH: Yes.

MS NELSON: I just want to show you a document of turnover statistics for Mr Petkov, CRW.700.045.6296, and it's been redacted for the other patrons' names.

15 Is this a report type that you would recognise as having seen regularly in your role?

MR SMITH: Not necessarily in this format, but I would see similar reports.

20 MS NELSON: Can I ask you what the column at the far right of the screen means, "Theo WPPH".

MR SMITH: Theo win per. What's "Theo win per"? I'm not sure what "PH" stands for. Per hour?

25 MS NELSON: Theoretical win per hour?

MR SMITH: I wouldn't say --- I'm not sure what that refers to.

30 MS NELSON: And the column to the left of that, that is the actual win to the casino or loss to the player, isn't it?

MR SMITH: Yes.

35 MS NELSON: So Mr Petkov lost during August 2016, \$17,846.

MR SMITH: According to this report, yes.

MS NELSON: And his turnover, during that same time period, is \$747,818?

40 MR SMITH: Yes.

MS NELSON: Over 43.1 hours; is that correct?

45 MR SMITH: Yes, that's what it is saying.

MS NELSON: I will show you another document from the next month, September 2016, CRW.700.045.6479, redacted.

11:17AM

Does that indicate to you that for next month Mr Petkov has just slightly increased his turnover, it is now \$756,748?

5 MR SMITH: Yes.

MS NELSON: A player of that turnover in a month, is that a player who you might be interested in knowing something about?

10 MR SMITH: Could you confirm for me this is the Perth report?

MS NELSON: The what report?

MR SMITH: This is a Perth report?

15

MS NELSON: Yes, it is a Perth report?

MR SMITH: Yes, I would typically want to know or generally if someone were playing to a high level they would come up in conversation with hosts or with the managers.

20

MS NELSON: How often did you have meetings with the hosts yourself?

MR SMITH: Infrequently. I would meet with managers daily.

25

MS NELSON: So you would meet with the host manager daily?

MR SMITH: Yes.

30 MS NELSON: And would that meeting take place in the Pearl Room?

MR SMITH: No. We have just a very open working relationship in the room so we've always been next to each other so there is a lot of communication going around.

35

MS NELSON: So your office is physically located near to the Pearl Room, is it?

MR SMITH: No, at the time of this the offices were located downstairs but my office was adjacent to my manager's.

40

MS NELSON: I see.

If we just look at the next page, thank you. Did you see reports like this?

45 MR SMITH: It would have been available to me. I don't know that I would have actually looked at this particular report.

11:19AM

MS NELSON: Is it correct that this report seems to break down Mr Petkov's play over that month of September 2016 into particular EGM machines?

5 MR SMITH: Yes, that is what it appears to do.

MS NELSON: And who would this type of report be of interest to?

MR SMITH: I would think the product team.

10

MS NELSON: Thank you. We'll go back to the previous page.

MS NELSON: Were you aware of whether Mr Petkov had a host assigned to him during the period he was in the Pearl Room?

15

MR SMITH: Yes, he would have had a host assigned.

MS NELSON: Are you aware of who that host was?

20 MR SMITH: I'm not 100 per cent sure but I believe I would know.

MS NELSON: And was he assigned the same host for the whole period of time he was in the Pearl Room, which for your benefit was from up until February 2018.

25 MR SMITH: I couldn't say for sure. On occasion hosts will change players. Quite rare but the hosts do change.

MS NELSON: Could I have document CRW.700.045.6515 redacted, thank you. Is it possible to have the top line unredacted, please? I can tell you the top line is for
30 Daniel Petkov.

So for the five months in the later half of 2017, July to December, he had a turnover of just over 2.5 million. And he's considerably above the next player, isn't he, in terms of turnover; just under \$400,000 more?

35

MR SMITH: Yes, 350-odd. I wouldn't say it is a huge leap forward on turnover.

MS NELSON: What about the average bet? You can see that Mr Petkov's average bet is \$67.22. Would you agree just looking down that list that seems to be
40 considerably higher than the average bet of the other EGM players in the top 20 at that time?

MR SMITH: Yes.

45 MS NELSON: Is that something that is unusual in your experience, that high level of average bet?

MR SMITH: Not unusual, but definitely a strong bet.

11:23AM

MS NELSON: So does that mean that every time he presses the button on the electronic gaming machine he is betting on average \$67.22?

5 MR SMITH: Yes.

MS NELSON: And the speed of play for electronic gaming machines at that time was what?

10 MR SMITH: It would have been the higher.

MS NELSON: About six seconds?

15 MR SMITH: Yes, around the 6-second mark.

MS NELSON: So he's betting that amount every 6 seconds?

20 MR SMITH: Not including any feature games or wins or anything like that which take longer.

MS NELSON: Those in-game features. Thank you.

COMMISSIONER OWEN: Ms Nelson, when you get to a convenient time.

25 MS NELSON: Thank you. I'm nearly at the end of this level of questioning, thank you. Perhaps this is a convenient time, actually, thank you, Commissioner.

30 COMMISSIONER OWEN: We will take a break for 15 minutes, Mr Smith and come back at 11.20.

ADJOURNED [11.24 AM]

35 **RESUMED** [11.40 AM]

COMMISSIONER OWEN: Ms Nelson.

40 MS NELSON: Thank you, Commissioner.

Mr Smith, before the break, you said in answer to a question that you don't know when you first found out about Mr Petkov and any details about his gaming turnover; is that your evidence?

45 MR SMITH: I'm not sure exactly ---

11:40AM

MS NELSON: When you first found out ---

MR SMITH: --- I can't recall the dates or anything of when I became aware of him.

5

MS NELSON: I will show you an email exchange, CRW.700.072.3037. If you could go to page 2, at the start of the exchange.

10 On 26 October 2017, you sent an email to Samantha Schoers, Neil McEachran and Victoria Murphy about Daniel Petkov. Does that cause you to recall anything about the circumstances of when you first found out about Mr Petkov?

MR SMITH: Yes, I believe I remember this now.

15 MS NELSON: What do you remember?

MR SMITH: I shouldn't say I definitely remember but I believe this related to a question that came from the COO, and it was related to this player's level of play within Melbourne and they wanted to know some information.

20

MS NELSON: And who was the COO of Crown Perth?

MR SMITH: Lonnie Bossi.

25 MS NELSON: So Mr Bossi asked you to find out about Mr Petkov; is that correct?

MR SMITH: Yes.

30 MS NELSON: And Samantha Schoers, what position did she hold at that time?

MR SMITH: I can't recall the exact title, but I believe it would have been Pearl Room gaming manager, possibly.

35 MS NELSON: Would she have had responsibility for some of the hosts?

MR SMITH: At that time, there was a lot of changing around, but I believe the premium experience hosts would have potentially reported to her at the time.

40 MS NELSON: And Neil, what was his role at that time?

MR SMITH: Neil would have been possibly been doing --- I'm not sure what his title was at the time.

45 MS NELSON: You don't know what he was doing in October 2017?

MR SMITH: No, I can't recall exactly.

MS NELSON: And Victoria Murphy, what role did she play in the organisation?

11:42AM

MR SMITH: Operations manager.

MS NELSON: Thank you. If we could scroll up to page 1 to see the reply. The
5 reply from Neil at 4.39 pm was:

Joey found him in the high limit area of the MGF

10 Is that main gaming floor?

MR SMITH: Main gaming floor.

MS NELSON: Who was Joey?

15 MR SMITH: Joey was --- he would have been a premium experience host at that
time, or an "executive host" as they called them at that time.

MS NELSON: And Neil said:

20 *..... built a good rapport with him and eventually converted him into PR.*

Is that Pearl Room?

MR SMITH: Yes.

25

MS NELSON: And:

30 *According to Joey he's extremely well off and has a very good job. I think off
the top of my head he's a high level corporate manager for Lowes? Joey can
confirm as he knows him very well. He's a very high level GM player*

He is a very high level gaming machine player; is that correct?

MR SMITH: Yes.

35

MS NELSON: That is anywhere between \$30 to \$100, is that per bet --- is that what
you are referring to?

MR SMITH: Also referring to he occasionally plays roulette, AR.

40

MS NELSON: And what is THP?

MR SMITH: Texas hold 'em poker.

45 MS NELSON: And TCP is another table game, is it?

11:44AM

MR SMITH: Yes.

5 MS NELSON: And then you ask for more information? You see at the top of the screen?

MR SMITH: Yes.

10 MS NELSON: If we could go to the email reply of CRW.700.072.3071, and Samantha replies, also on the same day later that evening at 7.40 pm. She says:

Joey is his executive host.

15 So Joey is the person who is assigned to Mr Petkov; is that right?

MR SMITH: Yes.

MS NELSON: To look after him?

20 MR SMITH: Yes.

MS NELSON: And Samantha says to you that Mr Petkov is a bank manager, Bank West for loans for WA, potentially farming loans. Do you recall receiving this email?

25 MR SMITH: I don't remember this specific email, but I remember having conversations around Mr Petkov and what he did.

30 MS NELSON: And what he did?

MR SMITH: Occupation.

MS NELSON: And you recall having those conversations in October 2017; is that what you are saying?

35 MR SMITH: Yes, going by the date here, yes.

MS NELSON: So as well as having an email correspondence with Samantha Schoers, did you also have conversations with her about Mr Petkov?

40 MR SMITH: I can't recall any conversations but I'm sure we did.

MS NELSON: Would you have had conversations with anyone else at Crown Perth?

45 MR SMITH: No, I don't believe so.

MS NELSON: Did it cause you any concern that Samantha says in the email that

he's a bank manager for Bankwest, given the high turnover we were looking at before the break for Mr Petkov?

5 MR SMITH: No, it doesn't necessarily give me more concerns. It makes me want to ask more questions or try and understand a little bit more if I can.

MS NELSON: And what did you do to "try and understand a little bit more" in this case?

10

MR SMITH: I would have assumed they would have come back to me with more information. As Joey obviously gets to speak with him more, there would be more information.

15 MS NELSON: Is that something you recall asking Sam to inquire into?

MR SMITH: Generally with players that we have an interest in understanding more, it's an ongoing --- Mr Petkov was quite --- he was a quiet chap, and so it took the hosts --- I'm understanding it takes them a period of time for the players to speak to them. Some players don't want to speak at all.

20

MS NELSON: When Mr Bossi made the original request for you to find out more about Mr Petkov, did he tell you why he wanted to know that, other than the inquiry had come from Crown Melbourne?

25

MR SMITH: No, I don't believe there was any additional information. I think it was simply he was a very high level player in Melbourne. I believe he was higher than a high level player than he was here.

30 MS NELSON: I see. So the fact that he's a bank manager, you say might have caused you to ask further questions?

MR SMITH: Yes, I would typically like to know more if I can. It doesn't mean I'm going to get it, but I would typically like more.

35

MS NELSON: If you could look at CRW.700.072.3082 --- if you go down to the bottom of the screen, thank you.

We can see at the bottom of the screen that email that came through to you from Sam that we've just looked at, and you reply "Nice one, thanks Sam".

40

MR SMITH: Yes.

MS NELSON: You haven't asked her for anymore information, have you?

45

MR SMITH: I believe with this particular gentleman, I can't see it here but I believe possibly in a conversation the reference was that he was the Belmont Bank Manager so I only know of Belmont, Belmont, and I guess that was a reason I would have

liked more information.

5 MS NELSON: If we could just scroll up to the top of the screen, because at that time that we are seeing on the screen, you hadn't been told he was a Belmont bank manager, had you?

10 MR SMITH: Could we possibly scroll back down again, I'm sorry, to the bottom of that.

I would assume from reading that that, at that time, I didn't know he was the Belmont bank manager.

15 MS NELSON: Thank you. If we could go up to the top of the screen and Sam says to you:

Joey has been trying to crack him for a while but he is very hard to retrieve info from. He is nice enough and not demanding at all.

20 What did you take Sam to mean about trying to crack him for a while?

MR SMITH: Trying to get more information. He's closed.

25 MS NELSON: Why would Joey need more information from Mr Petkov in October 2017?

30 MR SMITH: Because of his level of play. We're looking at how --- what we may be able to do for him, as in benefits or rewards. We may be seeing it as an opportunity to grow, which would be unlikely, but generally at that level of play, we are just trying to find out general information about them.

MS NELSON: And for the purposes of giving him gratuities?

35 MR SMITH: Yes, if he wanted something.

MS NELSON: And perhaps growing his turnover.

MR SMITH: I would say, at that level, there is not really an opportunity to grow.

40 MS NELSON: Are they the only two possible reasons that Joey would be trying to find out more information from Mr Petkov?

45 MR SMITH: Well, we would want to know as well more history. We were trying to get as much information as we could to understand is this sustainable gaming, it could be a possible problem.

MS NELSON: What could be a possible problem about his level of gaming?

MR SMITH: He's a very high level gaming person. So we were just trying to understand does it match up, does it make sense.

5 MS NELSON: Match up with what, in particular?

MR SMITH: What we knew of him thus far and his level of play, does that seem reasonable. But at that stage, there is often we don't know their history, we don't know a great deal about them.

10

MS NELSON: When Mr Petkov became a Pearl Room member, would he have given you some information about his occupation?

MR SMITH: He would have had "occupation" on the application form, that would be the extent of that.

15

MS NELSON: Thank you.

If we could look at CRW.700.072.3043. We're now in December of that year, December 2017, and Joey is communicating with you a bit more information about Mr Petkov, isn't he, Mr Smith?

20

MR SMITH: Yes.

MS NELSON: And he tells you in this email in December 2017 at paragraph 1 that he's the bank manager for Westpac in Belmont.

25

MR SMITH: Yes.

MS NELSON: What did you do with this information that Joey gave you?

30

MR SMITH: I don't believe we would have done anything at the time. We would have just continue to gain information.

MS NELSON: Would you have communicated what Joey had told you to anyone else at Crown Perth?

35

MR SMITH: To the COO.

MS NELSON: Mr Bossi?

40

MR SMITH: Mr Bossi.

MS NELSON: Did the fact that he was a bank manager for Westpac in Belmont cause you any concern at the time you found this out, so December 2017, given that you would have known, or the organisation would have known, that he had a turnover of \$2.5 million in the previous five months?

45

MR SMITH: I would have received some comfort from this email relating to the information around his family.

5 MS NELSON: And would you have received comfort from the fact that he was a bank manager for Westpac in Belmont?

MR SMITH: My understanding is it wasn't actually the Belmont that I'm familiar with here. It was Belmont bigger picture, bank of Victoria or something like that.
10

MS NELSON: Okay. So you understood he actually worked in Victoria?

MR SMITH: No, no, worked here but I understood it was not --- the Belmont I was referring to or believing was not this Belmont, it was a bigger picture Belmont.
15

MS NELSON: If we could have that pop back in and pop out paragraph 4.

You see at paragraph 4, Joey tells you that he has returned to Western Australia.

20 MR SMITH: Yes.

MS NELSON: Yet you say you thought Belmont meant "not down the road from the casino but over in Victoria"?

25 MR SMITH: I thought it meant something other than a local Belmont bank manager branch here.

MS NELSON: Did you consider at this time in December 2017 that you possibly should refer Mr Petkov to the anti-money laundering officer at Crown Perth?
30

MR SMITH: No.

MS NELSON: Thank you. That can be taken down.

35 Are you aware of the turnover that Mr Petkov had done just prior to December 2017 in Crown Melbourne that had caused inquiry to be made of Mr Bossi?

MR SMITH: I don't believe so, no.

40 MS NELSON: Are you aware of whether Mr Petkov was offered any gratuities such as hotel rooms or free food or events from the hosts in Crown Perth?

MR SMITH: Yes, he would have been offered.

45 MS NELSON: Did you enquire as to what he had been offered?

MR SMITH: No.

MS NELSON: Why are gratuities offered to patrons?

MR SMITH: They are a good customer and we like to make sure they are happy.

5

MS NELSON: When you say they are a "good customer", do you mean it is offered as a reward ---

MR SMITH: Yes.

10

MS NELSON: --- for their turnover to date? Is that what you mean by "good customer"?

MR SMITH: Yes.

15

MS NELSON: High turnover?

MR SMITH: Yes.

20

MS NELSON: What else could "good customer" mean other than high turnover?

MR SMITH: Crown investors, good people, nice people to have around, the hosts always have players that they like, and they would get rewards. Everyone gets rewards, but you would say people are people. I would say hosts look after some people possibly more than they potentially should.

25

MS NELSON: So it is a very relationship-based arrangement ---

MR SMITH: Yes.

30

MS NELSON: --- between the patron and the host?

MR SMITH: Some players want very little. They have very high levels of play. Other players have reasonably low levels of play and they have very high demands.

35

MS NELSON: And you say that part of the gratuity program or objective is to keep patrons happy was, I think, the phrase you used.

MR SMITH: Yes.

40

MS NELSON: So is that --- do you mean by that to keep the patrons coming back to game?

MR SMITH: Yes, ultimately.

45

MS NELSON: So an inducement in fact to keep coming back and perhaps even increase turnover?

MR SMITH: I wouldn't say it's an inducement. It's based on a certain level of play. You are not looking to drive play, but looking to maintain play. So I wouldn't say it is an inducement. The second part of the question, sorry. What was the second part?

5

MS NELSON: To increase turnover?

MR SMITH: Yes, we would attempt to try and increase turnover if we can. Not in the instance we're referring to here.

10

MS NELSON: I will show you a SOP Pearl Room Complimentary Offers, CRW.700.025.4181. Have you seen that document before?

MR SMITH: Could you scroll down, please.

15

I couldn't say. I can't recall seeing this document.

MS NELSON: In that case we will move on, thank you.

20 Are gratuities in the form of accommodation and meal vouchers to restaurants under the Crown footprint, are they recorded against a patron's ID?

MR SMITH: Yes.

25 MS NELSON: So is that something you could access, if you wish to?

MR SMITH: Yes.

MS NELSON: Did you sometimes take some patrons out for meals at Crown Perth?

30

MR SMITH: Yes.

MS NELSON: How often would that occur?

35 MR SMITH: Very infrequent, once a month, something like that, possibly.

MS NELSON: Were the gaming hosts, the premium and premium experience hosts trained in relation to the Responsible Service of Gaming?

40 MR SMITH: Yes.

MS NELSON: Was that an online course or a face-to-face course?

MR SMITH: Online.

45

MS NELSON: Did you feel that you could raise concerns about RSG issues in relation to particular patrons and have it addressed if you wanted to?

12:01PM

MR SMITH: Yes.

MS NELSON: And did you do that on occasion?

5

MR SMITH: Yes.

MS NELSON: How many times in the last 10 years would you have done that?

10 MR SMITH: Raised concerns about ---

MS NELSON: To the RSG team about a particular patron.

