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PERTH CASINO ROYAL COMMISSION

PUBLIC HEARING - DAY 40

10.00 AM WEDNESDAY, 22 SEPTEMBER 2021

COMMISSIONER C MURPHY

COMMISSIONER NJ OWEN

COMMISSIONER CF JENKINS

HEARING ROOM 3

**MS KIRSTEN NELSON and MR MICHAEL FEUTRILL 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 JOSEPH GARAS 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 Brian Lee

MR SIMON J DAVIS as Counsel for Mr Travis Costin

10:00AM

COMMISSIONER MURPHY: Can Mr Lee come forward, please. Can you state your name for the record, please?

5 WITNESS: Brian MacLean Lee.

COMMISSIONER MURPHY: I understand you will take the oath?

10 WITNESS: Yes, Commissioner.

BRIAN MACLEAN LEE, SWORN

15 COMMISSIONER MURPHY: Mr Gandhi?

MR GANDHI: If it please the Commissioner.

20 **EXAMINATION-IN-CHIEF BY MR GANDHI**

MR GANDHI: Mr Lee, you prepared a statement dated 16 September in response to a summons dated 2 September?

25 MR LEE: I did.

MR GANDHI: Do you see a copy of the statement on the screen?

30 MR LEE: I do.

MR GANDHI: Is the first page of your statement CRW.998.002.0559?

35 MR LEE: It is.

MR GANDHI: Can you please scroll down to the penultimate page, ending in 0585. Is that a shadow to your statement?

40 MR LEE: It is.

MR GANDHI: Does it list a number of documents?

MR LEE: It does.

45 MR GANDHI: I understand you wish to make one amendment to paragraph 198 of your statement?

MR LEE: Yes, I do.

MR GANDHI: The page ending in 0578, paragraph 198.

MR LEE: Yes.

5

MR GANDHI: What is the amendment you wish to make?

MR LEE: On the last line of 198, the addition of "not", "are not of interest to law enforcement" instead of "are of interest".

10

MR GANDHI: Subject to that one amendment, is your statement true and correct, to the best of your knowledge and belief?

MR LEE: Yes, it is.

15

MR GANDHI: I tender that statement.

COMMISSIONER MURPHY: Thank you, Mr Gandhi. The document with the number as referenced is admitted as an exhibit.

20

EXHIBIT #CRW.998.002.0559 - WITNESS STATEMENT OF BRIAN MACLEAN LEE, WITH ONE AMENDMENT, DATED 16/09/2021

25 COMMISSIONER MURPHY: Thank you, Ms Nelson.

MS NELSON: Thank you, Commissioner.

30 **CROSS-EXAMINATION BY MS NELSON**

MS NELSON: Mr Lee, looking at your statement at page 1, thank you.

35 MR LEE: Yes.

MS NELSON: You were originally employed by Crown in 2006?

MR LEE: That's correct.

40

MS NELSON: You currently report directly to Mr Lonnie Bossi; is that correct?

MR LEE: That's correct.

45 MS NELSON: You have done so since 2020 when you took on your current role?

MR LEE: That's correct.

MS NELSON: Prior to that, you reported to Mr Joshua Preston; is that correct?

MR LEE: That's correct.

5

MS NELSON: Did you meet with Mr Preston regularly when you reported to him?

MR LEE: Yes, I did.

10 MS NELSON: How often did you meet with him?

MR LEE: It was weekly. If we couldn't meet weekly for the purposes of --- particularly when he was interstate, we would have email or phone conversations, so it was generally weekly.

15

MS NELSON: Do you meet with Mr Bossi weekly, currently?

MR LEE: Currently, it is scheduled for every week but not necessarily the ability for us to catch up weekly. But, again, similar to with Mr Preston, should I need to
20 discuss anything with him, I can call or email him.

MS NELSON: You have worked at Crown in security-related roles since 2014; is that correct?

25 MR LEE: That's correct.

MS NELSON: From July 2015, you were promoted to a General Manager position that also included management of the surveillance function at Crown Perth?

30 MR LEE: That's correct.

MS NELSON: What previous experience did you have with a surveillance capability?

35 MR LEE: In a casino or outside of a casino?

MS NELSON: At all

MR LEE: No, no experience in that space.

40

MS NELSON: Was the General Manager of Surveillance and Security a position that existed prior to the appointment of you to that role?

MR LEE: It did, yes.

45

MS NELSON: How long had it existed as a position?

MR LEE: It had existed, I believe, for around a 12-month period. The gentleman that held that position left the business. The role was split, security and surveillance separate, and then came back together with myself moving into that capacity as
5 General Manager of both departments.

MS NELSON: So the person who held the position prior to you for a year ---

10 MR LEE: Yes.

MS NELSON: --- that was a dual role as General Manager of Surveillance and Security; is that correct?

15 MR LEE: That's correct.

MS NELSON: But prior to that, the roles were split. There was a General Manager of Surveillance and there was a separate position of General Manager of Security.

20 MR LEE: That's correct.

MS NELSON: At the time you took the position, the management of both functions had only been merged for one year?

25 MR LEE: Yes.

MS NELSON: Are you aware that the surveillance operation is directly mentioned in the Casino Directions and also the Casino Manual (Operations)?

30 MR LEE: I do.

MS NELSON: Are you aware of what the Casino Directions say in relation to the independent nature of the surveillance function at the casino?

35 MR LEE: Yes, I am.

MS NELSON: What does it say?

40 MR LEE: If I paraphrase, it's for the surveillance operation to be independent from other --- it names some other business units. I think Gaming is particularly named.

MS NELSON: I will show you document GWC.0001.0006.0001 at page 11 and it is 7.8. At the bottom of the page:

45 *The Casino Operator shall ensure that all persons assigned to monitor or surveillance activities are independent of the Casino gaming, security and cashier's cage departments.*

You have seen that before?

MR LEE: Yes, I have seen that before.

5 MS NELSON: That was the position when you took on the two merged roles of surveillance and security as General Manager, wasn't it?

MR LEE: Yes, that's correct.

10 MS NELSON: In your view, is the existence of your position in contradiction to those Casino Directions at 7.8?

MR GANDHI: I object. That is a question that calls for a legal determination of the proper meaning of 7.8. It is not a matter for this witness.