15 MR SMITH: Numerous occasions. I couldn't put a number on it, but it is not an infrequent conversation.

MS NELSON: If we could have your statement on the screen, CRW.998.002.0661, and looking at paragraph 57.

20 You mention that you are "aware that players can transfer funds electronically to Crown Perth" but you are "not familiar with the application process", the applicable process. What is the extent of your knowledge about how players can transfer funds electronically?

25 MR SMITH: I don't have any knowledge around how it physically happens with the cage. That is a cage-related question I would imagine.

MS NELSON: Have you ever had a patron ask you if they could do that?

30 MR SMITH: No, I haven't had anyone ask myself personally.

MS NELSON: Did you have any visibility over the Crown bank accounts that were used for this purpose?

35 MR SMITH: No.

MS NELSON: Did you have any visibility over how patron's funds if they were transferred telegraphically into the Crown Perth account, how they then arrived --- how they were associated with that patron so they could gamble with those funds?

40

MR SMITH: No.

MS NELSON: You don't know how that process occurred?

45 MR SMITH: No.

MS NELSON: If we could go to paragraph 58, you talk there about "an early release of funds". What do you mean by that?

MR SMITH: The cage would have verification that the funds had been transferred, I'm not sure exactly how, and then we are saying "we are giving approval that the funds have been transferred, but they haven't cleared into the account yet, can they have that money?"

MS NELSON: So you are giving approval for the cage to release funds for a patron that the patron says have been put into a Crown bank account but they haven't yet been cleared in the bank account; is that your evidence?

MR SMITH: They would have verification that the funds had been transferred. I give a recommendation, I don't give approval.

MS NELSON: And on what basis do you give a recommendation if you don't have any oversight of the bank account itself?

MR SMITH: Past history of the player.

MS NELSON: And that is the only basis on which you would make that recommendation?

MR SMITH: Yes, we know the player. They've --- yes, we know the player and we're comfortable that this would be fine.

MS NELSON: So would you access a player's history before you made that recommendation?

MR SMITH: In the instances --- it is quite a rare instance, and typically with these, I would have an understanding of the player preexisting.

MS NELSON: And why would that be?

MR SMITH: Because --- there is no particular why, it's just that's how it would be. Players, as far as I can recall, players that have requested early release of funds are known to us. If I had --- well, typically when that happens I would ring one of the managers and say, "Talk to me, tell me about the player", if I didn't know them particularly well. I would ring the managers and go "just tell me some background".

MS NELSON: Are these managers in the Pearl Room?

MR SMITH: Yes.

MS NELSON: And on the basis of that information that you get orally over the phone, you would make a recommendation to Mr Bossi?

MR SMITH: Yes, I would give a recommendation to the cage, and the cage, in turn, will then contact Mr Bossi.

MS NELSON: And did this sometimes occur via email or did it always occur on the phone?

5 MR SMITH: I believe typically it comes through the phone, and then it is backed up with an email confirmation later.

MS NELSON: And when you would make the recommendation, but Mr Bossi would approve it, did you tend to enter into a conversation with Mr Bossi before he
10 would give that approval or was he usually approving it on the basis of your recommendation?

MR SMITH: I can't recall --- I believe on occasion Mr Bossi would talk to me about someone, on the phone. Or I would ring him and say that you are about to get this
15 and here is the background on the player. I guess other times if it had been done a number of times, if the --- the players who have this facility tend to do this a number of times. If that was the case, I would give a verbal approval to the cage, follow-up email, the cage would contact Mr Bossi and we would not need to have a dialogue.

MS NELSON: Commissioners, I'm going to ask the witness about a series of transactions in relation to a patron by the name of Mr Alan Tan. I ask that the non-
20 publication order be lifted in relation to Mr Tan.

COMMISSIONER OWEN: I understand that Mr Tan's name has also been made
25 publication. So the non-publication order in relation to Mr Alan Tan is lifted.

MS NELSON: Thank you.

If I could have CRW.700.072.0844, at page 23.
30

This is not actually an email that involves you, as you can see, but it refers to Samantha Schoers calling you and declining a request in relation to Mr Alan Tan having early released funds, and it is from September 2016. Have you read what is on the screen, Mr Smith?

35 MR SMITH: Yes.

MS NELSON: Do you recall the patron Mr Alan Tan?

40 MR SMITH: Vaguely, yes.

MS NELSON: Do you recall whether Samantha Schoers was Mr Tan's host?

MR SMITH: No, she wouldn't have been Mr Tan's host. Oh, correction, she may
45 have been. I don't recall.

MS NELSON: Thank you, we'll come back to Mr Tan in just one minute, but I want to take you back to your statement, CRW.998.002.0661 at page 5, paragraphs 50 and 51.

5

I want to ask you about the cashless option in the Pearl Room. This is a separate option to the cheque cashing facility you discuss later in your statement, isn't it?

MR SMITH: Yes.

10

MS NELSON: And how long has this process been in place at Crown Perth?

MR SMITH: I can't recall how long cashless has been in place but it is a number of years.

15

MS NELSON: Do you recall why it was introduced?

MR SMITH: It was just newer technology.

20

MS NELSON: Who decides which Pearl Room players are given this particular option to play?

MR SMITH: The members have to ask for it.

25

MS NELSON: And who approves a particular player obtaining the option?

MR SMITH: I don't believe there is an approval process. If they wish to have cashless, I believe they can have it.

30

MS NELSON: So how does the process practically work to allow a player in the Pearl Room to play on electronic gaming machines using this option?

MR SMITH: I'm definitely not --- this is a cage --- this happens at the cage, but my understanding is they would place funds into that account and then they can use --- they load up the card with cash.

35

MS NELSON: Which card?

MR SMITH: It's actually their loyalty card. So their loyalty card can have cash placed on to it and then they use that instead of feeding the notes.

40

MS NELSON: So instead of putting actual cash into a machine ---

MR SMITH: Yes, they can use their card.

45

MS NELSON: And the machine has a note acceptor limit, doesn't it, of \$100?

MR SMITH: Yes.

12:11PM

MS NELSON: So this option would override that?

5 MR SMITH: No. I believe you can still only transfer down a set amount on to the machine at a time. Possibly. I'm not that familiar with the process.

MS NELSON: Is there a limit of how much can be loaded on to the player's loyalty card?

10 MR SMITH: Yes.

MS NELSON: What is that limit?

15 MR SMITH: I believe at a gold level, it may have been \$40,000, and possibly at a platinum level \$100,000?

MS NELSON: And how long have those limits been in place?

20 MR SMITH: I couldn't say.

MS NELSON: Is it an option that only is available to players in the Pearl Room?

MR SMITH: Yes.

25 MS NELSON: So in effect it avoids the player having to feed cash into the machine to play?

MR SMITH: Yes.

30 MS NELSON: Does it allow the player to play faster?

MR SMITH: No.

35 MS NELSON: I want to show you a form. Are you aware of what the form is that they fill out to be able to access this particular option?

MR SMITH: I couldn't say I'm directly familiar with it. I've seen it in the past. I believe I would have seen it in the past.

40 MS NELSON: I will show you Mr Alan Tan's form and see if that's the one you are thinking of, CRW.700.072.0956.

MR SMITH: So this isn't cashless we are talking about, though.

45 MS NELSON: Okay, what is this form then?

MR SMITH: This is a CCF, cheque cashing facility.

12:13PM

MS NELSON: Can you see at the top, that has been crossed out, and it has got "DAB"?

5 MR SMITH: Yes.

MS NELSON: If it was for a cheque cashing facility, would it have somewhere on that form the facility limit that was required?

10 MR SMITH: I'm not familiar with this form, I'm sorry.

MS NELSON: Do you recall having any role in approving Mr Tan for any cashless process?

15 MR SMITH: I don't believe Mr Tan would have had cashless.

MS NELSON: Okay.

MR SMITH: Cashless relates to game machines. Mr Tan was a table game player.

20 MS NELSON: He was only a table game ---

MR SMITH: From memory, he was only a table game player, yes.

25 MS NELSON: And was he a domestic patron? I can see he has an address here in Western Australia?

MR SMITH: Yes.

30 MS NELSON: So, to your knowledge, he was a domestic patron?

MR SMITH: Yes, yes.

35 MS NELSON: And was he a member of the Pearl Room, back in 2015, when this facility was signed?

MR SMITH: I can't see a reference to the Pearl Room as such, but I'm aware Mr Tan was a Pearl Room member.

40 MS NELSON: Do you recall when he became a Pearl Room member?

MR SMITH: I don't, sorry.

45 MS NELSON: I want to show you some transactions in relation to Mr Tan. If we could have CRW.700.072.0844, and starting at page 18. If you just go to page 17 so I can show you what this is actually an excerpt of. This is a printout of the Riverbank Investments Pty Ltd bank account; you see that?

12:16PM

MR SMITH: Yes.

5 MS NELSON: Then go back to page 18. Starting at the bottom of the page, just the first highlighted line, thank you --- which is from 12 September 2016, can you see that, right at the bottom of the page?

MR SMITH: Yes.

10 MS NELSON: And there is a deposit of a cheque at a branch in Victoria Park of \$60,000 into that Riverbank Investments' account, isn't there?

MR SMITH: Yes.

15 MS NELSON: If we could go back to see all the highlighted transactions, please.

MR SMITH: Can I pre-empt this by saying I'm not familiar with the form, so I don't know --- it looks --- that's what it looks like to me.

20 MS NELSON: Okay. I will show you --- you haven't seen this bank account before, is that what you are saying?

MR SMITH: Yes.

25 MS NELSON: I will just show you the transactions before I ask you some questions about what you did know.

You can see, on the page there, that there have been four cheques deposited, \$60,000, \$65,000, \$70,000, \$80,000, and then they have each been returned, haven't they?

30 MR SMITH: Yes.

35 MS NELSON: And then if we go to page 14, you can see on 17 September 2016, a cheque deposited at branch M&F Perth of \$200,000 which was reversed immediately and then another cheque deposited on the same day for the same amount of money, can you see those highlighted amounts?

MR SMITH: Yes.

40 MS NELSON: There is nothing on the statement to indicate who those funds are for, is there?

45 MR SMITH: I don't know how this works, I'm sorry, so I'm probably not qualified to say what anything represents here.

MS NELSON: You can see above and below those particular entries, there are other entries that have names attached to them, don't they?

MR SMITH: Yes.

MS NELSON: And this one doesn't have a name; correct?

5

MR SMITH: Yes, there is no name.

MS NELSON: And then page 13, the second cheque for \$200,000 --- the first entry at the bottom of the page, that cheque is returned on 21 September. Another cheque is deposited at a branch in Victoria Park, which is then reversed. And then another cheque for \$200,000 is also deposited at a branch in Victoria Park. And that particular cheque has a number attached to it, I can tell you that is Mr Tan's patron ID number.

15 If we could scroll up to 23 September, you can see that cheque is returned as well. You see that, Mr Smith?

MR SMITH: Yes.

20 MS NELSON: And then the weekend intervenes and on 27 September 2016 --- if you can pop out the top half of that bank statement, thank you --- there is a cheque with ID0435349 of \$195,000 deposited at 150 St Georges on 27 September 2016, at the bottom of that pop out. Can you see that, Mr Smith?

25 MR SMITH: Yes.

MS NELSON: And another cheque of \$160,000 on 28 September, again at the same branch, and that has the patron ID and also Alan attached to it. And the \$195,000 cheque is returned the following day. Do you recall anything about these series of transactions for Mr Alan Tan?

30

MR SMITH: No. I'm aware that Mr Tan was giving us cheques that didn't clear.

MS NELSON: And do you recall that you were being informed by email of that fact while the cheques were going in and out of the account?

35

MR SMITH: No. I have a more simplistic version, which is --- I understood Mr Tan owed us some money and he had written a cheque, the cheque had bounced, he had written us another cheque, that would bounce, and that's my extent of knowledge in that regard.

40

MS NELSON: So did he owe you somewhere around the \$200,000 amount?

MR SMITH: I can't recall that it was that high. I recall that, not accurately, but I believe the amount was around \$90,000, and then, I believe he possibly paid 30ish and there were 60 or 70 outstanding, something like that.

45

12:22PM

MS NELSON: I will take you to page 11, starting at the bottom on 16 September at 3.55 pm, you can see you and Mr Preston are informed that a personal cheque has been dishonoured for Mr Alan Tan.

5

MR SMITH: Yes.

MS NELSON: Then you can scroll up --- and then three days later, you are told about the deposit and that you would be advised of the outcome.

10

MR SMITH: Yes.

MS NELSON: A deposit of a second one. And then if you could scroll up, thank you. The second cheque has bounced.

15

MR SMITH: I'm not 100 per cent sure that that full amount of money is owed to Crown Perth. I believe some money was outstanding to Crown Melbourne.

MS NELSON: You are talking about \$195,000?

20

MR SMITH: I can't remember the breakdown on it, I'm sorry.

MS NELSON: So in any event, you were aware in September 2016 that Mr Tan owed the Crown Group around \$195,000?

25

MR SMITH: I can't say from reading this that that is what it says. I mean, we could have an amount owing to us that they may want to give us a cheque for more in that they may wish to play later. So I'm not familiar with the exact amount owed overarchingly. Possibly it is written somewhere but he could have owed us an amount of money. Let's say, for example, he owed us \$70,000. He may still want to submit a cheque for \$200,000, wanting to pay the \$70,000 down and then have credit of \$130,000 or something.

30

MS NELSON: Isn't the clear meaning of that sentence is, so we're back to square one, with \$195,000 still owed that Mr Girando is telling you that Mr Tan owes \$195,000.

35

MR SMITH: My apologies, he owes \$195,000.

MS NELSON: As at 21 September 2016?

40

MR SMITH: Yes.

MS NELSON: And do I take it to your answer from the previous question that a patron could have an amount owing to Crown but might still be allowed to play?

45

MR SMITH: No, they may have --- if let's say something happened in the transaction while we are there, something gone astray, they are paying that down and

then they are going to put credit back into their account. Again, I'm not 100 per cent sure on how that area works of the business.

5 MS NELSON: The patron owes money to Crown and they are still allowed to play on the gaming floor, whether in the Pearl Room or main gaming floor, and effectively they are playing on credit, aren't they?

MR SMITH: No, I wouldn't say that, no. If they've issued us a cheque, for example,
10 they may issue a cheque and they've played and they spent that money and they want to play more, they would issue another cheque.

MS NELSON: In relation to Mr Tan, at 12.03 pm on 21 September, you have been
15 told that he still owes that amount of money and there is no cheque waiting to be cleared; correct?

MR SMITH: Yes, that is what it appears to be.

MS NELSON: Go to page 10 at the bottom, thank you. You recall getting in contact
20 with Mr Tan yourself?

MR SMITH: Yes.

MS NELSON: And what was the nature of that discussion?
25

MR SMITH: Seeking to have him pay the money back. From memory he was
located at the cage on the main gaming floor. I received a phone call from, I believe,
Joshua Preston saying he was on site and could I go and speak to Mr Tan around the
debt that was owing, which I did.
30

MS NELSON: So you had an in-person discussion with him?

MR SMITH: Yes.

MS NELSON: On the main gaming floor?
35

MR SMITH: Yes.

MS NELSON: And do I take it from this email that Mr Tan promised to pay back
40 the \$195,000 by Monday, 26 September?

MR SMITH: I can't remember that specifically, but the email would suggest that is exactly what he promised to do.

MS NELSON: Thank you, if we could scroll up please.
45

Then you are told the following day that another of the cheques has been dishonoured.

12:27PM

MR SMITH: Yes.

5 MS NELSON: So that's Thursday 22 September. And if you go up to the next email, please. There is a further update on the Friday, 23 September at 11.59 am to you. You see that, Mr Smith?

MR SMITH: Yes.

10 MS NELSON: If we go to page 9, thank you, in the middle.

Mr Preston seems to respond by asking Mr Marais to commence a litigation process by issuing a formal letter of demand to Mr Tan for the money owed. Is that what you understand to be the situation?

15

MR SMITH: Yes.

MS NELSON: So that is on midday on Friday, 23 September.

20 The email at the top of the page, did you then have another in-person discussion with Mr Tan?

MR SMITH: Yes, it appears so. I can't remember that specific conversation. I remember the conversation with Mr Tan on the main gaming floor.

25

MS NELSON: Which was that, as you say here, "the funds owing will be finalised on Monday".

MR SMITH: Yes.

30

MS NELSON: If we go to page 8, please. This is 6.00 pm on 23 September, on the bottom half of the screen, please, thank you.

35 Mr Girando, who is sending these emails, he works in the cage at that time, didn't he?

MR SMITH: I don't recall that name.

MS NELSON: You see the first sentence of the main paragraph:

40

Mr Tan was granted playing rights today on the MGF [for the main gaming floor]

MR SMITH: Yes.

45

MS NELSON: Why would he have been given playing rights if he owed Crown \$195,000?

12:30PM

MR SMITH: I can't recall. Clearly I don't believe I was a part of that discussion.

MS NELSON: Who would have given the approval for that to have occurred?

5

MR SMITH: Well, this would indicate Lonnie and Josh have discussed it and agreed to allow Alan to play, over the weekend.

MS NELSON: How is it that he's able to present at the cage with \$45,500 in chips, yet he owes Crown \$195,000?

10

MR SMITH: My timeline is not great on all of this, but what I can remember is when I had the conversation with Mr Tan, when I was asked to go and have a conversation with Mr Tan, where I did talk to him on the main gaming floor that was at the cage, and I believe the money that he had presented they retained. So he wasn't allowed to leave with that money. So I'm not sure that --- I don't know that he played personally, but I was simply called and asked "Mr Tan's on the floor" and when I got down there, the cage were intending on keeping the funds that were there and my role was to ask Mr Tan to resolve the monies that were owed.

15

20

MS NELSON: From looking at that paragraph, it appears that the cage retained \$35,000 but gave Mr Tan cash of \$11,500.

25

MR SMITH: Yes, that is what it would say.

MS NELSON: He then came back to the cage undetected and got another \$10,000 in cash?

MR SMITH: Yes.

30

COMMISSIONER OWEN: What does "cash out" there mean?

MS NELSON: Does "cash out" mean that he was handed cash by the cage?

MR SMITH: "Cash out" would typically mean you are handing over your chips and you are receiving cash back.

35

MS NELSON: So, in reading that paragraph, you would understand that he was given actual cash of \$11,500 and then another \$10,000?

40

MR SMITH: Yes, that's what this would suggest.

MS NELSON: But you don't recall being consulted as to whether Mr Tan was allowed to play. You say that was a decision you think of Mr Bossi and Mr Preston?

45

MR SMITH: Yes, I don't recall being involved in a conversation around allowing play.

12:33PM

MS NELSON: Would you agree that this whole email chain suggests that Crown was concerned about getting its money back from Mr Tan?

5 MR SMITH: Yes, we're always concerned about getting money back from anyone, if it is outstanding.

MS NELSON: So, in your view, was the granting of Mr Tan playing rights over that weekend an attempt by Mr Bossi and Mr Preston to get Mr Tan to gamble back his
10 losses?

MR SMITH: I'm not qualified to say what their motive was in that decision.

MS NELSON: Could we have CRW.700.072.3639. This is in the next week. Have
15 you read that, Mr Smith?

You see, at the top of the first page at 7.15 pm, you write to Claude saying that you are happy for legal proceedings to commence against Mr Tan.

20 MR SMITH: Yes, I had no communication from Mr Tan and I was happy to proceed.

MS NELSON: Would you agree that his behaviour over the previous 10 days, where he's presented five cheques that have bounced, and also withdrawn two transfers that
25 didn't go through, that raises concerns about the source of his funds?

MR SMITH: I didn't believe he had funds. Again, I go back to I had a simplistic version, which is that he owed us funds from cheques that had not cleared and he kept --- there was a repetition of him presenting cheques that simply bounced.
30

MS NELSON: Did it raise concerns from an RSG perspective for you, for Mr Tan?

MR SMITH: Yes, certainly.

35 MS NELSON: Did you do anything about that?

MR SMITH: No, this is now in the legal world. It's gone past an RG level, I would expect. I imagine RG reports through to Mr Preston so

40 MS NELSON: But prior to the decision being made on that Friday before this by Mr Preston instructing Mr Marais to commence legal proceedings, had you been concerned enough about RSG to report it to the RSG team?

MR SMITH: No, I don't believe I would have reported it to RG given the level he
45 was at.

MS NELSON: What do you mean "given the level he was at"?

MR SMITH: You have got senior executives of the property involved. RG processes are probably not that applicable in this sense.

5 MS NELSON: Why is that?

MR SMITH: Clearly there --- I don't know. I would say it's --- my opinion is it has gone past an RG perspective and we are now into a retrieval of funds, and I expect that our relationship with Mr Tan would be over.

10

MS NELSON: Can I have CRW.700.072.2929. We're looking here at an email from the end of August 2016. I will give you a minute to read that.

MR SMITH: Yes.

15

MS NELSON: Do you recall receiving this email in relation to Mr Tan?

MR SMITH: I don't particularly recall this particular email, no, but it seems in keeping with standard practice.

20

MS NELSON: Is it your evidence that even though you have received this email, you didn't see it as an RSG concern, Mr Tan's behaviour in the coming two weeks after this?

25 MR SMITH: Can you repeat that, I'm sorry?

MS NELSON: You received this email prior to Mr Tan presenting five cheques which bounced.

30 MR SMITH: Yes.

MS NELSON: Is it your evidence that even though you received this email, you didn't see Mr Tan as an RSG concern?

35 MR SMITH: No, he would have been an RSG concern here. My commentary is that once we are in --- once it is escalated, it's no longer --- it would still be of interest to RG, but I expect it's gone beyond an RG thing. It is now a legal matter.

40 MS NELSON: But at the time that Mr Tan was presenting the cheques, it hadn't yet progressed to a legal matter, had it?

MR SMITH: No.

45 MS NELSON: And in fact even after the weekend when he cashed in the chips, it still wasn't a legal matter at that stage, was it?

MR SMITH: I'm not sure of that, I'm sorry.

MS NELSON: Well, I showed you an email from the following week, in which it was at that stage when you decided with Mr Preston and Mr Marais to proceed with the legal proceedings.

5

MR SMITH: Yes.

MS NELSON: So at the time when he presented to the cage with the \$45,500 worth of chips, it was not yet a legal matter, was it?

10

MR SMITH: It was --- yes, it was not a legal matter insofar as we were pursuing it through legal means, but it was a very high level matter that was being pursued by senior people.

15

MS NELSON: Could we pop out the table in that email, please, so we can see the figures. In that email, RSG says that it is concerned about his level of play in 2016. What does that patron activity inquiry summary tell you about his level of play in 2016 as opposed to 2015?

20

MR SMITH: He's increased his play considerably.

MS NELSON: The buy-in, is that his turnover?

25

MR SMITH: No, buy-in is the amount that he's bought over the table, placed over the table.

MS NELSON: So in 2016, he's placed over the table \$1.25 million?

30

MR SMITH: Yes.

MS NELSON: The previous year it was \$779,000 odd.

MR SMITH: Yes.

35

MS NELSON: Thank you, that can be taken down. I will take you to CRW.700.072.1252.

I just want to ask you about that email in the middle of the screen from yourself to Brian Lee. Who is Mr Lee?

40

MR SMITH: Head of security.

MS NELSON: This is an email from 11 May 2017:

45

Can we please go ahead and ban Mr Tan from the property. Regards Richard.

What was the reason for banning Mr Tan at this stage?

MR SMITH: I would have to see a timeline of everything, that would be preferential to me, but I would expect he hasn't resolved his debt and we are simply stopping him from entering the property at all.

5

MS NELSON: Thank you. Have you since become aware, after 2017, that Mr Tan was convicted of fraud relating to a sham business scheme?

MR SMITH: No.

10

MS NELSON: You had no idea about that?

MR SMITH: I can't recall that.

15

MS NELSON: Thank you. If we could have another document and if the non-publication order could still be in place in relation to this patron, thank you, Commissioners.

20

I refer to the patron as Mr Q --- sorry, patron Q. We have document CRW.700.072.0962.

Now don't say the name of the patron, but I want to ask you if you have any knowledge about this patron's play?

25

MR SMITH: No.

MS NELSON: Thank you. That can be taken down.

30

And we'll look at another patron and I ask that the non-publication order be lifted in relation to Mr Simon Pan, thank you, Commissioners.

35

COMMISSIONER OWEN: I understand Mr Pan's name has been made public, particularly through the Victorian Royal Commission, so the general non-publication order will be lifted in relation to Mr Simon Pan.

MS NELSON: Thank you. Can we have CRW.700.072.0975. Did you know Mr Simon Pan?

40

MR SMITH: No, I can't recall that.

MS NELSON: He was a member of the Pearl Room?

MR SMITH: Yes, I just don't recall the name, I'm sorry.

45

MS NELSON: Can we look at CRW.700.072.0975. Sorry, that is that one. Perhaps we move on.

If we go back to your statement, CRW.998.002.0661, paragraph 54. I want to ask

you about the cheque cashing facility, which you say is specifically administered by the cage. But it is not set up or approved for use by the cage, though, is it?

5 MR SMITH: What does that mean, I'm sorry?

MS NELSON: It is administered by the cage, but who approves the facility in the first place?

10 MR SMITH: He --- it goes through a review process with, I expect finance, someone from the finance team, and then I would make --- have a look at that as well and give my recommendation or approval on that.

15 MS NELSON: On what basis do you recommend someone is approved for that facility?

MR SMITH: Knowledge, previous knowledge of the player, history of the player and based on the searches that are undertaken by the finance team, or the team that can pull this together.

20 MS NELSON: Do you do any due diligence on the player yourself, or your team?

25 MR SMITH: Some of the cheque cashing facilities are for very small amounts, couple of thousand dollars. In that case, it would just be based on the searches that have been presented.

MR GANDHI: Sorry, Commissioners.

30 Mr Smith, can you just clarify, when you are giving evidence here in relation to the cheque cashing facility, are you talking about what you are doing now in your current role or in your previous role?

35 COMMISSIONER OWEN: If there is an issue that you want us to deal with, Mr Gandhi, can you tell us what it is?

MR GANDHI: Yes, Commissioner. Perhaps the witness could be asked to clarify whether the evidence he's giving is in relation to his current role or whether it was a role he was performing previously?

40 COMMISSIONER OWEN: All right. Can you clarify that, please?

MS NELSON: Thank you, Commissioners.

45 The approval process you were just talking about, do you do that in your current role or previous role?

MR SMITH: Previous role.

MS NELSON: Do you have any interaction with cheque cashing facility approvals in your current role that you were in since December 2019?

5 MR SMITH: No.

MS NELSON: So in your previous role, you say in your statement, paragraph 55, that you would sit down with a person from finance and considered the applications and I asked you, prior to Mr Gandhi standing up, what information informed your
10 recommendation that the person be approved and you said "knowledge of the player". What due diligence did you or your team do in your previous role to enquire into the player and their bona fides?

MR SMITH: The report that was presented for review included any directorships
15 they owned, properties, businesses, it was just an overview of the player. We would look at that and then go --- look at their past history of play with us and make an assessment.

MS NELSON: And who prepared that report you just referred to?
20

MR SMITH: At that time --- I'm not sure who actually prepared it. I know who presented it to me. It was typically a lady called Heather, from memory, and --- no, not Heather. I can't recall the name, I'm sorry.

MS NELSON: Thank you. If we go to paragraph 56 of your statement, and you discuss in that paragraph how on occasions there are increases to those pre-approved check cashing facility limits, and that occurred, you say, whilst the player was at the casino.
25

30 MR SMITH: Yes.

MS NELSON: And you also say it was rare and mainly in relation to one player.

MR SMITH: Yes.
35

MS NELSON: Is that a table game player?

MR SMITH: Table game player.

40 MS NELSON: Were there any constraints that Crown imposed in relation to approving increases on those pre-approved cheque cashing facility limits?

MR SMITH: Any constraints?

45 MS NELSON: Was there any limit on how many times it could occur during one gaming session?

MR SMITH: No, it would be based on at the time. So I would --- if I received

a request for an increase, I would typically call the managers, ask how they are, how the player is, they would relay how they were, which was typically fine, and I would give a recommendation that it is approved.

5

MS NELSON: And those game increases to the pre-approved limit, did they have a particular name?

MR SMITH: I can't recall.

10

MS NELSON: Is it TTO, or This Time Only?

MR SMITH: I would just say it is an increase of their cheque cashing.

15

MS NELSON: Did you ever have to sign any forms to approve those increases?

MR SMITH: No.

20

MS NELSON: Could I have document SIE.0001.0001.0014 and if I could only be put on the screens for counsel as there is a non-publication order, thank you, Commissioners. Can I have page 56? Is this a printout from SYCO?

MR SMITH: I don't know where this is printed from, I'm sorry.

25

MS NELSON: You've never seen a printout like this before?

MR SMITH: No, I haven't seen one of these.

30

MS NELSON: We'll go to page 58. You see your name appears in the column to the right, "Authorised By" at the bottom?

MR SMITH: Yes.

35

MS NELSON: On six occasions, it is.

MR SMITH: Yes.

MS NELSON: 2018 and 2019?

40

MR SMITH: Yes.

MS NELSON: And this is in relation to one particular player. Could I have page 309, thank you. In 0165, have you seen a form like this before, Mr Smith?

45

MR SMITH: No, I don't recall seeing this form.

MS NELSON: This is 26 December 2018, and it is one of the instances where, in that previous printout, you had authorised an increase.

12:54PM

MR SMITH: Yes.

5 MS NELSON: You see down the bottom "Company Officer Approving", and "1st Authoriser" "RS", with a licence number?

MR SMITH: Yes.

10 MS NELSON: Is that your licence number?

MR SMITH: Yes.

15 MS NELSON: Do you see at the top of the page, do you agree where it says under the "Revised Limit Details", TTO change limit from AUD50,000 to TTO change limit AUD100,000.

MR SMITH: Yes.

20 MS NELSON: So on this occasion you've doubled the cheque cashing facility from 50,000 up to 100,000?

MR SMITH: Yes.

25 MS NELSON: And if you go to 0166. Four days later on 30 December 2018 you can see you approved again another increase of the same amount.

MR SMITH: Yes.

30 MS NELSON: Do you understand from this facility that the player has already spent \$50,000 on the tables and then they are being given another amount of money on top of that?

MR SMITH: Yes.

35 MS NELSON: In the next page, thank you, 2 January 2019. Does that appear to indicate that you again have improved the increase of a limit from 50,000 to 100,000?

MR SMITH: Yes.

40 MS NELSON: And then on 10 January 2019, the next page, that is you again?

MR SMITH: Yes.

45 MS NELSON: Do you know who the second authoriser is?

MR SMITH: Yes.

12:56PM

MS NELSON: Who is that?

MR SMITH: Neil McEachran.

5

MS NELSON: If we could go back to the previous page, 167, the second authoriser on that page, "SS", do you know who that is?

MR SMITH: That would be Samantha Schoers, I expect.

10

MS NELSON: You can see it says "358407"; is that how you read that as the second authoriser?

MR SMITH: That's how I would read it.

15

MS NELSON: And then the next page, 0168, was the one we saw just before. And then the following page there is a second change on the same night. So 0169 thank you. You can see that is also 10 January 2019.

20

MR SMITH: Yes.

MS NELSON: So the player's limit is now not 100,000 but 150,000?

MR SMITH: Yes.

25

MS NELSON: And you were the authoriser on that occasion as well?

MR SMITH: Yes.

30

MS NELSON: And then 0170, 10 June 2019. Are you the second authoriser on that occasion?

MR SMITH: Yes.

35

MS NELSON: Are you familiar with the section of the Casino Manual that deals with cheque cashing facilities?

MR SMITH: Not off the top of my head, I'm sorry.

40

MS NELSON: I will show you the document. CRW.707.010.2371, page 3, thank you. You can see this is the section of the manual dealing with Cheque Cashing and Funds Advance Facilities in place from 23 February 2018. If we could go to page 18, thank you. Have you seen an approval matrix of this type before?

45

MR SMITH: In the past, yes.

MS NELSON: And is that something that was relevant to who was the first

authoriser and the second authoriser for this time only cheque cashing facility in process?

5 MR SMITH: I haven't seen that first form before but my operating understanding is that a CCF authorisation such as that always goes to a level 1 officer, which is the COA. So, we make --- in my world an approval, like an approval went in, a recommendation, but it's not actually the approval. It may be recorded as that there, but it's not actually the approval.

10 MS NELSON: I see. So your evidence is those forms that I showed you where you were the first authoriser, and on one occasion the second authoriser, it is your evidence that you are not actually approving the increase on that occasion?

15 MR SMITH: I'm recommending it is fine to do so but I'm not the approver unless Where is the amount

MS NELSON: At the time that you approved --- sorry, where you authorised on your evidence those increases in the cheque cashing facility for that patron, which is
20 December 2018 ---

MR SMITH: Yes.

MS NELSON: --- January, 2019, what company officer level were you looking at
25 that approval matrix?

MR SMITH: Level 2.

MS NELSON: And what company officer was Samantha Schoers?
30

MR SMITH: 4.

MS NELSON: Thank you. I have one last question.

35 During the COVID lockdowns that had been in place in Perth, so there was one in April/May 2020, there was a second one January/February in 2021, about five days, and then 3 days in April 2021, and then about five days June/July 2021, during any of those lockdowns was the Pearl Room open for patrons to come and gamble?

40 MR SMITH: I can't recall exactly but it's possible that we --- no, I can't recall exactly, I'm sorry.

MS NELSON: But it is possible?

45 MR SMITH: Possible.

MS NELSON: Would you be able to find out that information?

MR SMITH: Yes, certainly.

MS NELSON: Thank you. No further questions, thank you, Commissioners.

5

COMMISSIONER OWEN: Thank you. Are there any applications? MR EVANS:
Can I ask a couple of questions in clarification?

COMMISSIONER OWEN: Yes, Mr Evans.

10

CROSS-EXAMINATION BY MR EVANS

15 MR EVANS: Mr Smith, my name is Evans and I ask for the Gaming and Wagering
Commission.

Can I just clarify a couple of matters in relation to your statement that you haven't
been taken to earlier, perhaps take you to matters that I want to look to.

20

Can I take you to paragraphs 10 and 11 of your statement in which you refer to
responsibility for the Pearl Room reception, moving from international operations to
yourself. Now, as members present here saw in a view of the Pearl Room the other
day, the Pearl Room reception is effectively is the gateway into the Pearl Room and
the rooms beyond it, is it not?

25

MR SMITH: Correct.

30 MR EVANS: Do I take it from paragraph 10 that prior to 2018 the Pearl Room
reception and, therefore, control of the entry to Pearl Room, was effectively run as
part of the international business operations out of Melbourne?

MR SMITH: It was run by the international operations but it was locally --- I don't
know if international was being run out of Melbourne.

35

MR EVANS: So there was a local presence of the international operations business -
--

40 MR SMITH: Yes. There was local international staff running the Pearl Room
reception.

MR EVANS: --- and they answer to Melbourne, as you understand it, the
international business operations in Melbourne?

45 MR SMITH: I don't know where they answer to at that time, sorry.

MR EVANS: In paragraph 11, however, you say that in relation to interstate gaming
business that is headed out of Melbourne?

MR SMITH: Yes.

MR EVANS: When you say that it is "headed out of Melbourne", does that mean
5 that effectively management decisions in relation to who is an interstate player are
made out of Melbourne?

MR SMITH: Yes.

10 MR EVANS: And the function that you described in relation to your role here is
effectively to service customers selected, identified and promoted by Melbourne?

MR SMITH: Yes.

15 MR EVANS: And you have no decision-making function in relation to the selection,
promotion, entertainment of those customers?

MR SMITH: No.

20 MR EVANS: Thank you.

Can I take you down to paragraph 69 which describes the current maximum time
periods in which customers are allowed to play on the floor of the casino at the
moment. You refer there to the time period starting as soon as play starts. Now that
25 is easy to ascertain in relation to carded players, isn't it, because that's the time
effectively their card is inserted?

MR SMITH: Yes.

30 MR EVANS: How does that work in relation to uncarded players?

MR SMITH: I don't know how they --- I couldn't answer that.

MR EVANS: And your understanding is these are the time limits which are still
35 currently in play, notwithstanding --- currently in force notwithstanding that there is
a proposal to change them. That is, currently a player can play for 18 hours before
intervention to remove them from the floor?

MR SMITH: Yes. I'm not --- they may enact that any day or they may have already
40 enacted it in the last very short period of time but I know we are moving from 18 to
12.

MR EVANS: When you refer there to the RG team removing the player, is that a
45 physical removal or a suspension of the benefit of their rewards program?

MR SMITH: I'm sorry, where are we referring to?

01:05PM

MR EVANS: The last line of paragraph 69:

At 18 hours, the RG team removes the player.

5

MR SMITH: Yes, my understanding is the player can be asked to leave the property.

MR EVANS: And if they decline to leave, then you escalate that in some way?

10

MR SMITH: Yes.

MR EVANS: Have you any experience of doing that?

MR SMITH: No.

15

MR EVANS: Would a host be involved in that?

MR SMITH: No.

20

MR EVANS: In paragraph 85 you refer to the pre-established turnover for the last 12 months which qualifies a player for membership of the Pearl Room?

MR SMITH: Yes.

25

MR EVANS: And you refer to that level being approved by the regulator.