15 COMMISSIONER MURPHY: I will ask you to rephrase the question.

MS NELSON: Commissioner, I withdraw the question. I will move on and ask some more questions around that.

20 COMMISSIONER MURPHY: Thank you.

MS NELSON: Under your leadership, has there been an integration of the surveillance operation function with security operations?

25 MR LEE: The only --- apart from my role, the only other position that has veered across both departments is that of the investigations and compliance manager.

MS NELSON: That is Mr Burling?

30 MR LEE: That's correct.

MS NELSON: I will take you back to your statement, CRW.998.002.0559, page 6, particularly paragraph 38. In that paragraph you mention there are members of both teams who work collaboratively across both departments, don't you?

35

MR LEE: Yes.

MS NELSON: What percentage of the surveillance team also work collaboratively with security?

40

MR LEE: The use of the term "collaborative" relates to --- so, from an investigative perspective, there are investigators in security and investigators in surveillance, overseen by Mr Burling. "Collaborative" is particularly in the matter of investigations that may require surveillance to interrogate footage, and security to obtain statements and other pieces of evidence. Typically, that's for the purposes of supporting a police investigation.

45

So the "collaboration" might be that the security investigator needs surveillance to assist with trying to see whether there is available footage. They will email and ask, "This is a police inquiry, can you please assist with available footage?", and that's
5 where the collaboration is.

Also, from an operational perspective, the surveillance team overview security operations. If there is a particular task that security needs to be involved with, let's say for instance the removal of a patron, they must contact surveillance, surveillance
10 will advise them they have coverage and then they can commence the conversation and the removal. So the collaboration is more in that respect.

MS NELSON: In your view, the collaboration is limited to those two distinct jobs; firstly, getting together police briefs or evidence to give to police and, secondly,
15 liaising to remove someone from the premises, if necessary?

MR LEE: That's correct.

MS NELSON: Do security staff have free access to surveillance material?
20 MR LEE: No.

MS NELSON: If they are given access to surveillance material, is it documented in an email or some other form?
25

MR LEE: Can I clarify "material"? What context is that because we have incident reports or there is actually the footage itself.

MS NELSON: As I understand it, those incidents reports and the footage are on the iTrak system; is that correct?
30

MR LEE: That's correct, yes.

MS NELSON: Do any security staff have access to iTrak without having to request it from surveillance?
35

MR LEE: Yes. Yes.

MS NELSON: How many security staff?
40

MR LEE: There would be --- apart from myself, there was roughly three to four positions of senior management that look at the footage. They have no control over the cameras. When they go into the iTrak incident and they are reviewing, it could be a customer complaint, it could be a daily or weekly review we do of physical
45 interactions with patrons or another type of investigation, the footage that has been secured by surveillance to the incident, those security managers have access to review that footage for the purposes of work.

MS NELSON: Apart from the footage, they have access to review the incident report that dovetails with that particular bit of footage?

5 MR LEE: That's correct. Surveillance predominantly create the incident because they are --- security could be dealing with the incident at the time, so surveillance will, in most cases, commence the creation of an incident and security will provide additions to that material.

10 What security don't have accessibility to, because you can control this in iTrak, is gaming-related specific items, such as if there are advantage players, card counts, cheats, so the gaming protection side of the business.

MS NELSON: Can security staff go in and amend an iTrak notification report that
15 has been done by the surveillance operative?

MR LEE: They can go into the incident at certain levels. I don't believe security officers, but our managers can provide additions to the iTrak incident. I am unsure whether --- I don't believe they can delete information. But if you do provide an
20 addition to the iTrak incident, there is a recorded time/date stamp and the employee's number who has gone into the incident.

MS NELSON: So changes to iTrak notifications are audited then?

25 MR LEE: Yes.

MS NELSON: Going to paragraph 22 of your statement at page 3, you talk about your overall responsibility in your position. You say it is:

30for the safety, security and protection of Crown's resort and its assets, which *include its staff and customers*.

By "safety, security and protection", are you referring to maintaining the physical safety of people onsite and the physical safety of Crown's assets?
35

MR LEE: Yes.

MS NELSON: Would you look at the Casino Manual (Operations) in relation to the breadth of the surveillance role, as it is stated there at GWC.0001.0013.0043, section
40 17 at page 3, thank you. I will move on from there because I cannot find the actual reference.

Is the surveillance department responsible for providing surveillance of all the casino and entertainment complex over a 24-hour period?
45

MR LEE: Yes, it is.

MS NELSON: It is the eyes and ears of the entire complex for 24 hours, 7 days a

week?

MR LEE: Yes.

5

MS NELSON: Are shifts rostered on in the surveillance area to man those cameras or the consoles, sorry, for 24 hours a day, 7 days a week?

MR LEE: Yes, they are.

10

MS NELSON: At paragraph 32 of your statement, you say the surveillance team has four shifts of 8 operators?

MR LEE: Yes, that's correct.

15

MS NELSON: You say that is appropriate to oversee the casino, at paragraph 32?

MR LEE: Yes.

20

MS NELSON: Do I understand your view is that the surveillance team is appropriately resourced at the moment for doing the job it needs to do?

MR LEE: Yes.

25

MS NELSON: What technology does surveillance have to fulfil its obligation, in a broad sense?

MR LEE: There are camera numbers, obviously, that cover the property. We have recently implemented facial recognition technology. We have access control on most doors around the property, particularly those to areas such as cage and count facilities, but the alarms are monitored. Each table and around each of the bars there are duress alarm facilities that are reported back to surveillance. We have a fire monitoring system that reports back to surveillance. That is the general technology that at this stage is assisting the team.

35

MS NELSON: How long has the facial recognition technology been in place?

MR LEE: Since February 2020.

40

MS NELSON: Thank you. Go we go back to the Casino Manual (Operations), GWC.0001.0013.0043 at page 6. I want to take you to 1.1, which is the role of the surveillance department. I will give you a minute to refamiliarise yourself with those particular dash points. Have you read those, Mr Lee?

45

MR LEE: Yes, I have.

MS NELSON: Would you agree that the manual contemplates that the maintenance of gaming integrity is a separate activity of the surveillance department to monitoring

and recording gaming activities and transactions?

MR LEE: Sorry, could you please repeat that question?

5

MS NELSON: Do you see at the second-last dash point, "maintaining gaming integrity"?