MR SMITH: Yes.

30

MR EVANS: Was that information provided to you by some other person or is that to your own knowledge?

MR SMITH: I'm not sure on that question, I'm so sorry.

35

MR EVANS: You said definitely the level of membership is approved by the regulator.

MR SMITH: Yes.

MR EVANS: Where did you get that knowledge from?

40

MR SMITH: That has been pre-existing since I started at Crown Perth.

MR EVANS: It is something you knew as a prior ---

45

MR SMITH: There is a one-page document that outlines the requirements from the regulator.

MR EVANS: That is the audit form in relation to the Pearl Room, isn't it?

01:07PM

MR SMITH: No, it's the basic 12 --- I think there is 12 criteria and that is one of them.

5 MR EVANS: All right, thank you.

In paragraph 90 you refer to the fact that recently a process and compliance manager had been appointed who has been charged with undertaking an additional review covering source of wealth, et cetera. And in the last sentence you say:

10

..... I am aware that if we had concerns around source of wealth they were excluded from the property."

15 That is couched in the past tense. Is it the case that until this review process was put in place, there was no general process for testing concerns about wealth and exclusion?

MR SMITH: Correct. That is a recent ---

20 MR EVANS: So this is a recent innovation?

MR SMITH: Yes.

25 MR EVANS: Thank you.

And, finally, if I can just ask you this: you were taken at some length to entries in a bank account in relation to Mr Tan and the deposit of cheques and their return. That bank account was a Riverbank Investments bank account; do you recall that?

30 MR SMITH: I remember seeing it on there, yes.

MR EVANS: How is it the case --- I will step back for a minute. Mr Tan owed the casino in Perth a significant amount of money; is that correct?

35 MR SMITH: Yes.

MR EVANS: That is on general gaming account?

40 MR SMITH: He owed it from gaming, yes.

MR EVANS: The casino has a gaming account?

MR SMITH: I'm not sure how accounts work.

45 MR EVANS: Do you know how he came to know to deposit those funds into the Riverbank Investments account specifically?

01:09PM

MR SMITH: No.

5 MR EVANS: Were you involved in communicating that to him when you met with him?

MR SMITH: No.

10 MR EVANS: No further questions.

COMMISSIONER OWEN: Any further applications? Do we have anybody offsite? Any questions?

15 COMMISSIONER MURPHY: No, I don't.

COMMISSIONER OWEN: Anything arising?

Mr Gandhi, do you wish to re-examine?

20 MR GANDHI: Just a few questions.

RE-EXAMINATION BY MR GANDHI

25 Mr Smith, can we turn to page 72 of your statement, that is CRW.998.002.0668.

30 Earlier on you were asked some questions about why you had not indicated your involvement with the Responsible Gaming Management Committee. Have you addressed that specific issue in paragraph 72 of your statement?

MR SMITH: Could you repeat that, I'm sorry.

35 MR GANDHI: You were asked questions earlier on as to why you had not explained in your statement that you were in fact involved or participated in the meetings of the Responsible Gaming Management Committee. And you have in paragraph 72 of your statement actually explains that you have in fact participated in those meetings; is that right?

40 MR SMITH: I'm not sure what the question is. I'm so sorry.

MR GANDHI: I will try and rephrase.

45 COMMISSIONER OWEN: I think the paragraph 72 speaks for itself.

MR GANDHI: Grateful.

COMMISSIONER OWEN: Certainly from my part I get the message.

MR GANDHI: If I can move on to the next issue. You were asked questions about post filing UARs and you were asked some questions as to whether or not those UARs are filed by the hosts in the Pearl Room and you were asked questions about why those reports were not filed as far as you are aware. Is it normal, or is it unusual for large amounts of cash to be brought into the Pearl Room for players to play?

MR SMITH: Yes, it is our daily life.

MR GANDHI: Given it is a normal occurrence, you wouldn't consider that to be unusual, would you?

MR SMITH: No.

MR GANDHI: So would you file a UAR if somebody brings in a large amount of money into the Pearl Room, in the ordinary course?

MR SMITH: No. We're used to seeing large amounts of money.

MR GANDHI: Commissioner, the last question is really on a series of statements that Mr Smith was taken in relation to Mr Petkov, CRW.700.045.6296. You were taken through Mr Petkov's turnover history. Could you please explain what "turnover" means? Does it mean that he has brought in 747,000 to the Pearl Room that night?

MR SMITH: No. It means he's just turned over a lot. His actual win, the amount in this group of players here, granted I can't see the other players, his actual loss is middle of the road in that particular instance. He's number three of five players in regards to their loss for that particular document.

MR GANDHI: So he hasn't brought in and lost 747,000 that night?

MR SMITH: No, he's lost 17,000.

MR GANDHI: Thank you, Mr Smith. Commissioners, I have no other questions.

COMMISSIONER OWEN: Thank you, Mr Gandhi.

Mr Smith, thank you for your evidence. The summons will remain in place because one of the other Commissioners will have to have a look at the record and there may be other questions for you so the summons will remain in place but for the time being you are free to go and resume your normal life and thank you very much for your evidence.

MR SMITH: Thank you.

THE WITNESS STOOD DOWN

5 COMMISSIONER OWEN: We will adjourn until 2.00 pm.

ADJOURNED [1.13 PM]

10

RESUMED [2.02 PM]

15 COMMISSIONER OWEN: Please be seated. Just before we call the next witness,
can I say something more about the non-publication orders for patrons. This
morning when I lifted the orders in relation to three patrons, Mr Petkov, Mr Tan and
Mr Pan, I want to make it clear that the lifting of that order was in relation to naming
of the person during the evidence given by Mr Smith and in the documents that were
20 referred to during the examination of Mr Smith. It would not authorise the
publication of his name if perchance it came from any other evidence, documentary
or oral, given to this Royal Commission. By way of clarification I would add that
that does not, of course, prevent the publication of the name in connection with other
material outside this Royal Commission that is in the public domain.

25 Now, I think we have Ms Vanderklau. Please come forward.

Would you give us your full name for the record, please.

30 WITNESS: It is Denise Andree Vanderklau.

COMMISSIONER OWEN: Do you wish to make an oath or take an affirmation?

WITNESS: The oath.

35

MS DENISE ANDREE VANDERKLAU, SWORN

40 **EXAMINATION-IN-CHIEF BY MR DAVIS**

MR DAVIS: Ms Vanderklau, you have prepared a statement for the Commission?

45 MS VANDERKLAU: Yes, I have.

MR DAVIS: Can I ask for document CRW.998.002.0537 to be on the screen. Do
you recognise that on the front page as your statement for September 2021?

02:05PM

MS VANDERKLAU: Yes, I do.

5 MR DAVIS: I understand you have a change you would like to make to paragraph 50 (d)?

MS VANDERKLAU: Yes.

10 MR DAVIS: It is on page 0547. What is the change you would like to make to that?

MS VANDERKLAU: To the actual availability of funds advance facility is to not just junkets but also to individual international patrons playing on international programs as well.

15 MR DAVIS: Thank you, do you have any other ---

MS VANDERKLAU: No.

20 MR DAVIS: On your copy, the last page of the statement which is 0555, can you confirm that is your signature?

MS VANDERKLAU: Yes.

25 MR DAVIS: And then on page 0556, (inaudible) list of documents in your statement.

MS VANDERKLAU: Yes.

30 MR DAVIS: I understand that Crown have made an application for non-publication affecting some of those documents.

COMMISSIONER OWEN: We can deal with that.

35 MR DHARMANANDA: As the Commission pleases.

MR DAVIS: Ms Vanderklau, can you confirm the contents of your statement are true and correct to the best of your knowledge and belief?

40 MS VANDERKLAU: Yes, I am.

MR DAVIS: Commissioner I tender that statement.

45 COMMISSIONER OWEN: Thank you very much. The witness statement of Denise Andree Vanderklau dated 15 September 2021 bearing the identifier number CRW.998.002.0537 will be admitted into evidence as an exhibit.

EXHIBIT #CRW.998.002.0537 - WITNESS STATEMENT OF MS DENISE

ANDREE VANDERKLAU DATED 15 SEPTEMBER 2021

5 MR DAVIS: May it please the Commission.

COMMISSIONER OWEN: Mr Feutrill.

10 **CROSS-EXAMINATION BY MR FEUTRILL**

MR FEUTRILL: May it please the Commission.

15 Ms Vanderklaus, my name is Michael Feutrill, I'm one of the Counsel Assisting the Commission. I'm going to ask you some questions.

Can I start with that correction, I didn't quite catch it, to paragraph 50(d) of your statement. Can you perhaps read out how you think say it should now read?

20

MS VANDERKLAU: From the second sentence:

25 It was essentially a way for junket players to receive funds for gaming on *credit*. *It was not just for contract players, it is also available to individual patrons playing on international individual programs.*

MR FEUTRILL: I see. So it should read:

30 It was essentially a way for junket players and players on international *program to receive funds.*

MS VANDERKLAU: That's correct.

35 MR DAVIS: Sorry, I think the evidence wasn't --- was it for individual ---

MS VANDERKLAU: Sorry, individual.

MR DAVIS: Playing on individual and international programs?

40 MS VANDERKLAU: Yes, sorry, that's correct.

45 MR FEUTRILL: Thank you. While we are in your statement, can I take you to paragraph 34 of it where you have set out a number of the systems, policies and procedures --- well, the documents that you've said contain the systems, policies, procedures when you occupied the position of AML & Compliance Officer.

MS VANDERKLAU: (Nods head).

MR FEUTRILL: Can I ask that the operator take us to CRW.702.002.2743. This is subject to an NPO. It is one of the documents you've referred to in the schedule in the back.

5

MS VANDERKLAU: Yes.

MR FEUTRILL: I am not going to take you to all of them. This is just one I would like to run through some of the parts of it --

10

MS VANDERKLAU: Sure.

MR FEUTRILL: --- and understand what your role was at the time you were the AML & Compliance Officer. So you will see from the first page that it is version 8 of the AML/CTF program. Can I ask if you could scroll to section 3, which is on page pinpoint 2747, and in the third paragraph on that page is a reference to Executive General Manager legal services ---

15

MS VANDERKLAU: Yes.

20

MR FEUTRILL: --- as the AML/CTF compliance officer. That was Mr Preston?

MS VANDERKLAU: That's correct.

25

MR FEUTRILL: And then there is a position there, the first bullet point, AML & Compliance Officer, that was the position you held?

MS VANDERKLAU: Yes.

30

MR FEUTRILL: And the other position, people may have changed, but General Manager Legal and Compliance, that was Mr Marais?

MS VANDERKLAU: Yes, that's correct.

35

MR FEUTRILL: Who occupied the position of General Manager Risk & Corporate Projects?

MS VANDERKLAU: That was Ms Sasha Grist.

40

MR FEUTRILL: Okay. And at the time, General Manager Cage & counts?

MS VANDERKLAU: That would have been Mr David Brown.

45

MR FEUTRILL: Mr Brown, okay.

You will see that this passage, this part of the document identifies who will discharge the duties of the AML/CTF compliance officer effectively in the absence of the designated officer, Mr Preston. Was it your understanding that the people that

fulfilled that function were one of the people in the bullet points in that order?

5 MS VANDERKLAU: I'm not sure if it was in that order. Certainly one of us would do that and I would generally liaise with Mr Marais or Ms Grist on those matters as well.

MR FEUTRILL: If Mr Preston was absent?

10 MS VANDERKLAU: Yes.

MR FEUTRILL: In the period that you were the AML & Compliance Officer, was there any other person or people that fulfilled the functions of the AML & Compliance Officer?

15

MS VANDERKLAU: Not that I recall.

MR FEUTRILL: So were the people effectively undertaking the function of AML compliance you and Mr Preston?

20

MS VANDERKLAU: Yes.

MR FEUTRILL: Can I ask you if we can scroll forward a little further to pinpoint 2749. Number 6. There is a reference there to a Risk awareness training program. And if I could scroll further to appendix C, referred to in that part, 2760. Was it part of your duties to carry out the training function for this program?

25

MS VANDERKLAU: Initially in the beginning with the introduction of the AML/CTF Act we went out to different departments and did a presentation and provided more training to the cage that dealt with the majority of the transactions and table games who would do cash buy-ins at the tables, and then after that it was predominantly an online training, although I would go to the cage and train any new cashiers and attend the dealer schools to do a little presentation at the dealer schools as well, the new dealers.

35

MR FEUTRILL: Okay. So you said "we".

MS VANDERKLAU: Oh.

40 MR FEUTRILL: So who was providing the training?

MS VANDERKLAU: Myself and Ms Sasha Grist would attend the initial one. And after that it was just me.

45 MR FEUTRILL: I see. So, to understand what you just said, when the AML/CTF Act came in 2007 ---

MS VANDERKLAU: Yes.

MR FEUTRILL: --- there was a program of direct training of the various departments?

5 MS VANDERKLAU: That's correct.

MR FEUTRILL: That you undertook with Ms Grist?

MS VANDERKLAU: The initial ones only.

10

MR FEUTRILL: And the online training, other than online training, was there any time at which you provided direct training to people in the cage or other areas?

15

MS VANDERKLAU: Yes, so whenever there was a new cashier I would go and speak directly with that cashier and go through the AML/CTF requirements. I would also attend all the new dealer schools, so I shouldn't say every dealer school. So you would have dealers doing their initial training and then they might go bag and learn another game. I would be at that second school as well. So just all the dealer schools. I also attended the --- they're now called table game manage --- so the previous pit boss meetings, did presentations there. The gaming machine management as well. We did training for them as well. The VIP room hosts and managers, we did training for those as well. And after the initial training it was more an ad hoc. So on top of the online, if any departments request further training, I would attend.

25

MR FEUTRILL: I see. Was there a program that you developed yourself to provide refresher training or was it, you say ad hoc, was it at the request of the relevant department?

30

MS VANDERKLAU: Yes, and I would tailor the discussion or presentation to that department to focus on the issues conducted.

35

MR FEUTRILL: Can we scroll back in the document, please, to pinpoint 2751, which is a section on transaction monitoring. We'll come back to this in a moment. I just want to get an understanding of what your role was in this process. So you will see there is a table there and because this is the subject of an NPO I'm not going to read everything out in great detail.

40

MS VANDERKLAU: Sure.

MR FEUTRILL: There is a table there and the reference to monitoring, was it part of your function as the AML & Compliance Officer to be the person who was doing the monitoring?

45

MS VANDERKLAU: Yes.

MR FEUTRILL: And in that column under the "Method", was that something that

was part of your function?

MS VANDERKLAU: Yes.

5

MR FEUTRILL: A little further down there is a reference to reports of transaction activity being received, that is your position, the AML & Compliance Officer, with a view to cross-matching. Are you able to explain a little more about what that process involved in terms of the cross-matching data and looking for a rational basis to make those reports or entries in the register?

10

MS VANDERKLAU: The last three items?

MR FEUTRILL: Yes, I'm looking at the section that starts "reports of such transactional".

15

MS VANDERKLAU: Yes. So I would review the reports or any information we received about patrons to decide whether we would need to do a suspicious matter, but also review any suspicious matters that came from any of the departments. So on the cash transactions report, that would also be reviewed by the cage and they would do SMRs on those transactions that they felt and I would review those when I received them as well as reviewing the report.

20

MR FEUTRILL: I see. Is that an entirely manual task?

25

MS VANDERKLAU: Yes.

MR FEUTRILL: So was it a matter where, if you like, the extent to which the data was matching and, if you like, flags were raised or alarm bells were ringing, was a matter that was at least in part based on your experience as an AML & Compliance Officer?

30

MS VANDERKLAU: Yes. And my experience in the cage.

MR FEUTRILL: In the cage. So there would be an element of skill involved in that, based on your aptitude for the task?

35

MS VANDERKLAU: I would think so, yes.

MR FEUTRILL: Were the matters --- when you independently decide based on matching data, for instance, across different reports you'd received, did you have an independent role in them raising an SMR with AUSTRAC or was it something you needed to then run past Mr Preston?

40

MS VANDERKLAU: No, I had independent --- I could raise them myself, I didn't refer them to Mr Preston before I lodged them.

45

MR FEUTRILL: I see. Having lodged them, you reported to him at your regular

meetings with him?

5 MS VANDERKLAU: Yes, not necessarily every SMR. Depending on the circumstances of the SMR, or if there were multiple for the same patron, he would look at that.

10 MR FEUTRILL: I think you referred to this somewhere in your statement to maintaining a spreadsheet with SMRs and patrons details on it?

MS VANDERKLAU: Yes.

MR FEUTRILL: Is that the kind of thing you are referring to?

15 MS VANDERKLAU: Yes.

20 MR FEUTRILL: I want to come back and ask you some questions about that in a moment. Before I do, can we scroll forward to 2752, which is a heading "Risk Rating" and there are several sections of the program that deal with risk ratings. 13 identifies low risk, moderate and high. I understand that is the gradual increasing of levels of risk.

MS VANDERKLAU: That's correct.

25 MR FEUTRILL: And they trigger a requirement to undertake additional Know Your Customer steps in 14 and 15. There is a question coming. And in 16 there is a reference there to high risk customers.

30 MS VANDERKLAU: Yes.

MR FEUTRILL: What the Commission is interested to know is what kinds of conduct would lead to a risk rating of say, for example, moderate?

35 MS VANDERKLAU: Some ratings were raised to moderate if we had a patron where we didn't have a lot of information but may have done a number of transactions that we considered suspicious and had lodged SMRs on. So we might then consider that or raise the patron to moderate.

40 MR FEUTRILL: What was the effect of raising a patron's risk rating to moderate in terms of what you did to monitor their activity?

45 MS VANDERKLAU: Yes, so if they were raised to moderate, say any patron raised to moderate and above we would put an alert on through the SYCO system and then we would order reports every couple of days for the previous day's activities and all their activities would come up on that report, and we would then review those activities.

MR FEUTRILL: The decision to identify a patron's risk rating as moderate, was that

your decision or someone else's?

MS VANDERKLAU: That was made in conjunction with Mr Preston.

5

MR FEUTRILL: The two of you would discuss it in one of your meetings, I take it?

MS VANDERKLAU: That's correct.

10 MR FEUTRILL: --- and then a rating would be assigned to the patron?

MS VANDERKLAU: That's correct.

MR FEUTRILL: What kind of conduct would result in a rating of significant?

15

MS VANDERKLAU: It could be a matter of different things. There may have been further information we obtained through the World Check system, which is --- we would run our patrons through, so it is a database, so if we found out any information there. If we had obtained any information via our security team and their contacts with the police, if there was anything further that they knew that we might not know that might not be public knowledge, and then again the level of number of transactions or the amounts of the transactions may also play into that as well, that assessment.