MR LEE: Yes.

10

MS NELSON: That is listed as a separate role to monitoring gaming activities and transactions, which is two dash points above that, isn't it?

MR LEE: That's correct, yes. I see those as forming the one, they tie in together.

15

When we are looking at gaming, in this general sense, the protection of gaming integrity is inclusive of observing activities and transactions.

MS NELSON: I want to ask you how you saw your general statement of your role, which we went to at paragraph 22, about being concerned with safety, security and protection, how that relates to those specific roles of the surveillance department that the Casino Manual requires?

20

MR LEE: I know my role includes more broader in the term of protection, if you put it in that respect. Protection is protection. Obviously, integrity, protection of activity on the tables to ensure there is no stealing, fraud or other types of adverse behaviours taking place. So the term of protection is more broader than physical security presence.

25

MS NELSON: You see protection as including maintaining gaming integrity?

30

MR LEE: Yes.

MS NELSON: I suggest to you that your statement in paragraph 22 has more of a security-focused outlook.

35

MR LEE: It seems that way but that's not how I operate or how I view my role and responsibilities.

MS NELSON: You don't prioritise security over surveillance in performing your role?

40

MR LEE: No.

MS NELSON: How does surveillance actively maintain gaming integrity?

45

MR LEE: We have operators who are consistently tasked with monitoring gaming activity that is live and that's observing the activity of the dealers, to ensure they are dealing in accordance with the rules in the manual, and also to observe patron

behaviour at tables, but also more broadly in the machine space as well.

5 MS NELSON: What does the surveillance area do if it does detect suspected illegal activity?

10 MR LEE: They will advise the surveillance --- usually it's the surveillance operator who would identify any concern. They will discuss it with their surveillance shift manager. Depending what the activity is, they will --- if it's relating to the possibility a patron is trying to past post, so place a bet on a bet that has won after it has been closed, or they believe that has transpired, they will contact the relevant manager of the table games department to have them assist in reviewing the footage, to basically see that, yes, we concur there has been a breach of a particular rule.

15 Then security would be involved at some point to also review that footage. If required, if it can be seen there was a past post or other illegal activity, then security will take the responsibility in excluding the patron involved.

20 MS NELSON: Thank you. Going back to your statement CRW.998.002.0559 at paragraph 39, you mention that Mr Derek Burling controls the investigation and compliance staff within both teams, that is security and surveillance; is that correct?

MR LEE: That's correct.

25 MS NELSON: Do you see that merged reporting line as compromising the independence of surveillance?

MR LEE: I don't see that.

30 MS NELSON: How many positions in surveillance report to Mr Burling?

MR LEE: Two positions.

35 MS NELSON: In paragraph 40, you mention a number of functions of the compliance and investigation staff within the security team that are managed by Mr Burling. At paragraph 40a, the first is concerned with the iTrak reports. Are they the reports you spoke about earlier?

40 MR LEE: That's correct.

MS NELSON: I think it was your evidence earlier that the security team do not have full visibility of iTrak?

45 MR LEE: That's correct.

MS NELSON: Does Mr Burling have full visibility of iTrak?

MR LEE: I believe he does.

MS NELSON: In paragraph 40a and the iTrak reports mentioned there, are you referring to the automatically generated daily iTrak reports that go to the Department of Local Government, Sport and Cultural Industries?

5

MR LEE: So, yes, there is reference to the reports generated from a reporting obligations perspective, which is inclusive of those daily reports.

MS NELSON: Do you see those daily reports before they go to the department?

10

MR LEE: No, I don't.

MS NELSON: I gather from paragraph 40a that they include casino matters as well as liquor matters?

15

MR LEE: Yes.

MS NELSON: Looking at paragraph 40b, what are the gaming keys you refer to there?

20

MR LEE: They are particularly related to accessing drop boxes under tables, so the box that will take cash. Also, keys that have accessibility to the inner workings, particularly the cash boxes within gaming machines.

25 MS NELSON: In paragraph 40c, you refer to dealing with lost property. How many staff are dedicated to dealing with the thousands of lost items per month you mention there?

30 MR LEE: We have one lost property officer, but they are supported by the security team because they are not a 24/7 position. When there is multiple issues around property, where there might be a number of patrons asking for property at the same time, the lady who is responsible for that will engage the services of the broader team to assist.

35 MS NELSON: In paragraph 40d, you refer to compliance and investigation staff within the security team liaising with law enforcement. Which law enforcement agencies do they liaise with?

40 MR LEE: The WA Police, the Australian Federal Police and the Australian Criminal Intelligence Commission, the ACIC. We sometimes will have inquiries from other policing agencies across the country, but that's few and far between. Particularly, it is the Western Australian Police and the Australian Federal Police.

MS NELSON: Thank you. What about AUSTRAC?

45

MR LEE: No.

MS NELSON: Who is the liaison with AUSTRAC done within Crown Perth's management; do you know?

5 MR LEE: I'm not aware at the moment, only historical.

MS NELSON: In 40d, when you use the term "liaise", are you describing a close working relationship, a collaborative relationship, or what? How would you expand on describing your relationship?

10

MR LEE: I would say definitely a collaborative relationship with law enforcement. Quite regular conversation engagement with those groups, particularly by my investigative team, Derek and the team that reports to him.

15 MS NELSON: Are there regular formal meetings or is it done on an as-needed basis?

MR LEE: There are regular meetings that are set up with the money laundering squad but, just by the nature of the relationship and our engagement, there is
20 historically no formalised set-up of meetings that you would meet on a fortnightly or quarterly basis, because the interaction was quite regular anyway.

MS NELSON: The regular meetings with the money laundering squad, is that with the WA Police?

25

MR LEE: It is, yes.

MS NELSON: Who from Crown Perth would attend those meetings?

30 MR LEE: That is usually Derek Burling, Mr Burling, and Danielle Slattery, who is the AML Compliance Manager at Crown Perth. That's probably the two key people. Sometimes an investigator may join them, if it's to discuss a particular individual, but generally it's Mr Burling and Ms Slattery.

35 MS NELSON: When you say "an investigator", do you mean from the security department or the surveillance department?

MR LEE: Security.