20

25 MR FEUTRILL: Okay. And what about high? How was someone rated as high risk?

MS VANDERKLAU: Again it would be dependent on any information we had gathered from different sources again by the police, our contacts with the police or World Check or transactional activity, and if we weren't able to get any further information on a patron via any of our sources, and we weren't sure what was occurring, we would place them at high.

30

MR FEUTRILL: So if we look at section 15, so on page 2753, if a person is rated as a high risk, it triggered a requirement, I should say, to do enhanced due diligence?

35

MS VANDERKLAU: That's correct.

MR FEUTRILL: That was the same if a Suspicious Matter Report was produced in respect of them?

40

MS VANDERKLAU: Yes.

MR FEUTRILL: One of the things you are obviously interested in ascertaining are sources of wealth?

45

MS VANDERKLAU: That's correct.

MR FEUTRILL: And sources of the customer's funds. What steps were taken in enhanced customer due diligence to ascertain that sort of information?

5 MS VANDERKLAU: We would then contact the applicable gaming management, and a lot of the time it was to do with international patrons, and we would contact the international team and ask them to provide us with information on those things, source of wealth, or where their money came from, and they in due course would provide information that they had or contact some of Crown's overseas offices to see
10 if they had any information as well.

MR FEUTRILL: All right. In the time that you were the AML & Compliance Officer, were there occasions when a patron was considered to be such high risk that a Notice of Revoking Licence was issued, or NRL?

15 MS VANDERKLAU: I'm not sure if there was one done specifically from an AML perspective. We did have patrons on our risk register that may have been NRLed by security or other departments requested.

20 MR FEUTRILL: Right. My question really is directed to section 16 that I took you to earlier, and circumstances where a customer based on the information you had about their money laundering risk ---

MS VANDERKLAU: Yes.

25 MR FEUTRILL: --- was such that a decision was made to issue an NRL.

MS VANDERKLAU: Not that I can recall, no.

30 MR FEUTRILL: And you were the AML & Compliance Officer from 2007 to 2013 and had a stint ---

MS VANDERKLAU: Late 2012.

35 MR FEUTRILL: Sorry, yes.

MS VANDERKLAU: And then I did a stint in from October 2014 to March 2015 when Mr Theodoropoulos left Crown and they found a replacement.

40 MR FEUTRILL: Before we leave this document, can I take you back to section 7. I will come to this a little later but section 7 deals with risk assessment. And appendix E, you recall, has a risk matrix?

MS VANDERKLAU: Yes.

45 MR FEUTRILL: And there was a matrix there that risk matrices were to be reviewed on an annual basis?

MS VANDERKLAU: Yes.

MR FEUTRILL: Were you involved in any such reviews?

5

MS VANDERKLAU: Yes.

MR FEUTRILL: How were they conducted?

10 MS VANDERKLAU: We would review --- I would review the table that we had of designated services and the risk and determine if there were any that we hadn't covered or may now know or any additional ones that might have been added and also look at any extra controls we might have put in place since the last time it was reviewed and determine whether that would change the inherent risk rating.

15

MR FEUTRILL: When was that undertaken? Was that at one of these meetings with Mr Preston or was that at a legal and compliance meeting?

20 MS VANDERKLAU: No, it was generally I would do that and then speak with Mr Preston about that on occasion. And at a later date we would also have a conference with Melbourne as well, and their AML team, and compare the designated services to see if we had a risk or if either of us should adjust based on that.

25 MR FEUTRILL: And were there occasions when you were undertaking that cast where you became aware of a new risk and it resulted in a change to the risk matrix?

30 MS VANDERKLAU: Yes, most of the new --- if a new designated service was being provided, or there was a change to the rules of a game or the operational procedures, we actually had a form called an AML/CTF approval form which the departments would complete around that new designated service and then answer some questions, and then they would send that to me and I would review it and they would take it to Mr Preston, Mr Preston would review it and sign off.

35 MR FEUTRILL: What about risks in respect of an existing designated services in terms of risks you hadn't seen but manifested themselves in operations?

MS VANDERKLAU: If we became aware of it, we would take that into consideration and update the table if required.

40 MR FEUTRILL: Do you know if you were responsible for updating the table in 2014?

MS VANDERKLAU: I don't recall, sorry.

45 MR FEUTRILL: Can I take you to another document. This is CRW.708.017.8439. Also the subject of an NPO. This is referred to in your table to your statement. I just want to draw to your attention, we touched on this a little earlier, pinpoint 8442, the

table referring to training.

MS VANDERKLAU: Yes.

5

MR FEUTRILL: And you will see, under "Frequency", there is a reference there for cage, table games, international operations and surveillance to at least have annual briefings. I think you said earlier they were done on an ad hoc basis as requested or words to that effect.

10

MS VANDERKLAU: Yes.

MR FEUTRILL: Did you have a program where you specifically went out annually to provide direct instruction in accordance with this?

15

MS VANDERKLAU: No, I didn't have a specific program. Although I was in contact with the departments on a regular basis.

20

MR FEUTRILL: The next thing I want to ask you about is "Procedures" under which is section 3 on 8443. If we have time I want to take you to some of the legal and compliance meetings where some of these things are discussed and I would like to understand a little more about how this process of discipline worked in practice.

25

So, if a person was found to have breached an AML policy, as I understand this, they were given some counselling, at least in the first instance?

MS VANDERKLAU: Yes.

30

MR FEUTRILL: and who provided that counselling to them?

MS VANDERKLAU: It was usually department management. If they requested me to attend with them, I would do that.

35

MR FEUTRILL: If it happened again, the same employee, then what would happen?

40

MS VANDERKLAU: So different departments do different --- have different procedures. So some departments have what is called a documented discussion where I think they sit down, I'm not sure if HR is involved at that stage, and they go through the matter and ask questions and ascertain whether the employee doesn't understand the requirements, or whether they did or whether it was just a mistake. The cage would have an incident report that they would issue, and it would be discussed with the employee with the management team. They were probably the two predominant ones where the incidents came from, the breach.

45

MR FEUTRILL: If it involves what is characterised as a major breach of an AML policy, how many warnings would someone get before it could lead to something more significant like termination of employment?

MS VANDERKLAU: I'm not exactly sure. I know that we did issue written warnings on occasion to some staff, depending on the breach and what occurred, so I'm not exactly sure what the HR policy is around the written warnings, how many
5 you receive before you could be terminated.

MR FEUTRILL: Do you recall whether you were ever involved in a circumstance where an employee's employment was terminated as a consequence of an AML breach?
10

MS VANDERKLAU: I don't think anybody was terminated. There was one employee who had a serious breach, but my understanding is that he resigned before

15 MR FEUTRILL: He jumped before he was pushed?

MS VANDERKLAU: I think so, yes.

MR FEUTRILL: I see. I would like to take you to another one of the policies you refer to, which is the AML & Compliance Officer standard operating procedures, CRW.708.019.3274. Again this is subject to an NPO.
20

Again, this is a document of some age. It is from the time when you were occupying the position but I also understand some of the information may be relevant to today's operation, so I will ask you questions in a way that tries not to be too revealing, but revealing enough for the Commission to understand what your evidence is.
25

If I could draw your attention on the first page to the heading "Daily" and there is a reference there to a SYCO alert report. Is that the report you may have referred to earlier where you have people who are on the watchlist?
30

MS VANDERKLAU: Yes, that's correct.

MR FEUTRILL: And so what kind of information does that generate?
35

MS VANDERKLAU: So that would be a list. It basically lists the patrons who have had any activity on the previous day, and it could be anything as simple as a change of address or gaming activity or the use of their member card at a bar or restaurant. So it lists everything. And then when I printed that report, I would then go in and look in the gaming system to see what gaming activity they had.
40

MR FEUTRILL: So if a patron, by way of an example, had had front money allocated to their DAB account, that would be referred to in the daily alert report?

45 MS VANDERKLAU: The report is not specific in what that activity is, it will just say either comment has been entered or there is gaming activity or something like that. So it's not too specific.

MR FEUTRILL: I see.

5 MS VANDERKLAU: So it just gave us an opportunity to go in and have a look at that patron.

MR FEUTRILL: So you would get the alert and then if you chose to, you could then have a look at that particular patron's information but you may not?

10 MS VANDERKLAU: No, no, I would always check every patron on that list.

MR FEUTRILL: I see. By going into the system ---

15 MS VANDERKLAU: Yes.

MR FEUTRILL: --- and seeing what in more detail the activity was?

MS VANDERKLAU: Yes, that's correct.

20 MR FEUTRILL: I see. And was it only patrons who were on the watchlist for whom you got SYCO alerts?

MS VANDERKLAU: Yes, that's correct.

25 MR FEUTRILL: There is a reference here to iTrak.

MS VANDERKLAU: Yes.

30 MR FEUTRILL: What exactly is that?

MS VANDERKLAU: That is our incident management system. So incidents in there can include surveillance, creating incidents to do with anything they've observed on the floor, whether it be with (inaudible), with breaches of rules or procedure errors. There was a specific AML component to it, so the table games department, if they had a threshold transaction buy-in at the table, they would then create an incident in iTrak and attach a form that we would then use to make sure that that had been reported through our system, which then got extracted and reported to AUSTRAC. And also surveillance and table games would use it when they were completing an SMR. They would create an incident for the SMR as well.

40 MR FEUTRILL: And did you as the AML and compliance receive some sort of alert about what AML related ---

45 MS VANDERKLAU: Yes, that's correct.

MR FEUTRILL: --- items had been created in iTrak?

MS VANDERKLAU: Yes, that's correct.

MR FEUTRILL: This is something you also reviewed daily?

MS VANDERKLAU: Yes.

5

MR FEUTRILL: And I think I understand what a transaction --- threshold transaction report is. One of your tasks was to upload the reports to AUSTRAC?

MS VANDERKLAU: That's correct.

10

MR FEUTRILL: Is there some sort of electronic interface with AUSTRAC, is there?

MS VANDERKLAU: Yes. We would extract information from our SYCO in a specific format, and then go to the AUSTRAC website and we would upload it into the portal.

15

MR FEUTRILL: There are a few other things on it. Roughly how long each day would it take you to go through the daily activities?

20

MS VANDERKLAU: Most of the day. Sometimes it would carry over to the next day.

MR FEUTRILL: Then under "weekly", and you've mentioned something in your statement about the Telegraphic Transfer Listing Report ---

25

MS VANDERKLAU: Yes.

MR FEUTRILL: --- initially at least, it was a weekly statement but it may have become more frequent as there was more activity on that reporting system?

30

MS VANDERKLAU: After my time, I believe that some of them did a daily, but I only ever did weekly for the preceding week's TTs.

MR FEUTRILL: Can you explain what is a telegraphic transfer listing report? What sort of information does it contain?

35

MS VANDERKLAU: It lists the date of TT, the patron's member number, their name and the amount, and that's about it. So that's a very brief description of what the TT was.

40

MR FEUTRILL: If you interrogated the SYCO information, could you find out greater detail about that transaction or was it ---

MS VANDERKLAU: Sometimes, yes. We could zoom in on the actual entry in SYCO, and it may have more detail there. Sometimes, there are comments added in SYCO under the TT but not always.

45

MR FEUTRILL: So this is a matter of how it was entered by the operator who put it into the system in the first place?

5 MS VANDERKLAU: That's correct.

MR FEUTRILL: Going back, you mentioned two things, "sometimes there was more detail". What do you mean by that?

10 MS VANDERKLAU: Sometimes when a TT if it was to be early released, the patron had arrived but the funds hadn't cleared for the account, the cage who prepared them would contact management, senior management, usually the CFO and CEO, to obtain approval to early release those funds so the patron could play.

15 MR FEUTRILL: I see. And what about, I think you mentioned "comments". Is there a "comments" field? What comments would be put in?

MS VANDERKLAU: It was generally around the early release or if it was --- if there was anything depending on --- any other information they might have that was
20 relevant to that TT.

MR FEUTRILL: All right. And if --- was there any suspicious matter reporting referred to in the SYCO system or was that purely an iTrak matter.

25 MS VANDERKLAU: That was purely iTrak. The cage didn't use iTrak so they would actually email the suspicious matters to me on a daily basis when they did.

MR FEUTRILL: So at this time, iTrak was not available to the cage.

30 MS VANDERKLAU: It is still not available to the cage.

MR FEUTRILL: I see. They need to physically make a report to the AML & Compliance Officer. What about ---

35 MS VANDERKLAU: Sorry, that was at my time when I was --- I'm not 100 per cent sure on the procedures now.

MR FEUTRILL: Understood. And what about the finance department, did they have access to iTrak at the time?

40 MS VANDERKLAU: (Nods head).

MR FEUTRILL: Were there occasions when you received suspicious matter reports from the finance department at all?

45 MS VANDERKLAU: Not that I can recall.

MR FEUTRILL: And if they had wanted to, I presume, they would also require

an email ---

MS VANDERKLAU: Yes.

5

MR FEUTRILL: --- or direct contact with you?

MS VANDERKLAU: That's correct.

10 MR FEUTRILL: Can I now draw your attention to the heading "Fortnightly". There are three bullet points. I think I understand the first two. The third one, it should (inaudible), what is that a reference to?

15 MS VANDERKLAU: That is more the risk register spreadsheet I mentioned earlier where I had put all the patrons where we had suspicious matter or information from World Track. That was our risk register. That was the initial style that we used.

MR FEUTRILL: I see. And so any of the risk triggers, which could be in relation to information obtained from World-Check or from security's contacts with the police if we obtain information.

20

MR FEUTRILL: And this is something you took to your meetings with Mr Preston, is it?

25 MS VANDERKLAU: Yes.

MR FEUTRILL: And you went through the items of most interest each time?

MS VANDERKLAU: That's correct.

30

MR FEUTRILL: Can we move to "Monthly", and I have a question on page 3277. It is quite a list of things for a person to do in a month. Something called a buy-in report and a multiple buy-in report. What sort of information was that?

35 MS VANDERKLAU: Those reports were extracted from SYCO as well. In the very beginning, I used to review those reports but we then moved it for the table games team management to review those reports. So the total buy-in report was where there was a buy-in for \$10,000 or more and they would review to check that they had completed a threshold transaction report, and then the multiple buy-in report was
40 when a patron had more than one buy-in over the course of that day and they would review that to see whether they considered it --- the buy-in pattern was suspicious or that sort of information.

MR FEUTRILL: I see. Is that only in relation to cash transactions in the casino, is it?

45

MS VANDERKLAU: That one is only to do with cash buy-ins at the gaming tables.

MR FEUTRILL: At the gaming tables?

MS VANDERKLAU: Yes.

5

MR FEUTRILL: Was there a similar report in relation to the cage?

MS VANDERKLAU: There was only the cash transaction report it is called, which is for all \$10,000 transactions that occur at the cage and also the ones done at the tables, when they keyed it in, that would feed in the report so that would be on there as well.

10

MR FEUTRILL: So both the cage and the tables were keeping track of cash received ---

15

MS VANDERKLAU: Yes.

MR FEUTRILL: --- and only cash?

20

MS VANDERKLAU: For the purposes of reporting to AUSTRAC, yes.

MR FEUTRILL: Were you tracking other forms of transactions for your own data review? In other words, people transferring funds via electronic means. Were you keeping track of those sorts of patterns as part of your review as AML & Compliance Officer?

25

MS VANDERKLAU: No. They were --- just to clarify, they were transactions and they were always done as a TT release, if the patron transferred money into the Crown bank account, which would then appear on the TT listing report and in my review of that, although I didn't review because I didn't have the bank statements and we were focusing on what they were doing with that money when they were at the casino. So whether they used those funds for play or whether they used it to redeem any cheque cashing facility or funds advanced facility. So we would look then if the funds had been used for those purposes.

30

MR FEUTRILL: That is really the point of my question. So if someone, for example, transferred \$10,000 into the casino account ---

MS VANDERKLAU: Yes.

40

MR FEUTRILL: --- didn't play ---

MS VANDERKLAU: Yes.

MR FEUTRILL: --- and then transferred it out to a third party, for example, would that be the sort of information that would become available to you in some form?

45

MS VANDERKLAU: Yes, because both the TT in and the TT out would be on that

actual TT listing report, it recorded both. And so I would see that these funds have come in, I would look at their gaming activity, see they didn't have any, and then the funds had been transferred out, and in those situations we would do a suspicious matter.

MR FEUTRILL: I see. So does this fall in the category of one of the things I took you to earlier, which is the data matching function where your eye and your judgment, if you like ---

MS VANDERKLAU: Yes.

MR FEUTRILL: --- as the officer is being brought to bear on what looks suspicious?

MS VANDERKLAU: Yes, that's correct.

MR FEUTRILL: Can we please now call up CRW.708.019.2771. This is another document referred to in your statement. It is the Burswood Cage AUSTRAC reporting standard operating procedures. If I could take you to pinpoint 2772 and 2773, you see there it gives some examples of matters that might be considered as suspicious in terms of the sorts of activities that take place in the cage.

MS VANDERKLAU: That's correct.

MR FEUTRILL: One of the activities highlighted there is what is referred to as "structuring", which is breaking amounts up into transactions below that threshold reporting.

COMMISSIONER JENKINS: What page are we on?

MR FEUTRILL: This is on the bottom of 2772 and top of 2773.

COMMISSIONER JENKINS: Thank you, I have those now.

MR FEUTRILL: In the course of the time that you were the AML and CTF officer, without asking about any specific transactions, when you were receiving the SMR information, to what extent were you receiving reports via email from the cage about transactions of this character?

MS VANDERKLAU: How often did you say?

MR FEUTRILL: Did you receive, were you receiving SMRs from the cage related to cash structuring ---

MS VANDERKLAU: Yes.

MR FEUTRILL: --- for example --- at all or infrequently or on what basis?

MS VANDERKLAU: On the cage transactions, probably every now and again. It wasn't a frequent thing. I couldn't really say for certain.

5 MR FEUTRILL: Was it uncommon or common as a general

MS VANDERKLAU: It's not uncommon, but it's not common. You know, they would --- they would send them regularly, or someone might come to the cage and just reduce the amount under \$10,000, not necessarily structure, do multiple. They
10 might present 10 chips and when requested for their ID, they would take chips back and say "I'll just do eight".

MR FEUTRILL: I see. And what about --- in your statement in paragraph 53 I think it is, you had made reference to this today as well, the telegraphic transfer release
15 forms.

MS VANDERKLAU: Yes.

MR FEUTRILL: And this is a document --- sorry, I just need to find the reference to
20 it, it is CRW.529.001.9093. This is also the subject of an NPO.

This refers to a HSBC online banking account, although I think it was out of date at one point in time. I would like to take you through some the procedures in this. I start on the first page under "controls".
25

COMMISSIONER JENKINS: Sorry, what document are we looking at?

MR FEUTRILL: CRW.529.001.9093.