40 MS NELSON: Do the surveillance team liaise with law enforcement at all, or just security?

MR LEE: They do but it's usually related specifically to the provision of CCTV
45 footage. So, law enforcement may send an order to produce through to surveillance directly, asking for footage to be provided. So they will engage with the relevant law enforcement officer or officers to ensure that has been provided as per the OTP and the time. At times, the police will directly engage with surveillance to have access to the monitoring room to observe something that is happening live with a person of

interest, or to go back and look at something historical on the footage around someone's behaviour.

5 MS NELSON: Would you know if police were onsite?

MR LEE: Yes.

10 MS NELSON: Would Mr Burling know if police were onsite?

MR LEE: Yes.

MS NELSON: Would you know if Mr Burling was meeting with WA Police offsite or not necessarily?

15 MR LEE: Sorry, was that offsite?

MS NELSON: Yes, offsite.

20 MR LEE: Mr Burling would usually advise me when he is engaging with law enforcement. It might not happen all the time. I'm not sure of that.

MS NELSON: It is possible there might be occasions he meets with law enforcement that you are not aware of?

25 MR LEE: Yes.

MS NELSON: Mr Burling reports to you?

30 MR LEE: Yes, that's correct.

MS NELSON: Do you have regular meetings with him?

MR LEE: Yes.

35 MS NELSON: They are one-on-one meetings?

MR LEE: One-on-one meetings.

40 MS NELSON: How often do you have those?

MR LEE: They are scheduled weekly.

45 MS NELSON: Is there a written protocol within the security area in relation to the contact with law enforcement?

MR LEE: There is an operating procedure governing the liaison with law enforcement agencies, yes.

MS NELSON: I will show you document CRW.700.025.1169. Have you seen that document before?

5 MR LEE: Yes, I have.

MS NELSON: I will ask the operator to scroll through slowly so you can refamiliarise yourself with that, Mr Lee. On the last page you see it has been approved by you, amongst other people, in April this year; is that correct?
10

MR LEE: Yes, that's correct.

MS NELSON: Is this the document you refer to as the protocol?

15 MR LEE: There is another one that runs concurrently with this one, with respect to law enforcement engagement, particularly relating to requests for information and orders to produce, because it's inclusive of the anti-money laundering or the financial crimes team within Crown.

20 MS NELSON: Thank you. Going back to the first page of this document, at 2.1 it talks generally about how Crown Perth recognises the importance of a cooperative working relationship with law enforcement?

MR LEE: Yes.
25

MS NELSON: State and Federal. Then at 2.1.2, about procedures with respect to management and release of information to law enforcement agencies?

MR LEE: Yes.
30

MS NELSON: At 3.1, in the procedures there are some general statements about how records are to be released to law enforcement when they have inquired about particular matters. Is that fair?

35 MR LEE: That's fair.

MS NELSON: At 3.4 on the top of the next page, the security department is expected to maintain a register dealing with the requests and then the records that are produced to law enforcement as a result of those requests?
40

MR LEE: Yes.

MS NELSON: Does that occur?

45 MR LEE: The Legal Services Department maintains an excel spreadsheet register. We maintain the information through iTrak incidents. So it's not in a particular register like the Legal Services team does, but there is a register of those requests.

MS NELSON: Is the Legal Services team aware of all requests for information from WA Police?

5 MR LEE: Of the formal requests, where the requests are for the provision of particular records for evidentiary purposes, whether it's closed-circuit TV footage, it could be hotel records, gaming records.

10 MS NELSON: By formal requests you mean in relation to --- in response to notices to produce or subpoena, issued by police to Crown for particular records?

MR LEE: Yes, that's correct.

15 MS NELSON: Those are the matters that would go to the legal department?
MR LEE: Yes.

20 MS NELSON: But I understand from your answer that there are also informal requests from WA Police for information from Crown?
MR LEE: That's correct.

25 MS NELSON: Are those informal requests covered by this standard operating procedure 8.14, or are they outside this procedure?
MR LEE: Sorry, can I have a look at the broader procedure, just to see --- because I can only see 3.4 at the moment.

30 MS NELSON: Go back to page 1.
MR LEE: I can't see that covered particularly in that space, but we do have a memorandum of understanding with WA Police which would be covered in the sharing of information.

35 MS NELSON: But this is a particular internal document, isn't it? As it says in the purpose, the aim of this policy is to provide a clear understanding of processes that are to be adopted within Crown Perth for coordinating and monitoring access to records and coordination of responses?

40 MR LEE: Yes, that's correct.

MS NELSON: Would you agree, reading that purpose, it would seem to include formal and informal requests for information from WA Police?

45 MR LEE: Yes.

MS NELSON: Informal requests for information, what would that look like in

practice?

5 MR LEE: In practice, it's generally police wanting to ascertain if a person of interest to them has visited the property. If so, is there anything we can provide in relation to their particular activities; do they stay in the hotels, do they engage in gaming behaviour, it could be do they have a membership card. Ways to try to help police from an intelligence perspective.

10 MS NELSON: Thank you. You have articulated in that answer what the type of request is. But how would they make that informal request? What would it look like?

15 MR LEE: Sorry. That could be face-to-face conversation, it could be in the form of email, and also via a phone call.

MS NELSON: If they were having a face-to-face conversation, would that be with Mr Burling?

20 MR LEE: With Mr Burling. Sometimes with me, but predominantly with Mr Burling.

MS NELSON: The email conversation would be with whom?

25 MR LEE: Similarly to ---

MS NELSON: Either you or Mr Burling?

30 MR LEE: That's correct. Sorry, also in addition to that, one of the security investigators, he will also deal with that direct conversation with law enforcement on a more operational perspective.

MS NELSON: What is his name?

35 MR LEE: Benjamin Mariotti.

MS NELSON: Apart from yourself, Mr Mariotti and Mr Burling, there is no one else who would have telephone conversations or email conversations or face-to-face conversations with anything one from WA Police?

40 MR LEE: Not in respect to investigations. Obviously there are people in other positions with a broader relationship with law enforcement but with investigations, it's particularly to those people.

45 MS NELSON: Would those informal contacts, for the purposes of investigations, be documented anywhere?

MR LEE: In iTrak would be particular --- if it relates to a person of interest, we

create --- if we don't already have a profile on that person, it's created and any material that is relevant would be recorded in iTrak.

5 MS NELSON: Thank you. Going to paragraph 40 of your statement, in particular looking at 40d.

MR LEE: Yes.

10 MS NELSON: Are you suggesting there that the sharing of intelligence and information is to assist Crown in deciding whether to ban patrons from the premises?

MR LEE: In some respects but not in all.

15 MS NELSON: What other respects?

MR LEE: Well, it could be there is something that overtly occurs in front of the cameras or the security officer with respect to an assault or a theft, something where it is clearly evident something has transpired, particularly of a criminal nature. They
20 can be excluded without any engagement of law enforcement.

The engagement of law enforcement, from our perspective, is if there is intelligence to suggest that this person may be engaging in criminal behaviour. We might want, as part of building our understanding of whether this person should remain at our
25 property or not, to engage with law enforcement to see if there is anything of interest to them for their own purposes, but also for our decision making.

MS NELSON: If you were going to engage with law enforcement to find out about a particular patron, such as in the manner you describe ---
30

MR LEE: Yes.

MS NELSON: --- do you have a particular point of contact at WA Police, or who do you contact there to find out that information?
35

MR LEE: Derek, Mr Burling, and Mr Mariotti have particular contacts they will go to. A lot of the time I am not making those calls because they are running the investigation and briefing me on how things are progressing. But across a number of units within the Western Australian Police, they have particular contacts they can go
40 to.

MS NELSON: Thank you. At paragraphs 45 and 46 of your statement, you describe generally in those paragraphs that both surveillance and security teams have a role in providing WA Police with intelligence, as well as evidence for WA Police
45 investigations. Is that correct?

MR LEE: Yes.

MS NELSON: Is that a general summary of ---

MR LEE: Yes, I'd say.

5

MS NELSON: --- what is in there? You mentioned previously that evidence might be CCTV footage?

MR LEE: Yes, that's correct.

10

MS NELSON: Is that the only form of evidence you would provide WA Police?

MR LEE: No. Well, the other evidence is particularly other gaming records. It might be the patron's play or hotel occupancy records. They're particularly the three types that we would provide to them on request.

15

MS NELSON: In your experience in this position, is it usually the case that you, Mr Marriotti or Mr Burling are dealing with WA Police in response to WA Police requests for information, rather than the other way?

20

MR LEE: No. I would say it's a two-way street in respect to that. It's going both ways.

MS NELSON: At paragraph 28e on page 4, you mention working with State and Federal Police on VIP protection matters. What do you mean by that?

25

MR LEE: That's if we have --- it could be a senior member of Parliament, it could be an overseas dignitary or someone who has some degree of notoriety in the public space. Those people, those individuals, will usually have a State and/or Federal Police VIP protection team with them. We will engage with those protection teams early on to provide them whatever assistance they need to do to understand the layout of the venue, egress, in case there's another way of getting in and out of the building, and maps or anything else that will assist them in trying to plan the security operation around that particular individual.

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MS NELSON: Could I have paragraph 37 on page 5, thank you. Moving to particular areas of responsibility or surveillance staff, you describe the different areas of the surveillance consoles in this paragraph.

MR LEE: Yes.

40

MS NELSON: I understand that x-ray base operations and x-ray two support the security functions responding to patron behaviour that threatens physical safety, effectively?

45

MR LEE: Effectively, yes. They will cover all the alarms as well that come through, whether it's a fire alarm, whether it's a facial recognition hit, as we refer to it, or any duress alarms, et cetera, yes.

MS NELSON: The facial recognition hit would be for patrons who have been banned who are attempting to get back onto the casino floor or onto the casino property?

5

MR LEE: That's correct.

MS NELSON: Otherwise, physical safety matters would be physical altercations between patrons or on the casino floor?

10

MR LEE: Yes, that's correct.

MS NELSON: Or the wider property?

15

MR LEE: The wider property, yes.

MS NELSON: Is it also part of the surveillance team's role on x-ray base operations and x-ray two to note matters that breach the Liquor Control Act?

20

MR LEE: Yes. They are to be looking out for that as part of their observations, yes.

MS NELSON: These are all matters that security are expected to respond to immediately?

25

MR LEE: Yes.

MS NELSON: Are those the only two consoles, x-ray base consultations and x-ray two, that are rostered to watch the main gaming floor area of the casino?

30

MR LEE: That's on your weekday. Friday and Saturday night there is an added resource that is assigned to general security operations, and at times there can be another two in that space. That's not just the casino, that's the property in general. However, you will find that most times during the day, a majority of the activity and patron flow is through the main casino environment, so that's where generally their focus will be. However, that doesn't mean they don't look outside of that scope.

35

MS NELSON: You said that over those Friday and Saturday nights there would be extra added to the security team operations?

40

MR LEE: Yes.

MS NELSON: What about to the surveillance team consul operations?

MR LEE: No.

45

MS NELSON: On a Friday and Saturday night you would still have the x-ray base operations and x-ray two as the only two consul operators watching the main gaming

floor?

MR LEE: Yes. However, in saying that, because surveillance has --- everyone in
5 the surveillance team is trained and experienced in both surveillance activities and
security activities. So if there is assistance that's required further to --- something
has come up on a table and there is some extra assistance required, anyone on there --
- because they're in the same room, one of the security consoles on the x-ray can
bring up a screen and assist with anything from a gaming perspective. Similarly the
10 other way around during the day. If there is not too much activity on the gaming
floor by way of patronage or play and there is something that arises of a serious
security nature, they can just call out in the room and someone can bring up a
console to provide support.

15 MS NELSON: The Pearl Room operator, at subsection d, you say monitors the Pearl
Room only?

MR LEE: Yes.

20 MS NELSON: That is a single surveillance operative who surveys the entire Pearl
Room, including the salons and the suite?

MR LEE: Yes. But with that position, you have --- they are responsible for that, but
you also have another operator on the consoles that can support, especially when you
25 look at the primary breaker, where there is also --- I don't know if it's on the other
page. There is an operator who assists with dubbing of footage for law enforcement
OTP requests. So that's another asset in the room that can oversee Pearl Room and
salons, if there is an increased level of activity. Salons not so much these days, it's
just Pearl Room.

30 MS NELSON: And the suite where the EGMs are in the Pearl Room?

MR LEE: That's covered by that, yes.