30 COMMISSIONER JENKINS: Thank you.

MR FEUTRILL: A little down the page, I think it is the 5th bullet point, it refers to "access to HSBC On-Line Banking is limited to approve officers only". The next bullet point is about "TTs issued both inward and outward must be entered into the SYCO system along with comments". I think you were referring to that earlier.
35

MS VANDERKLAU: There is actually two components to the comments section. It was "comments" within the actual TT screen which is where they would put in information about the early release, and then the "comments" that they are referring to here is basically when you first go into a patron number a comment screen pops up and they would just record in that screen that a TT has been received and is available for the patron.
40

MR FEUTRILL: I see. Meaning "available for the patron to use"?
45

MS VANDERKLAU: Yes.

MR FEUTRILL: All right. On the following page there is a reference there to some
--- CRW.529.001.9094. And there is a reference to not receiving funds from a
company "unless satisfactory checks have been completed". And then there is a
5 reference there to there could be occasions when it is done.

In other words, you are receiving funds from a company. What I --- when we are
referring to a company, obviously in some circumstances that may be, and this is
referred to a little later in this document, a bank, or a nonbank financial institution,
10 such as a moneychanger.

MS VANDERKLAU: Yes.

MR FEUTRILL: In what circumstances, if any, when, to your knowledge were
15 funds received from a company that was a third-party moneychanger?

MS VANDERKLAU: Sorry --

MR FEUTRILL: Were there any circumstances to your knowledge when funds were
20 received into a Crown account from a company ---

MS VANDERKLAU: Yes.

MR FEUTRILL: --- known to be a moneychanger?
25

MS VANDERKLAU: Yes, there was, I think --- there were definitely funds
accepted from moneychangers, such as the Raffles moneychanger in Singapore, or
any --- it would be listed initially on the actual receipt or sometimes we would
receive notification from the bank itself to say that funds had been received from that
30 entity.

MR FEUTRILL: And so was that an exception to the general rule that you would
receive funds from moneychangers who had been identified in the past?

35 MS VANDERKLAU: Yes.

MR FEUTRILL: And what if a new source of funds from a moneychanger?

MS VANDERKLAU: I'm not quite sure what the cage would do in that situation.
40

MR FEUTRILL: Is it something that would be escalated to a senior manager for
consideration?

MS VANDERKLAU: Possibly. I would assume that cage general manager may be
45 involved. It may be with the finance team or their senior management.

MR FEUTRILL: Can we scroll to CRW.529.001.9095 to the heading "Operating

Procedures". I would like, if you could, just assist with some of the terminology. This is under the heading "Issuing deposits to our HSBC Accounts". There is reference to an "MT100". What is an MT100?

5

MS VANDERKLAU: I can't be certain but I think that is a reference to the receipt from the bank. But finance would probably know what that is. I don't recall seeing it myself.

10 MR FEUTRILL: Okay.

MR FEUTRILL: There is a reference to SYCO TA?

15 MS VANDERKLAU: That is actually a reference to the TT release forms. Each one is numbered and it starts with TA.

MR FEUTRILL: So TA is a separate form?

20 MS VANDERKLAU: No, it is the same form on the requisition to release deposited funds at the cage, which we call the TT release form. There was a document number and all document numbers for those forms started with "TA".

25 MR FEUTRILL: I see. But in terms of the SYCO system, there wasn't a copy of the TT form itself in SYCO?

MS VANDERKLAU: So when the cage staff prepare the TT release form, they then enter it into the SYCO system which generates the TA number, which they then handwrite on the actual TT release form.

30 MR FEUTRILL: So we're clear, when you as the AML & Compliance Officer are operating the SYCO system ---

MS VANDERKLAU: Yes.

35 MR FEUTRILL: --- and you go into it to have a look, if you want to consider a particular TT, is there a screen you can open that shows you a copy of the handwritten form?

MS VANDERKLAU: No.

40

MR FEUTRILL: There is a reference here also to a finance hexagon spreadsheet; do you know what that is?

45 MS VANDERKLAU: I believe the finance department kept a spreadsheet of all the accounts with the TTs with funds being assigned to a patron, but I'm not 100 per cent sure.

MR FEUTRILL: I see. So, to the best of your knowledge, is it the assignment of

funds received into a bank account to a patron, I think you referred to it as a DAB account ---

5 MS VANDERKLAU: Yes.

MR FEUTRILL: --- was undertaken by the finance department, was it?

10 MS VANDERKLAU: No, the funds were never actually removed from our bank account.

MR FEUTRILL: Yes.

15 MS VANDERKLAU: They were just notionally added to the deposit account.

MR FEUTRILL: Like a ledger.

MS VANDERKLAU: Yes.

20 MR FEUTRILL: And so control of that ledger was in the hands of the finance department, was it?

25 MS VANDERKLAU: No, so the cage would --- that was all within the SYCO system so it was controlled with the patrons --- as doing deposits and withdrawals, finance might on that ledger --- sorry, on the Excel spreadsheets record that those --- that deposit was assigned to that patron.

30 MR FEUTRILL: Okay, so that spreadsheet, which is referred to as the finance hexagon spreadsheet, was that accessible to the AML & Compliance Officer through the SYCO system or by other means?

MS VANDERKLAU: No.

35 MR FEUTRILL: It was not available to anyone other than the cage or ---

MS VANDERKLAU: I believe so.

40 MR FEUTRILL: There is a reference here also to income control. What does that mean?

MS VANDERKLAU: Income control department are a part of the finance team.

MR FEUTRILL: There is also a reference to a TA release file.

45 MS VANDERKLAU: Yes, so the TA paperwork, or the TT release form, was, I think, a four-part. So a copy would be kept in the cage, a copy would be sent to finance, a copy would generally be sent to the Pearl Room, which was where international patrons would obtain their funds, and then I think another, fourth, copy

was retained in the cage, in the main cage.

5 MR FEUTRILL: Can we scroll to pinpoint 9100 and 9101 side-by-side, which is what I think you were just describing as a break up of the paper work.

MS VANDERKLAU: Yes.

10 MR FEUTRILL: So the first one, which is the front page, the white front page, that goes to the Pearl Room?

MS VANDERKLAU: Yes, that's correct.

15 MR FEUTRILL: The yellow copy ---

COMMISSIONER JENKINS: What page are we on?

20 MR FEUTRILL: Sorry, CRW.529.001.9101. A yellow copy goes to the finance TT officer. I assume that is the telegraphic transfers officer?

MS VANDERKLAU: Yes.

MR FEUTRILL: On a daily basis via internal mail?

25 MS VANDERKLAU: That's correct.

MR FEUTRILL: A blue copy is income control who, I think, you said is also perhaps connected to the finance department.

30 MS VANDERKLAU: Yes.

MR FEUTRILL: And the pink copy stays in the cage.

35 MS VANDERKLAU: That's correct.

MR FEUTRILL: And as the AML & Compliance Officer, were any of those sources of the original information available to you?

40 MS VANDERKLAU: They were not provided to me, no.

MR FEUTRILL: There is a difference between provided and available?

45 MS VANDERKLAU: I could go to one of those departments if I needed those documents.

MR FEUTRILL: So the one held in the cage is really the final copy?

MS VANDERKLAU: Yes.

COMMISSIONER JENKINS: So in terms of all the documentation, which would include the deposit slips ---

5 MS VANDERKLAU: Yes.

COMMISSIONER JENKINS: --- there are two copies, one attached to the white original and one attached to the yellow; is that right?

10 MS VANDERKLAU: My understanding was that copies were attached to all --- copies of the bank statement and the receipts was attached to all copies.

COMMISSIONER JENKINS: And so they were to go to the cage, finance, income control and filing?

15

MS VANDERKLAU: Yes.

COMMISSIONER JENKINS: And which copies would you access if you wanted to?

20

MS VANDERKLAU: Normally, I would contact the cage. Generally, it would be the original, the white one that had the patron's signature for accepting the funds.

25 COMMISSIONER JENKINS: Do you know what all those parts of the business did with their copies once they were a month or so old?

30 MS VANDERKLAU: I know that --- the copy that went to income control, because basically when the transaction is processed, each float has to balance. So a copy of the TT has been deposited to an account and that is the part that would go to income control because they were in charge of ensuring all revenue has been entered correctly. So they would get that. I'm not sure what finance did with their copy when they got it. And the copies would be held and be archived after so long and held.

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

MR FEUTRILL: May it please the Commission.

40 Can I ask you now to turn to your statement again and I want to ask you some questions about paragraphs 63 through to 71, which is where you've dealt with --- you were asked to do some investigation or provide information for Mr Preston in the early part of 2014. And I just want to make sure that we are working off the correct materials. I don't think all these materials are in your attachment. Your schedule, sorry. So if I could ask to call up CRW.701.005.5109. And alongside that,
45 please, the next document in that sequence, which is 5110.

If I could ask you, in paragraph 65 of your statement to an email attaching an agenda,

is that the email and the agenda that you are referring to?

MS VANDERKLAU: Yes.

5

MR FEUTRILL: There is a further reference to CRW.529.001.9090 which is, I think, you referred to in 67. Is that the email you are referring to? Thank you.

10 And the next document we are --- CRW.529.001.9091. You refer, in that paragraph, to a note. Is that the note you are referring to?

MS VANDERKLAU: Yes.

15 MR FEUTRILL: And I think we've already been here. I think you refer also to the cage, standard operating procedures for telegraphic transfers and the next in sequence is 9093.

MS VANDERKLAU: Yes.

20 MR FEUTRILL: That is the document. Okay.

MR FEUTRILL: Can we go back, please, to the email that you sent to Mr Preston on 26 March, which is CRW.529.001.9090. You've given evidence in your statement that you spoke with three people before you sent this email.

25

MS VANDERKLAU: Yes.

MR FEUTRILL: Mr Brown ---

30 MS VANDERKLAU: Yes.

MR FEUTRILL: --- Ms Kessell and Ms Siow.

MS VANDERKLAU: Ms Siow.

35

MR FEUTRILL: I think you said David Brown was the general manager of the cage and count at the time. Ms Kessell was involved in finance and Ms Siow was also in the finance department.

40 So do I understand from this email and your statement that you consulted with those people as part of gathering information you used to prepare the note that was sent to Mr Preston at this time?

MS VANDERKLAU: That's correct.

45

MR FEUTRILL: And the reference in this email to "DB" in the first or second paragraph, it says:

DB feels that the ANZ concerns are regarding numerous deposit amounts *under the threshold completed at multiple branches of the ANZ.*

5 This was Mr Brown? And that sentence that starts:

In most cases, if not all, the patron presents the funds to the money changer or *overseas staff in one amount*

10 Who was the source of that information?

MS VANDERKLAU: Mr Brown.

15 MR FEUTRILL: I think, as of March 2014, Mr Theodoropoulos was the AML & Compliance Officer.

MS VANDERKLAU: That's correct.

20 MR FEUTRILL: Do you know or have any understanding of why you were asked to be the one to provide the information to Mr Preston?

25 MS VANDERKLAU: I'm not certain, but on occasion Mr Preston would ask me to get some information together for him and the AML person was generally quite busy so he may have asked me to do it to assist him.

30 MR FEUTRILL: Okay. At this time, you had already had a considerable amount of experience in the AML and CTF area. The information that Mr Brown had provided to you was quite clearly information concerning a possible structuring of transactions.

MS VANDERKLAU: Possibly.

35 MR FEUTRILL: Yes. So it was --- he was clearly providing information that would have said to you, as an AML/CTF officer, that there had been transactions that were indicative of money laundering.

MS VANDERKLAU: Yes, but I wasn't doing AML at that stage.

40 MR FEUTRILL: I understand that. But it would have been --- it was clear to you that was the nature of the concern of the ANZ at the time?

45 MS VANDERKLAU: Yes, Mr Brown said he believed that was what the concerns were. Although at that stage I wasn't sure whether that --- the account was the Riverview or Crown, which is the Burswood Nominees account.

COMMISSIONER JENKINS: Say that again?

MS VANDERKLAU: Sorry. I wasn't sure at that stage whether that was in

reference to the Riverbank account or just the normal Burswood Nominees account.

5 COMMISSIONER JENKINS: At that point in 2014, you knew of the Riverbank account?

MS VANDERKLAU: Yes.

10 MR FEUTRILL: There is --- the last sentence there makes reference to having a discussion about some things you wanted to discuss with Mr Preston. Was one of the things you wanted to discuss with Mr Preston a concern about the use of this account by moneychangers to break up transactions into smaller amounts?

15 MS VANDERKLAU: I don't recall.

MR FEUTRILL: Can I take you now to the note you prepared, CRW.529.001.9091. This is, essentially, a response to the items on the agenda from the ANZ?

20 MS VANDERKLAU: That's correct.

MR FEUTRILL: Your source of this information, do I make the assumption it is a mixture of your own knowledge and what you were provided by Mr Brown, Ms Kessell, Ms Siow, and by reading the standard operating procedures for the TTs?

25 MS VANDERKLAU: That's correct.

30 MR FEUTRILL: Under the heading "Account Structure" and item 4 on that is a reference to an overview of the management process and there is a reference there, a bullet point to the finance department overseeing the accounts management of, or for, whichever it is, Crown Perth. What do you mean by that?

MS VANDERKLAU: What do you mean?

35 MR FEUTRILL: .9091, it's two-fourths on the page, I'm sorry. It's the one about halfway down the page, starts "Overview of Crown's account" and there is a reference to "the finance department oversees the accounts management of/for Crown Perth"; what does that mean?

40 MS VANDERKLAU: From memory, the finance department would review those accounts to ensure that --- so when it was just our normal gaming account, if the deposits that the cage said have been done had matched statements and things of that nature.

45 MR FEUTRILL: Is that --- you mean reconciliation?

MS VANDERKLAU: I think so, yes.

MR FEUTRILL: So to match up what has come into the account to what has been

allocated to the DAB accounts?

5 MS VANDERKLAU: I believe so. Sorry, that would be not just funds to the DAB, this would be any gaming funds that were in or out, depending on what they were for.

MR FEUTRILL: Okay. Thank you.

10 Then there is a heading, "Patron Accounts". Am I right in thinking that is a general description for either the Riverbank Investments accounts or the Burswood Nominees accounts into which funds were deposited for gaming purposes?

MS VANDERKLAU: Yes.

15

MR FEUTRILL: And so in response to the request for information from the ANZ about the channels employed to collect funds, you've identified there were three bullet points there?

20 MS VANDERKLAU: Yes.

MR FEUTRILL: And you see there is a reference either to the patrons depositing funds through their own bank or through a moneychanger in the country.

25 MS VANDERKLAU: Yes.

MR FEUTRILL: So am I correct thinking that at this time this note was prepared, one of the ways in which Crown Perth was receiving funds, and was known to be receiving funds, was via the use of moneychangers?

30

MS VANDERKLAU: Yes.

MR FEUTRILL: The next bullet point that referred to is that patrons can also deliver funds to an overseas Crown office. What was your understanding of that process?

35

MS VANDERKLAU: My understanding was that patrons could take their funds directly to --- we had overseas offices in different countries and then the overseas offices would then take that to a moneychanger or a bank and get the funds sent to Crown Perth's bank account.

40

MR FEUTRILL: A Crown overseas office itself would employ the services of a moneychanger on occasions? Is that ---

MS VANDERKLAU: I believe so. I can't be certain.

45

COMMISSIONER JENKINS: Mr Feutrill, I notice this document is not on the public screens. Why is that?

MR FEUTRILL: This document? The note?

COMMISSIONER JENKINS: Now it is, now on the public screens. Thank you.

5 MR FEUTRILL: Can I take you to the next item on this, which is item 2, which is cash deposits, over the counter deposits. Am I right in thinking that the main source of this information was Mr Brown?

MS VANDERKLAU: That's correct.

10 MR FEUTRILL: And the reference there to "over the counter deposits, in the main, tend to be moneychangers in Australia depositing the funds to the Crown Perth account, that they have received from the overseas moneychanger the patron has gone through", do you understand the process in which moneychangers brought funds into Australia?

15 MS VANDERKLAU: Not that I could say for certain.

MR FEUTRILL: So you are, effectively, there, are you, reciting what you had been told by someone else?

20 MS VANDERKLAU: Yes, providing information, yes.

MR FEUTRILL: Can I take you down to the next page, .9092. At item 6, the reference to the "use of nonbank/non-ADI foreign exchange providers", the reference to "ADI" is a reference to the authorised deposit taking institutions, isn't it, and they are authorised by APRA, by the Australian Prudential Regulatory Authority?

MS VANDERKLAU: I'm not 100 per cent certain.

30 MR FEUTRILL: But you understand "ADI" to mean someone who is authorised to receive funds?

MS VANDERKLAU: Yes. Yes.

35 MR FEUTRILL: Again, there are three bullet points there. The first is that Crown Perth itself didn't engage in using nonbank or non-ADI entities but then --- and we may have already touched on this --- bullet point two, is that in here it says that "Crown's overseas officers", is that a typographical error, it's meant to be "office" or are you referring to particular people?

40 MS VANDERKLAU: Each office had a number of officers, so it could be anybody within that office, an overseas officer.

MR FEUTRILL: What were these officers? What are we talking about?

45 MS VANDERKLAU: They are Crown's overseas --- I'm not 100 per cent what their full duties was. I think it was to arrange trips for individuals, apart from the junkets

would do their own arranging, but if an individual player was coming, they would assist them with the arrangements to come to Crown Perth.

5 MR FEUTRILL: And were these located in --- predominantly to our north, in China and Macau?

MS VANDERKLAU: In --- I think later, yes. Before that, there was Malaysia, Singapore, Thailand, Indonesia.

10 MR FEUTRILL: I see. So there was an office operated by people connected to Crown?

MS VANDERKLAU: Yes.

15 MR FEUTRILL: And those individuals would sometimes use an overseas moneychanger to transmit funds for gaming in Perth?

MS VANDERKLAU: As far as I recall.

20 MR FEUTRILL: And you've indicated there that it was understood that patrons did use nonbank and non-ADI foreign exchange providers.

MS VANDERKLAU: That's correct.

25 MR FEUTRILL: Did it occur to you at this time, based on your experience as an AML & Compliance Officer, that knowingly receiving funds from non-ADI moneychangers was a high risk activity, from a money laundering perspective?

30 MS VANDERKLAU: I don't think so because most of the ones that I had seen were well-known ones, as I said, like the Raffles, which is a big one, which is --- I believe is approved by Singapore's monetary authority. But I can't say that for all of them. I don't know.

35 MR FEUTRILL: All right. Needless to say, at this point in time, there was information available to you and other recipients of this email ---

MS VANDERKLAU: Yes.

40 MR FEUTRILL: --- that the ANZ had expressed a concern about the breaking up of transactions into smaller than threshold transactions?

MS VANDERKLAU: Yes, that is what David Brown believed the concerns were.