35 MS NELSON: How many cameras, approximately, would the single Pearl Room
operator on the console be able to select from to watch at any given time on their
console?

MR LEE: So they have --- they could --- you could --- most of the time --- so they
40 have two monitors in front of them on the console and, predominantly, it is split into
four. You can go further, but you lose the capability or the quality in viewing the
entirety of what's going on at the table.

So, up in the room, you will see operators with two screens up with eight shots, with
45 activity. But what they will also do is --- because if you look at the Pearl Room,
particularly at the moment, the patronage is not where it was historically. There are
less people frequenting that area, so the operator can narrow down --- you might
have the Pearl Room open at the moment and literally have one table on operation or
two

tables on operation, so they can bring up those two tables on their screen.

5 Also, on top of that, every operator will do audits in retrospect. They will go back on footage of tables and gaming areas and review a certain amount of hours of gaming footage, to see if there is anything they can pick up.

10 MS NELSON: If they are doing those audits, then obviously they are not looking at what's happening live through the cameras?

MR LEE: No. They find time to do that. It's not just --- when I'm the Pearl Room operator, I'm not running audits at the same time. I run the audits if there's no activity in the room, and you could have --- particularly on night shifts, there may not be --- there may be very few people in the casino and there may be no one in the
15 Pearl Room, so you have the opportunity to do that.

MS NELSON: Do they have to meet key performance indicators in terms of how many audits they do in a particular time period?

20 MR LEE: Yes, they do.

MS NELSON: What are they?

MR LEE: Over the period of a month, each operator must have a minimum of 20
25 hours of auditing.

MS NELSON: At paragraph 41 on page 6, you mention the compliance and investigation surveillance staff having a number of functions, which you set out in the subparagraphs.

30 MR LEE: Yes.

MS NELSON: You have mentioned already subparagraph b, reviewing incident reports?

35 MR LEE: Yes.

MS NELSON: You have mentioned subsection e, the audits. Is that what you are referring to in the previous answer?

40 MR LEE: I am, yes.

MS NELSON: You also mentioned assisting law enforcement in the review of footage, which is subparagraph f?

45 MR LEE: That's correct.

MS NELSON: So these functions, a through to f, are all in addition to monitoring

the consoles for incidents that might be happening live?

5 MR LEE: Sorry, if I'm reading it correctly, 41, that is just for the compliance and investigative staff. That's not the operators. However, the operators at times will --- that number f, they will have police officers in the room, sitting with them, looking through footage. That's where we can provide that support for law enforcement.

10 MS NELSON: How many compliance and investigation staff within the surveillance team are there?

MR LEE: There are two and we are just in the process of recruiting a third.

15 MS NELSON: So, two to three. How many console operators?

MR LEE: 32.

MS NELSON: 32. They are on shifts of eight in each shift; is that correct?

20 MR LEE: Yes, and that's --- they're 12-hour rosters.

MS NELSON: At subparagraph b, when you refer to reviewing incident reports, the compliance and investigative staff to do this to ensure footage has been retained. Who makes the decision what incident reports require footage to be retained?

25 MR LEE: Everything that --- every incident has footage retained on it, yes.

MS NELSON: How long are they retained for?

30 MR LEE: If the footage has been dubbed for an incident, that footage is permanently retained.

MS NELSON: So not all footage is dubbed for an incident?

35 MR LEE: If it's an incident, it's dubbed.

MS NELSON: At subparagraph f, when you mention they sit with law enforcement to review particular incidents, how often would that occur?

40 MR LEE: That's very few and far between. I would guesstimate that in a 12-month period you may see that half a dozen times.

45 MS NELSON: Thank you. At paragraph 43, you talk about the audit function of the compliance staff, led by surveillance operations. Is this the audit function you were talking about that the console operators perform when they're not busy?

MR LEE: Yes. That's a combination of both the compliance staff and the surveillance operations, yes.

MS NELSON: Back to paragraph 41, you talk about the reports to the external regulator. I will ask you generally about it. You have mentioned earlier this morning the daily reports to the regulator.

5

MR LEE: Yes.

MS NELSON: By which I mean the Department of Local Government, Sport and Cultural Industries. Can you elaborate on how matters are put into those reports, who makes that decision?

10

MR LEE: I was directed by the Department with respect to our obligations to report to them on particular matters. Within iTrak, you have what's called an ad hoc report. You have the ability to set filters and those filters will identify the matters which are to be reported to the Department, and that's what is disseminated each morning to them.

15

MS NELSON: The filters were particularly requested by the Department?

MR LEE: Yes.

20

MS NELSON: When did that request come through?

MR LEE: That was, I'm guessing, in the vicinity of eight, nine years ago.

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MS NELSON: A number of years ago?

MR LEE: Yes.

MS NELSON: Have the filters changed at all over that time, to your knowledge?

30

MR LEE: I am aware that recently there was some --- I wasn't completely involved in it, but there was a discussion around filters and reportable incidents to the government, to ensure that what we were reporting is what we were obliged to report. Not to say that we weren't reporting accurately before, but there were some discussions around matters that may have been outside of gaming-related incidents. But I'm not particularly au fait with the specifics of that or what may or may not have changed.

35

MS NELSON: When you say recently, how recently?

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MR LEE: I would say within the last 12-month period.

MS NELSON: When you say you weren't completely involved in it, did you have some involvement in it?

45

MR LEE: No. Not that I can recall anyway.

MS NELSON: How do you know that this occurred then?

5 MR LEE: There was a discussion --- Derek Burling had raised it at some point and also one of the surveillance analysts had raised it, about the amendments of filters.

MS NELSON: To your knowledge, were the filters amended to remove matters from the report or to add matters to the report?

10 MR LEE: I'm unsure.

MS NELSON: That would be a matter we could ask Mr Burling about?

15 MR LEE: Yes.

MS NELSON: Can we go to paragraph 68. Perhaps before I go into these type of reports, can I ask you generally, the investigations that are undertaken by both surveillance and security, what would trigger them? Why would you start one?

20 MR LEE: It's twofold. It's either we have operationally identified something or it has been reported to us by another party, whether it's external, being law enforcement, or whether it's another internal department.