45 MR FEUTRILL: And it was the case that those involved knew that some of the moneychangers that had been involved in remitting funds to Crown Perth were not ADI-approved?

MS VANDERKLAU: I can't say what others knew.

5 MR FEUTRILL: Did you understand, from your experience as an AML compliance officer, that one area of risk for money laundering was the use of moneychangers?

MS VANDERKLAU: Possibly. I can't recall at the time what that meant.

10 MR FEUTRILL: All right. You were sent a meeting maker. You've made reference to this, I think, in your statement. Can I take you to CRW.709.132.7645. I think you said in your statement that you don't recall being in the meeting.

MS VANDERKLAU: Correct.

15 MR FEUTRILL: But you are listed on this document as required. Was it your usual practice to attend meetings when you were listed as required for attendance?

MS VANDERKLAU: Generally, yes.

20 MR FEUTRILL: And this, the organiser, Ms Christina Smith, you knew that person to be the executive assistant for Mr Barton?

MS VANDERKLAU: No.

25 MR FEUTRILL: No? Who was she? Do you know who she was?

MS VANDERKLAU: No.

30 MR FEUTRILL: All right. I appreciate you've indicated that you don't have a clear recollection of this meeting but can I ask you to ---

MR DHARMANANDA: This one has some information, including phone numbers, so

35 MR FEUTRILL: Oh, I'm sorry.

COMMISSIONER OWEN: Restrict it to the screen of the witnesses and counsel, solicitors and Commissioners.

40 MR FEUTRILL: I think we can take that one down now. We don't need it any more.

COMMISSIONER OWEN: All right. Thank you.

45 MR FEUTRILL: All right. You were aware, were you, after --- around this time, that the ANZ Bank closed the Riverbank Investments accounts?

MS VANDERKLAU: I can't remember.

MR FEUTRILL: You can't remember? Do you remember whether you became aware at this time of a direction that patrons were not to deposit amounts below \$10,000 by cash into accounts of Crown Perth?

5

MS VANDERKLAU: I don't believe I was aware that direction had been issued.

MR FEUTRILL: All right. I want to show you a document. You aren't a recipient of this but you may have --- I think you've given evidence to this effect in your statement. Towards the end of 2013, Mr Theodoropoulos left Crown and you resumed the primary responsibility as the AML & Compliance Officer?

10

MS VANDERKLAU: That's correct.

MR FEUTRILL: And then you commenced your regular meetings with Mr Preston for a time.

15

MS VANDERKLAU: That's correct.

MR FEUTRILL: I would like to show you a document, CRW.709.134.1143. I want to ask you some questions about whether you recall, towards the end of 2014, becoming aware of an email from the cage shift manager relating to a patron that had deposited \$100,000 into an account through a series of transactions less than the threshold.

20

MS VANDERKLAU: I was not aware.

MR FEUTRILL: You are not aware?

MS VANDERKLAU: No.

30

MR FEUTRILL: Is it something that you would expect to have been made aware of as the AML & Compliance Officer?

MS VANDERKLAU: I believe so. I think from the email that says, lower down, that Mr Preston requested the appropriate reports to be made, but I don't have any knowledge of receiving those.

35

MR FEUTRILL: There is also a reference to preparing an SMR, so I'm just wondering if you have any recollection, given the events of 2014, in the early part, of receiving an SMR relating to activities involving the breaking up of transactions into smaller amounts?

40

MS VANDERKLAU: No.

45

MR FEUTRILL: Is it something that you think you would remember if it had come to your attention at the time?

MS VANDERKLAU: Possibly. I can't say.

5 MR FEUTRILL: Is it a matter that you would expect to have discussed with Mr Preston at one of your meetings?

MS VANDERKLAU: Yes.

10 MR FEUTRILL: Okay. Can I ask you if you could be taken to your statement again. So this is at paragraphs 72 to 74, which is following on from what we've just been dealing with, where you've indicated that your next involvement was when you were asked to undertake a review of the Riverbank account last year.

MS VANDERKLAU: Yes.

15 MR FEUTRILL: And this document, I can't remember now what the status of it is, it is certainly non-publication. I don't know if there is anything else. I think you referred to --- I just want to get you to confirm something for me. I have a number of
20 pieces of paper floating around, I'm afraid. This document is available --- non-publication but it's available. It is CRL.725.001.0153. Is that the email to which you are making reference in paragraph 74 of your statement?

MS VANDERKLAU: That's correct.

25 MR FEUTRILL: Can I just ask you something about this and I think we've dealt with some of these documents earlier. Down the page, there is a heading, "Review Methodology"?

MS VANDERKLAU: Yes.

30 MR FEUTRILL: And I think you were describing what you had done to carry out your review; and then there is a paragraph that is headed "Original Documentation"?

MS VANDERKLAU: Yes.

35 MR FEUTRILL: So you obtained either the pink copy, the information that we referred to earlier, from the cage and cross-checked it against the bank statements you had?

40 MS VANDERKLAU: That's correct.

MR FEUTRILL: And you found some letters from a moneychanger in amongst that material and other supporting documentations that indicated that there was an
45 acceptance of the amounts in full from the patron in question?

MS VANDERKLAU: That's correct.

MR FEUTRILL: And then you attached to that email some summaries of the work

you had performed and the first reference is CRL.725.001.0155. I am going to ask you a question about this in a moment. Are we able to provide a paper copy because it will be easier for the witness to look at it. No? Okay. I will give you mine in a moment.

COMMISSIONER JENKINS: What is the number?

MR FEUTRILL: CRL.725.001.0155. Perhaps it might be worth explaining the work you have performed here. I've made some assumptions, by reading your statement and reading this document, that you have gone to the bank accounts and really only looked for one suspicious behaviour, which is small deposits on a given day?

MS VANDERKLAU: Yes.

MR FEUTRILL: And you've identified the patrons, the amounts and whether or not the SMR had been identified in the system.

MS VANDERKLAU: That's correct.

MR FEUTRILL: And then some detail about the gaming for each one. That is one of them, I take it. The other, could I ask you to be shown CRL.725.001.0166. Again, this is a non-publication matter. I think it's a continuation of your work?

MS VANDERKLAU: Yes.

MR FEUTRILL: And for a different period. Can I just ask you something --- if we could scroll to page 0171 and perhaps if the operator is able to bring the bottom of that --- sorry, the top of the following page together with the bottom of that one so you can read the full entry for 21 October 2014. On the screen you should see --- that's better, thank you. You will notice the date and the amount corresponds with that email I took you to earlier. What I really want to ask you is where you have referred to columns in "No SMR", are you quite sure wherever you made that reference, there was no SMR in the system?

MS VANDERKLAU: Not that I could find.

MR FEUTRILL: And where would you look to find it?

MS VANDERKLAU: So in our risk register, which I said initially was a spreadsheet, was moved to the CURA system, which we used as a risk register. For each SMR, the patrons, we created a patron within the CURA system and listed any -- whether they had lots of SMRs or World Check matches or any other information. So I went to that CURA system and the patron was --- there was no SMR and they were not listed in the Perth CURA system. So it would indicate that they have never done --- that no SMR had been received.

MR FEUTRILL: And can I ask you, do you understand the position to remain today

that the cage staff are not able to directly make an SMR themselves, they have to email someone before an SMR can be prepared?

5 MS VANDERKLAU: So before the cage would prepare an SMR and lodge it, we'd review it, I would review it, and add additional information or anything like that and then lodge it. My understanding is now that the cage prepare what is called an unusual activity report, which is then lodged with the AML team and they perform an investigation and then they determine whether an SMR is required.

10 MR FEUTRILL: Okay. I don't want to put you on the spot here. You have in paragraph 79 of your statement, and you might know directly off the top of your head --- in which case, if you do, please do let me know --- in the last sentence, you say, in your review, you found only one incident of aggregation that an SMR had
15 been sent by the cage. I wasn't able to find that reference in the material I reviewed and that may be because it is buried beneath the secrecy blackout, but are you able to identify --- if I provide you with the paperwork, to identify the entry where it was identified as SMR?

20 MS VANDERKLAU: I should be able to.

MR FEUTRILL: It might be, if we could give the witness a brief moment, unless --- are you prepared to or ---

25 COMMISSIONER OWEN: How brief is "a moment"?

MR FEUTRILL: Well, I think maybe --- it depends. It will take no more than 5 minutes, I don't think.

30 COMMISSIONER OWEN: All right, we will adjourn pro tem.

ADJOURNED

[3:39P.M.]

35

RESUMED

[3:41P.M.]

40 MR FEUTRILL: I would like to now ask you some questions about the process of the risk identification we touched on a little earlier.

To do it, I want to take you to some minutes of the meeting of AML/CTF officer --- the officer meetings with Mr Preston. These are all the subject of an NPO and also I think you have some AUSTRAC material that means they can't be disclosed
45 publicly. And parts of these documents make reference to either existing or past patrons and file information; you may have heard the Commissioner indicate that we can't disclose that. So when I ask you questions, I will ask you questions of a general nature about them and I will ask you not to name any of the patrons when you

respond. We were supposed to prepare a list of pseudonyms but I haven't managed to do it for all of these so I will probably have to do it a bit on the run.

5 Could I ask that ---- the first document I would like to take you to is
CRW.708.017.4155. You will see these are minutes from July 2012, and if I could
ask that we pinpoint .4156. There is a patron, at the very end of the page, where
some information is identified as having been sourced from a World-Check, and
when one reads through that, you can see that there is information concerning
10 associations with the Mafia, commercial fraud, sale of counterfeit merchandise and
so on. And then at the top of the following page, there is a reference to the "Risk to
remain low". Are you able to explain the process of reasoning that would lead to,
with that information, a decision that the risk remained low?

15 MS VANDERKLAU: From memory, with the World-Check database, there was
never --- very rarely was there a date of birth. And then also we would click on any
of the links within that World-Check to see if we could find a photo to match it to
our patron. So I think, based on the fact that we couldn't identify that that was our
patron, being that patron's name only having two, there was a lot of potential
20 matches, so as we couldn't determine to any degree of certainty that that was our
patron, I believe that's why we remained at low.

MR FEUTRILL: I see. Was there any other checks available to you that would have
allowed you to remove any uncertainty about the nature of that patron?

25 MS VANDERKLAU: We --- I would assume at the time, I can't remember, but we
would have done a Google search as well to see if we could find any links or photos
to that information to our patron. But, yes, apart from that, I don't recall anything.

30 MR FEUTRILL: Did you have access to a more sophisticated means of identifying
your patrons than a World-Check or a Google search?

MS VANDERKLAU: No.

35 MR FEUTRILL: And then the next entry, page 4157, you see at the end, is this the
same category, a possible match, but in this case the person had been approved as a
junket operator and what does it mean, "Risk to be determined"? You are waiting on
information?

40 MS VANDERKLAU: Yes.

MR FEUTRILL: Can I ask that we move now to CRW.708.017.4301. These are
minutes from November 2013. The patron in question I would like to draw attention
to is --- it is the second-last patron name on the panel, and this patron we will refer to
45 as Patron A. And there you will see in respect of patron A, there were 22 instances
in "RR", which I take to mean the risk register, involving cashing out amounts
without any associated recorded play. So in that case there was a decision to raise
the risk to moderate. Are you able to explain why in those circumstances it would be

moderate rather than significant or high?

5 MS VANDERKLAU: No, I can't say why it was decided that. I can't recall what the

10 MR FEUTRILL: I see. Are you able to form a view about whether that was an
appropriate risk for a person who had been mentioned that many times in the risk
register for that kind of behaviour?

MS VANDERKLAU: We would place them on the moderate, we would be
monitoring his transactions more closely after that. So that may have been the reason
that we left him at moderate or raised him only to moderate.

15 MR FEUTRILL: That is a relatively obvious indicia of money laundering activity,
potentially?

20 MS VANDERKLAU: Possibly but also depending on --- it doesn't indicate there
what gaming he plays, but with our poker players they don't have recorded gaming
activity. So they may have a number of cash-outs without any gaming activity
because they play against each other, not against Crown.

MR FEUTRILL: I see.

25 MS VANDERKLAU: I'm not sure, though, what his --- (overspeaking) ---

MR FEUTRILL: So it may depend on the nature of the games they are playing?

MS VANDERKLAU: Yes.

30 MR FEUTRILL: All right. If a patron was involved --- a more general question, if a
patron was noticed to be engaging in behaviour that was consistent with an indicia of
money laundering, let's say, for example, loading up a FATG machine with lots of
cash and then cashing it out without much play, were there any steps taken by the
35 Crown Perth to prevent that person from continuing to play?

MS VANDERKLAU: I don't know.

40 MR FEUTRILL: You don't know?

MS VANDERKLAU: No.

45 MR FEUTRILL: If a person regularly appeared in the risk register for behaviours
that were consistent with indications of money laundering, at what point were steps
taken, if any, to prevent them to continue gambling at the casino?

MS VANDERKLAU: Sorry?

MR FEUTRILL: This is a hypothetical. If you had a patron who had been identified as consistently engaging in conduct that is consistent with one of the indicia of money laundering, at what point, if any, was a decision made to stop that person from continuing to gamble?

MS VANDERKLAU: That decision would have been made in conjunction with Mr Preston. So it would be at one of these meetings, if there was a number at --- when I was at AML, at each meeting I would take along the patron's history from the risk register for him to review, along with whatever the current information was, and at that stage that was when those decisions were made or determined.

MR FEUTRILL: Was there any procedure of which were you aware, as the AML & Compliance Officer, whereby if a patron had been observed to be engaging with consistent with money laundering, that person was removed from the casino floor at that time?

MS VANDERKLAU: I don't recall any.

MR FEUTRILL: You don't recall there was a procedure ---

MS VANDERKLAU: Sorry, I don't recall there was any patrons. Yes, I don't know if there was a written procedure around the removal of a patron. I can't recall if there was any actual written procedure.

MR FEUTRILL: If we just look at this page, for example, that we are on, there is a reference there to a number of TTRs for October. There's quite a few, and SMRs also. You were receiving SMRs on a monthly basis?

MS VANDERKLAU: On a daily basis.

MR FEUTRILL: What kind of activities are --- I'm now referring to the table gaming area or electronic gaming machine area --- were the subject of SMRs?

MS VANDERKLAU: With table games, an SMR could be a patron buying at the table and not playing or buying in and only playing a little in comparison to the amount that they bought in, or if they split their buy-in, so bought in for 5,000 and then bought in for 5,000 a short time later. Sometimes, when a patron might do buy-ins concurrently on two tables next to each other.

MR FEUTRILL: What controls were there, from an AML perspective, where those observations were made?

MS VANDERKLAU: That was part of the training of the table games staff and the online training, so --- and the inspectors and table games managers would monitor activities going on at the tables.

MR FEUTRILL: Monitoring activity is one thing; what did they do when they

observed activity that was consistent with money laundering?

5 MS VANDERKLAU: I think it was the table games SOP talks about dealers or inspectors advising the pit boss, which is now called a table games manager, of those activities and the table games manager would then complete the SMR report and create the iTrak incident and forward the SMR through.

10 MR FEUTRILL: I've noticed in the risk register there is a reference to, in many cases, the control of SMRs. What I'm really asking you is, how is the SMR itself a control when the conduct continues and yet you've made a report to the AUSTRAC?

15 MS VANDERKLAU: We're making reports to AUSTRAC of something we suspect might be happening. We don't necessarily know if it is related to. It may be indicative, but we don't know. Some players have gambling behaviours, they do things for luck or just the way they like to play and things like that. So it's not necessarily always going to be indicative of money laundering, it may be just the patron's preference of buy-in or play.

20 MR FEUTRILL: Really, what I'm trying to get an appreciation of is what risk was being borne by the casino in continuing to allow people to gamble when you notice their activities were consistent with money laundering. So, yes, it may be the case that they were not because you would never know for certain, but at what point was the --- if at all, was the fact that the conduct was consistent sufficient to say "This is
25 too high a risk for us to continue dealing with this patron"?

MS VANDERKLAU: I'm not sure.

30 MR FEUTRILL: I think earlier you said you can't recall any instances where NRL was provided to for money laundering related activities. So is it the case that in your experience there was no observed behaviour in the casino that led to an NRL?

MS VANDERKLAU: Not that I can recall, no.

35 MR FEUTRILL: Other than examples you've given of the nature of play, were there any SMRs you received in relation to other suspicious activities, such as the use of large --- deposits of large sums of money in cash?

40 MS VANDERKLAU: Yes, there were suspicious matters done on patrons that might come to the cage with a large amount of cash or even a lot of small denominations and requested to change it to large denominations.

45 MR FEUTRILL: And in your experience, were there repeat --- I don't want to use the expression "offenders", but were there patrons that repeatedly engaged in that kind of conduct?

MS VANDERKLAU: Yes, there were a number of patrons that would bring in a number of large cash deposits at the cage.

MR FEUTRILL: Were they involved in an exchange of notes?

MS VANDERKLAU: They weren't very common.

5

MR FEUTRILL: Were there any areas of the casino where the kinds of behaviours were more prevalent than others? For example, main gaming floor versus the Pearl Room versus salons?

10 MS VANDERKLAU: The large cash deposits were more prevalent in the Pearl Room. But, yeah, everything else, especially buy-ins at the tables.

MR FEUTRILL: Commissioners, I have no further questions.

15 COMMISSIONER OWEN: Thank you, Mr Feutrill.

Are there any applications?

20 **CROSS-EXAMINATION BY MR PENGLIS**

MR PENGLIS: Commissioners, I have some questions.

25 Ms Vanderklau, my name is Penglis and I represent Mr Preston. Can the operator please turn to document CRL.725.001.0153, and I understand it is the subject of an NPO. This is, hopefully you are going to be, Ms Vanderklau, your email 22 September 2020, Mr Feutrill showed you a little while ago.

30 You give some evidence about this in your witness statement, but let's just summarise it. You prepared this document, as I understand it, at the request of Mr Marais?

MS VANDERKLAU: That's correct.

35

MR PENGLIS: You undertook the task that resulted in this document?

MS VANDERKLAU: That's correct.

40 MR PENGLIS: That was while Mr Preston was giving evidence in the Bergin Inquiry, correct?

MS VANDERKLAU: That's correct.

45 MR PENGLIS: Mr Marais told you, as I understand it, that this issue of aggregation had become the subject of questions and answers by Mr Preston?

04:00PM

MS VANDERKLAU: That's correct.

5 MR PENGLIS: And that what Mr Marais wanted done was to start investigating the situation whilst Mr Preston was still giving evidence; correct?

MS VANDERKLAU: That's correct.

10 MR PENGLIS: That resulted in your report of 22 September 2020; correct?

MS VANDERKLAU: Yes.

15 MR PENGLIS: I will come to that in a moment, but do you recall having a conversation with Mr Preston shortly after he gave evidence about this issue?