25 MS NELSON: What type of investigations would internal departments request you to undertake?

30 MR LEE: It's quite broad ranging. It could be everything from bell services wanting us to investigate footage to see whether, if there was damage to a vehicle, it was caused by our staff or the driver. It could be, you know, the staff cafeteria area and whether someone has taken another sandwich they weren't supposed to, through to in front of me now are matters where there could be --- sorry, I was digressing to outside of internal reporting. The internal reporting is those types of matters.

35 MS NELSON: They tend to be quite low-level matters?

MR LEE: Yes.

40 MS NELSON: Looking at paragraph 68, you discuss the pathway for the unusual activity report, so UARs, at Crown and you say they are all reported to the surveillance team; is that correct?

45 MR LEE: Yes. The UARs work through --- there would be a distribution group. Surveillance was one of those, when there's UAR. Now they still get through to surveillance but through an online portal, which is an online template through the financial crimes team.

MS NELSON: The surveillance team would see every UAR that is filled out at

Crown Perth?

5 MR LEE: I don't know about every UAR. I know that we engage with the financial crimes team on a regular basis, where they're sending us on pretty much could be a daily basis, a name of a person and an activity they want us to have a look at for them, but --- and I know each UAR that surveillance put in they have observation of through the portal, but I'm unsure ---

10 MS NELSON: Not sure whether surveillance sees every one that is filed within the whole of Crown Perth?

MR LEE: Yes. But when it leads to --- when an investigation is commenced, then they would definitely be involved in that because we do that at the moment.

15 MS NELSON: Who reports the UARs to surveillance that surveillance gets to see?

MR LEE: From what I'm aware, the majority of the UARs are through our cage area, transactional cage reporting. Yes.

20 MS NELSON: What percentage would come from the cage that you see at surveillance?

MR LEE: I'm unsure of the percentages with respect to cage.

25 MS NELSON: You mention that they are filed. Where are they filed before they are reported through to surveillance?

MR LEE: Sorry. To clarify, the reports --- when a UAR is completed, it's immediately uploaded through a portal which they would have accessibility to. There's not matters that are filed and then, at a later date, tabled with surveillance. If there is something that needs to be looked at, surveillance will be engaged to look at that immediately.

35 MS NELSON: They are not hard copy forms, they are online portal forms?

MR LEE: Yes.

MS NELSON: How long has that process been in place?

40 MR LEE: The last six months.

MS NELSON: Prior to the last six months, did surveillance get UARs?

45 MR LEE: Yes.

MS NELSON: Was that in a hard copy form?

MR LEE: Yes. It would be through an email and a copy of the UAR template would be saved in the iTrak incident. There is a media tab and the media tab is where the connection to footage will be, with a connection to photos or UARs in this respect.

5

MS NELSON: If the surveillance area received one by email, where would it have come from, what other department? Would it be from the person who had observed the activity emailing it to surveillance or would it go through another department before it comes to surveillance?

10

MR LEE: It wouldn't go through another department, it would come straight ---

MS NELSON: Straight to surveillance?

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MR LEE: Yes.

MS NELSON: Six months ago, surveillance would have been seeing every UAR that had been filled out?

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MR LEE: Yes, from what I'm aware.

MS NELSON: Then once it comes to surveillance, what happens then?

25

MR LEE: Surveillance will usually have a look at the transaction or the behaviour around the individual. It could be just to confirm that, yes, there was something --- there was the transaction that took place, but was there anything else outside of that. So they will be observing the patron's behaviour, not just at the transactional point but where they were prior to that, any other activities they were engaging in, and any other persons we deem as associates who might then become persons of interest just by nature of having some association with that person.

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MS NELSON: So surveillance would look at your historical holdings, in effect, and also look at the incident at the time on the console that it had been stored?

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MR LEE: Yes.

MS NELSON: In that process, from the time you receive it in the surveillance area, the UAR, and that mini investigation is done, is there any point in that process at which the AML team are notified?

40

MR LEE: The AML team are notified at the time.

MS NELSON: That's through the portal?

45

MR LEE: Yes, there's the portal, but there is also just the engagement between the teams. Our AML or financial crimes teams surveillance and security investigators will talk very regularly with respect to UARs and tying in with persons of interest.

MS NELSON: Before there was a portal --- so forget the last six months. Prior to that, when there wasn't a portal, at what stage would the surveillance team engage with the AML team to let them know they have received a UAR?

5

MR LEE: I'm unsure of that. I know they would discuss these matters at the Person of Interest Subcommittees. I'm confident they would have had discussions outside of that, but it was more formalised in the POI subcommittees.

10 MS NELSON: How often was the POI subcommittee?

MR LEE: Every fortnight.

15 MS NELSON: So it could be that the surveillance team had received a UAR and had held it for 10 to 14 days prior to informing AML at the POI subcommittee?

MR LEE: No, I don't believe that would have happened. The POI subcommittee was the formal opportunity to catch up and review the matters that had come up throughout that fortnight. But the surveillance team, whether it's the make-up of the
20 AML team now or the historical team, there would have been interaction almost immediately with respect to these matters.

MS NELSON: What form would that interaction take?

25 MR LEE: Email. There would be a lot of emails and phone calls, I would say, and in-person catch-ups.

MS NELSON: Between the surveillance team and someone in the AML team?

30 MR LEE: Yes.

MS NELSON: Who in particular in the AML team would be the person they would catch up with?

35 MR LEE: Sorry, now? Are we speaking now, because there has been some movement in the teams over the years. Now, you have Danielle Slattery, the AML Compliance Manager and Chrissie Hart{?}, who is AML officer, so they would have those conversations with them. Historically, it was Caroline Galati, Chris Theodoropoulos, Julie Anderson, a few other people that were in that position.

40

MS NELSON: Thank you. So, in the last six months you have had the portal running. Do I understand it that the AML team would get notification of the UAR at the same time that surveillance received it?

45 MR LEE: Yes, should.

MS NELSON: Prior to that six months is what I'm talking about, when there were these what you have referred to as catch-ups between the surveillance team and

someone in the AML team.

MR LEE: Yes.

5

MS NELSON: You say that catch-up would be in the form of an email or a telephone call?

MR LEE: Yes, and that would happen on receipt of the UAR.

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MS NELSON: Apart from a telephone call or email, was there any formal way of informing the AML team that you, in surveillance, had received a UAR? Was there a register?