MS VANDERKLAU: No, I don't, sorry.

20 MR PENGLIS: No, all right. It is fair to say in summary that what you've done here is you've undertaken a detailed, I think you use the words "manual audit"?

MS VANDERKLAU: That's correct.

MR PENGLIS: Just to be clear, you've gone back to the source documents?

25 MS VANDERKLAU: That's correct.

MR PENGLIS: You've looked at what the cage effectively put into SYCO ---

30 MS VANDERKLAU: Yes.

MR PENGLIS: --- but then you went back to the source documents, and as a result of that audit --- your words --- you were able to come up with the two tables. We won't call them up, but the two tables that Mr Feutrill showed you being the attachments to this email ; correct? And then you prepared your email and you sent that to Mr Stokes?

MS VANDERKLAU: I sent the initial email to Mr Marais, which was earlier in the year, and then I was asked later on to send the details to Mr Stokes.

40 MR PENGLIS: All right. This has to do with the cage; correct?

MS VANDERKLAU: That's correct.

45 MR PENGLIS: You spent a long time in cage before becoming involved in AML?

MS VANDERKLAU: Yes.

MR PENGLIS: What was your reaction to what you discovered?

MS VANDERKLAU: I was surprised.

MR PENGLIS: Tell the Commission why you were surprised.

5

MS VANDERKLAU: I was surprised that no reports had been received from the cage in relation to those deposits. Something I would have expected.

10 MR PENGLIS: Were you surprised about the fact that cage had aggregated sub-\$10,000 amounts and inserted them as an aggregated amount into SYCO?

15 MS VANDERKLAU: Yes, yes, I was. That was, I must admit, when I worked in the cage I had never seen any patterns of transactions like that in the HSBC account, and I would have expected at least either non-aggregation, or for them to provide a suspicious matter with the details of those transact deposits.

20 MR PENGLIS: Is it fair to say, putting aside whether or not one can criticise the system for being this way, but the system was such that AML reviewed SYCO, not the bank statements; correct?

MS VANDERKLAU: That's correct.

25 MR PENGLIS: And so AML's capacity to do their job in regard to cage was dependent upon cage accurately entering transactions into SYCO; correct?

MS VANDERKLAU: That's correct.

30 MR PENGLIS: And indeed, I think you've given evidence to this effect, but let's make it clear: one can't interrogate SYCO to access the bank statements, correct?

MS VANDERKLAU: That's correct.

35 MR PENGLIS: So a statement to the effect that had someone bothered to look at the SYCO entries, there were some entries that identified the numerous deposits below the reporting threshold on the one day in respect of the same patron, that is an incorrect statement regarding these transactions?

MS VANDERKLAU: Yes.

40 MR PENGLIS: Because if you looked at SYCO you wouldn't have seen that information --

MS VANDERKLAU: No.

45 MR PENGLIS: --- you had to go back to the bank statements.

MS VANDERKLAU: That's correct.

COMMISSIONER JENKINS: Or to the TTs.

MS VANDERKLAU: Yes, or to the TT documents.

5

MR PENGLIS: Quite. Now, related to that can I --- I want to show you some evidence that Mr Brown gave to the Bergin Inquiry. I don't have a number of this but I have called it before so I know it is on the system. It's transcript of the hearing on 4 September 2020. If the operator can turn to the page of the transcript 2118. If you scroll down. Thank you, I don't know my ups and downs, I'm sorry, Commissioners. Mr Evans wasn't much help, either I should say.

10

MR EVANS: Rarely have been!

15 MR PENGLIS: In any event, Ms Vanderklau, you will see that that is where the question of Mr Brown commences. I am just going to put you some of the questions and answers and just ask for your comments.

Operator, could we go to page 2138.

20

Ms Vanderklau, down the bottom you will see Ms Orr, she was Counsel Assisting the Commission. No, she wasn't, she was counsel for Crown. She said that, and you can read with me if you like:

25 *MS ORR: Mr Brown, you were asked a series of questions about the work done by cage staff in Crown Perth, in the period 2013 to 2016, in relation to transactions on the Riverbank bank account. Do you recall those questions? MR BROWN: Yes, I do. MS ORR: And you said in answer to one of those questions that you believed the cage staff at Crown Perth were aware of their obligations in relation to anti-*
30 *money laundering; do you recall that? MR BROWN: Yes, I do. MS ORR: Would you please explain for the inquiry what those obligations were? And then do you see his answer? Can you read that to yourself?*

35

COMMISSIONER JENKINS: Is it possible for this to go on the public screen?

MR PENGLIS: Yes.

You would agree with that answer, I take it, Ms Vanderklau?

04:07PM

MS VANDERKLAU: Yes.

MR PENGLIS: If we go down just a little bit further on that page, final paragraph:

5

Ms Orr: Yes, Mr Brown, to your understanding, how were your staff made aware of their obligations that you've just explained?

Then over the page:

10

Mr Brown: They were made aware through their ongoing training and *ongoing annual training and in regards to any sort of suspicious matters.*

You can read with me there:

15

Ms Orr: And did that online training, to your knowledge, deal with the *concept of structuring?* Mr Brown: Yes. Ms Orr: *There is a component in there in regards to structuring of payment.* Mr Brown: Yes.

20

Do you agree with that?

MS VANDERKLAU: Yes.

MR PENGLIS: Then at line 30 on page 2132, you see just about line 33, Ms Sharpe:

25

Ms Sharpe: I just wanted to be a little bit more specific here

I should say Ms Sharpe was counsel for the Commission.

30

..... to the best of your knowledge, in the period 2013 to 2016, is it right that the people at the Crown Perth cage who did look at these actual bank account statements were Riverbank were not looking at whether structuring or smurfing was taking place within those accounts? Mr Brown: *No, I don't believe that to be the case, no.*

35

Do you disagree with that, Ms Vanderklau?

MS VANDERKLAU: Yes, I disagree.

40

MR PENGLIS: Indeed, if the people in cage aren't looking for structuring, how on earth will it be the subject of an SMR; do you have any idea?

MS VANDERKLAU: No.

5 MR PENGLIS: In other words, an SMR to come out of cage requires the cage people to be on the lookout for such conduct; correct?

10 MS VANDERKLAU: Yes. I think, just to clarify, I think they understood structuring and that they would receive SMRs on structuring on cash-outs but I don't think they were looking at it from the deposits side.

MR PENGLIS: Right, they weren't looking at it from a deposit point of view?

MS VANDERKLAU: Yes.

15 MR PENGLIS: So, just to clarify then, you are saying you don't agree with the statement insofar as cash out but you agree with the statement as far as cash in?

MS VANDERKLAU: Yes.

20 MR PENGLIS: Would you agree that if you ignore --- I withdraw that. The notion of structuring is only going to be identified by people who are at the frontline in regards to these accounts; correct?

MS VANDERKLAU: Yes.

25 MR PENGLIS: And that's cage, correct?

MS VANDERKLAU: That's correct.

30 MR PENGLIS: And if they are not on the lookout for structuring, then it will get through; correct?

MS VANDERKLAU: That's correct.

35 MR PENGLIS: No further questions. May it please the Commission.

COMMISSIONER OWEN: Thank you, Mr Penglis. Any other applications?
Commissioner Jenkins?

40

QUESTIONS BY THE COMMISSIONERS

45 COMMISSIONER JENKINS: Yes, thank you.

So in relation to suspicious matter reports, did you ever when you were the AML/CTF officer see that the EGM or table games supervisors were filing SMRs?

MS VANDERKLAU: Table games supervisors, yes, not --- I don't recall any from the EGM supervisors.

5 COMMISSIONER JENKINS: And do you understand why not?

MS VANDERKLAU: So with the gaming machines our EGM machines have note acceptor limits. So you couldn't really bill stuff. Most of the machines are \$100 acceptor limit. So you could put in \$100, make one bet, you could then put in
10 another \$100 but you couldn't put in any more money until you got back down under the \$100.

COMMISSIONER JENKINS: What about the FATGs?

15 MS VANDERKLAU: They were part of the fully automated table games. My understanding is the table games department in conjunction with surveillance were looking at any machines, if there was a machine that appeared to have a lot of money put in it and then there was not a corresponding gaming activity.

20 COMMISSIONER JENKINS: So what about, though --- didn't the EGM supervisors supervise the FATGs as well rather than table games?

MS VANDERKLAU: Yes, I think it did move over to them at some stage, but I still think it was the table games team and surveillance that were looking at those --- that
25 information. I'm not sure how they got that information, whether that was from one of the systems that Crown has.

COMMISSIONER JENKINS: Thank you for that.

30 Now, in respect of the correspondence in March 2014, why were you involved in reviewing the patron deposit processes when, as you say, you weren't the AML/CTF officer at that time?

MS VANDERKLAU: I can't say for certain, possibly because Josh knew of my
35 experience in the cage as well as AML and the AML person being extremely busy so he may have requested me to have a look at it.

COMMISSIONER JENKINS: You were at that point, however, a member of the AML/CTF Officer Meeting Group?

40 MS VANDERKLAU: March 2014. I'm not sure if I was then. I attended a few meetings when Mr Theodoropoulos started just to --- and then when he left and then I also attended when the new person started in March of 2015 to assist.

45 COMMISSIONER JENKINS: You were, in 2014, the compliance officer assisting with GWC correspondence?

MS VANDERKLAU: That's correct.

COMMISSIONER JENKINS: Did it occur to you that this information about the ANZ having issues with the bank account should be reported to the regulator?

5 MS VANDERKLAU: Not to me, no.

COMMISSIONER JENKINS: Can I ask you, were you asked in 2020 to do the Riverbank account review?

10 MS VANDERKLAU: Because I worked with Mr Marais, and again I think it was because I had the experience in the cage and also in AML and, again, AML being very busy so he asked me to have a look at it.

15 COMMISSIONER JENKINS: Did he request that any similar analysis be done of the Burswood Nominees's main gaming account?

MS VANDERKLAU: Not specifically.

20 COMMISSIONER JENKINS: Do you know whether one has been done?

MS VANDERKLAU: I do recall we had a quick look at the statements but we couldn't see any sort of pattern like we were seeing on the Riverbank AUD account.

25 COMMISSIONER JENKINS: In March 2014, do I understand, in answer to the questions from Mr Feutrill, that essentially Mr Brown told --- what he told you indicated that structuring may be occurring in the Riverbank account, ANZ account?

30 MS VANDERKLAU: Yes, he said there were multiple transactions and he said he thought that was what the ANZ concerns were. I would think that was what it was about, this structuring, because there were multiple deposits for the same patron.

35 COMMISSIONER JENKINS: Did it, therefore, occur to you that for the reasons that you've explained to Mr Penglis, or discussed with Mr Penglis, that the AML/CTF officer would not be seeing evidence of that and, therefore, SMRs would not be being filed in relation to those transactions?

MS VANDERKLAU: That's correct, yes.

40 COMMISSIONER JENKINS: So what did you do about that?

45 MS VANDERKLAU: In 2014? Well, I gave the information to Mr Preston and I understood that they were going to meet with the bank to find out exactly what the issue was. And I assumed that they would, the cage and Mr Preston along with the other senior Crown executives at that meeting, would make decisions about what course of action to take.

COMMISSIONER JENKINS: And so in that email to Mr Preston you said that

David Brown had told you certain things. And did you discuss with him any further details about whether SMRs were --- sorry, whether this conduct was being observed by the cage and what the cage was doing about it?

5

MS VANDERKLAU: I don't recall the conversation.

COMMISSIONER JENKINS: Can I just clarify the first bit. David Brown told you that he thought that there was a breakdown to smaller amounts of deposits. That's what you recall he told you in the email?

10

MS VANDERKLAU: Yes, I thought the concerns ANZ might have were about these multiple deposits into the account.

COMMISSIONER JENKINS: Right. And do you recall having any further discussion with him about that aspect of it, about who might be doing it, about why they might be doing it, how often it was being done?

15

MS VANDERKLAU: No.

20

COMMISSIONER JENKINS: Then in answer to the questions from Mr Penglis, you said that you think that the cage would have been only looking at structuring from a cash-out perspective rather than a cash-in. Why would that be?

MS VANDERKLAU: I'm not sure. Based on what occurred it would appear that they were not looking at structuring through those accounts.

25

COMMISSIONER JENKINS: Was there anything in the AML/CTF program of Crown's back then, we're talking say pre-2019, that would have indicated to cage staff that they should be looking at cash out and not cash in?

30

MS VANDERKLAU: No, there wasn't anything in the program. Most of our AML/CTF program was focused on the transactions that were conducted at Crown. So we would look at that deposit into the DAB account.

35

COMMISSIONER JENKINS: Yes.

MS VANDERKLAU: Rather than the deposits made into the bank account.

COMMISSIONER JENKINS: Certainly. Well, not certainly, but I understand what you are saying.

40

So would you agree that at that point, even if no one in the cage had specifically paid attention to the actual deposits, at the time there was a TT created for the cash out, or for whatever other reason, that the AML/CTF program that Crown had in existence at that time would direct that --- or would indicate that whoever was doing it should be looking at it to see whether there was a suspicious matter that needed to be reported?

45

MS VANDERKLAU: We would look at suspicious matters in the context of them using those funds. There was nothing in the program about looking at what funds made up that TT release.

5

COMMISSIONER JENKINS: Are you saying that when an officer in the cage is doing a telegraphic transfer for funds out and they have to collect the deposit slips, don't they, to attach to the TT?

10 MS VANDERKLAU: There wasn't always deposit slips. If there was, they would, yes.

COMMISSIONER JENKINS: No, but if they were to find them they were to attach them to the TT ---

15

MS VANDERKLAU: Yes, that's correct.

COMMISSIONER JENKINS: And if they see that this person wants to take out \$50,000, which has been deposited in five lots of 9,000 and something or other, my maths probably doesn't add up, but are you telling me that that should not cause them to raise a Suspicious Matter Report?

20

MS VANDERKLAU: No, no. I'm sorry I was thinking from the AML perspective once we saw the TT release on the report. But if the cage --- I would have thought if the cage saw multiple deposits into a bank account at a minimum they would have prepared an SMR to send through to AML to review and lodge.

25

COMMISSIONER JENKINS: Thank you, Ms Vanderklau, I don't have any other questions.

30

COMMISSIONER OWEN: Ms Vanderklau, I have a couple of questions for you. I'm looking at your witness statement, and it is paragraph 50(h) on page 12. It is the last sentence in that paragraph. It is about third-party transfers.

35 MS VANDERKLAU: Yes.

COMMISSIONER OWEN: You say there that there was a change to allow third-party transfers, they were rare in your time. I take it that is your time in the cage?

40 MS VANDERKLAU: That's correct.

COMMISSIONER OWEN: Can you recall, or did you have a view, as to the rationale as to why that change was made to allow third party transfers?

45 MS VANDERKLAU: No, I don't know that.

COMMISSIONER OWEN: In your time as AML Compliance Officer after you left the cage, did you notice any increase in the prevalence of third-party transfers?

5 MS VANDERKLAU: It was probably increased but it still wasn't a large number of those transactions. They were still predominantly sent to the patron's account.

COMMISSIONER OWEN: Are you aware that in the closing part of the Bergin Inquiry period that Crown commissioned a report from a company called Initialism about the transactions, some transactions in the Riverbank account?
10

MS VANDERKLAU: Yes.

COMMISSIONER OWEN: And are you --- have you read that report?
15

MS VANDERKLAU: Not in complete.

COMMISSIONER OWEN: Are you aware that one of the indicia that Initialism took into account was the fact that it was a third-party transfer.
20

MS VANDERKLAU: No, I understood that the review was done of funds deposited by a third-party but I wasn't aware that there was a review done of funds sent out to a third party.

COMMISSIONER OWEN: With what you know now, do you regard the existence of the third-party transfer option as being a risk in terms of money laundering?
25

MS VANDERKLAU: Yes.

COMMISSIONER OWEN: And just one other question, if we could bring up --- this is the TT release checklist which Mr Feutrill took you too. It is CRW.529.001.9100, and I think it is 9101 that I'm interested in. It is the four copies that I'm interested in, at the moment.
30

MS VANDERKLAU: Yes.

COMMISSIONER OWEN: The original, the white, it was forwarded to the Pearl Room cage. The second one, the yellow copy, forwarded to the finance TT officer, the blue copy, income control and the pink copy was filed, I take it filed in the cage?
40

MS VANDERKLAU: Yes.

COMMISSIONER OWEN: The blue copy, income control, where is that situated?

45 MS VANDERKLAU: Within the finance department.

COMMISSIONER OWEN: As is presumably the finance TT officer?

04:25PM

MS VANDERKLAU: Yes.

5 COMMISSIONER OWEN: In relation to the first three, the Pearl Room copy, the finance TT officer copy, and the income control copy ---

MS VANDERKLAU: Yes.

10 COMMISSIONER OWEN: --- what did you --- did you have any appreciation of what those three offices or officers would do with those copies?

15 MS VANDERKLAU: The cage one once it was completed they would file it in the Pearl Room cage. I'm not exactly sure what finance --- the finance TT officer did in relation to the copy they received. And I believe the income control was around about --- was to do with the float and the balance in. And so the cage does a balance every day so all documentation used to pay funds in and out is then bundled up and sent to income control and they verify that there is documentation for all of the transactions on the main cage float.

20 COMMISSIONER OWEN: To the extent that the yellow copy and the blue copy were hard copy documents, and to the extent that they contained the source material, like deposit slips if they were available, and could be found and the bank statements, they would be attached to the blue copy and the yellow copy?

25 MS VANDERKLAU: I believe definitely to the finance TT officer. I'm not sure about the income control one.

30 COMMISSIONER OWEN: All right. Thank you. Anything arising, Mr Feutrill? Mr Davis, do you wish to re-examine?

MR DAVIS: Just one question just actually arising from something you raise in relation to third-party transfers, Commissioner.

35 So, the Commissioner took you to paragraph 50(h) where a change was made to allow third-party transfers. Are you aware that a change was made to third-party transfers?

40 MS VANDERKLAU: Yes, it is not allowed. No third party TTs are allowed to be sent out.

MR DAVIS: Or in?

MS VANDERKLAU: Or in. Sorry.

45 MR DAVIS: Thank you.

COMMISSIONER OWEN: Thank you.

04:28PM

Ms Vanderklau, thank you very much for your evidence. We'll leave the summons in place because there is another Commissioner to view the materials and there may be other questions that we may have. For the time being you are free to go and
5 resume your normal activities and with our gratitude for your evidence. Thank you very much. We will adjourn until 10 am tomorrow morning.

MS VANDERKLAU: Thank you.

10

THE WITNESS STOOD DOWN

ADJOURNED AT 4.28 PM UNTIL WEDNESDAY, 22 SEPTEMBER 2021 AT
15 **10.00 AM**

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