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MR LEE: I am unaware of --- the AML team would maintain that, if there was one. Not within the surveillance space. We would have an iTrak incident to record UARs. So it was like a concurrent, sort of, recording or reporting system.

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MS NELSON: In the iTrak incident space, would there be some filter that you could attach to that particular incident to say it was an AMR report?

MR LEE: Yes.

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MS NELSON: Was there some way of capturing all those AMR reports to create, like, a regular report just dealing with those UAR matters?

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MR LEE: You could do that. You could. I'm not aware of one being produced but if requested, you could, through the filters, identify how many UARs and look at it from a trend perspective.

MS NELSON: But you are not aware that that happened? I'm talking prior to the last six months, you are not aware that it would happen regularly, that type of report would be lifted from the iTrak system?

35

MR LEE: I'm not aware of that. The AML team and other departments have accessibility to incident reports. They have not always got accessibility to the footage retained within that incident, but they have got accessibility. What you can do on an iTrak incident is you tick positions or you tick departments to open it up. So when it comes to financial crime and AML matters, security, AML and surveillance would have observed --- would be able to observe that incident. The AML team may have historically reported on that through other channels but not through me, because they don't report to me, but they could do that.

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45

MS NELSON: But as I understand it, putting aside the last six months, the AML team would only know to go into iTrak to look at an AML report if they had been told by email or telephone from someone in surveillance that there was one to look at; is that correct?

MR LEE: I'm unsure whether AML were included in the historical reports or not. I know my team dealt with them on a frequent basis, but I don't have a visibility on that.

5

MS NELSON: How would UARs find their way into the Person of Interest Subcommittee agenda?

MR LEE: That would be brought forward by the --- particularly from the financial crimes team, the AML team.

10

MS NELSON: Where would the financial crimes team get that information from?

MR LEE: They would get that from the portal, the reporting through the portal.

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MS NELSON: Prior to the last six months, where would they get that information from?

MR LEE: They would get that information from iTrak.

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MS NELSON: Because the financial crimes team has access to that in iTrak, do they?

MR LEE: Yes.

25

MS NELSON: Are you aware of Crown Perth receiving a letter from AUSTRAC on 1 December 2020, querying a drop in the number of suspicious matter reports being reported from Crown Perth? Are you aware of the process of UARs becoming suspicious matter reports, how that comes into being?

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MR LEE: I just recall the --- again, I would say within approximately the last six-months period, maybe six to 12 months ago, being advised of the change in terminology from SMR to UAR.

MS NELSON: From your point of view, an SMR, suspicious matter report, is the same thing as a UAR?

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MR LEE: Well, the UAR is the unusual activity report, so that could be --- no, they are separate reporting.

40

MS NELSON: But what I am asking you is do you have any visibility or any knowledge about how an unusual activity report might become a suspicious matter report for the purposes of AUSTRAC reporting?

MR LEE: Not particularly for the purposes of AUSTRAC reporting. I'm aware of what generally could be seen to be --- what would be defined as suspicious. Usually it's around behavior and usually that's out of --- you could have a transaction that's a straight transaction, where the patron wasn't necessarily aware of what they can

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transact or not. But there could be, on the surveillance review, some added sort of behaviours or an associate they meet with where you think, well, this is actually adding something more to this, it's become suspicious.

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MS NELSON: If that was the case, how would that be communicated to the AML team, or would it be communicated?

10 MR LEE: Oh no, that would be communicated to the AML team directly, likely through Derek --- sorry, Mr Burling or Mr Marriotti to Ms Slattery or one of her team, to advise them of the nature of the broader suspicions that we have picked up, and that would be done without waiting for a POI subcommittee.

15 MS NELSON: Does the AML team do its own investigations of unusual activity reports or do they request that.....

MR LEE: They request the surveillance area.

20 MS NELSON: Were you aware in December 2020 that there were about 25 UARs awaiting investigation at Crown Perth? Are you aware of that?

25 MR LEE: No. Sorry, just in relation to the investigations, surveillance investigation is the interrogation of footage in particular. The AML team will have their own areas, I'm sure, broader than that with respect to financial matters. But surveillance's assistance in that space is particularly focused on footage.

MS NELSON: Also, you mentioned previously the historical records that might be held on iTrak would be interrogated by surveillance as well?

30 MR LEE: Yes, that's right. Also, if we have in the iTrak report anything that assists the AML team in their investigation, if there is any engagement with law enforcement, historical engagement.

35 MS NELSON: Is that a convenient time, Commissioner?

COMMISSIONER MURPHY: Thank you, Ms Nelson. Mr Lee, we will have a break for about 15 minutes. We will resume at 11.35. Thank you very much.

40 **ADJOURNED**

**[11.20 AM] RESUMED
[11.36 AM]**

45 COMMISSIONER MURPHY: Thank you, Ms Nelson.

MS NELSON: Thank you, Commissioner.

Can I have document CRW.700.025.1169, the policy for Liaison with Law Enforcement Agencies, which we looked at before the break. Going to the next page, 1770, 3.4 talks about the security and surveillance department maintaining a register dealing with requests and dissemination of records provided to law enforcement agencies. I think it was your evidence that register is not maintained by security and surveillance, it's maintained by the legal area; is that correct?

MR LEE: That's correct.

MS NELSON: The records that would be disseminated to law enforcement agencies and are placed in the register, the record placed in the register, what type of records would they be?

MR LEE: Predominantly, and maybe in its entirety, CCTV footage and gaming records. So if a person has been playing, anything associated with that. And at times there are hotel records with respect to their booking and their stays and any spend in the hotel space.

MS NELSON: So hard copy records and CCTV footage?

MR LEE: Yes, that's correct.

MS NELSON: Is it the case that all instances where that type of material or those type of records are provided to law enforcement, in each instance is that recorded by Legal?

MR LEE: Yes --- oh, I'm not in legal services, so I can't comment on the accuracy of that because it's not from surveillance and security, but the legal team do maintain a register.

MS NELSON: You also said prior to the break that Mr Mariotti and Mr Burling would sometimes have face-to-face conversations or email or telephone conversations with particular contacts within the Western Australian Police Force. You are nodding your head?

MR LEE: Yes. Sorry.

MS NELSON: You said that might happen offsite, off Crown site?

MR LEE: Yes. That would happen very rarely but in respect to the question you had earlier about offsite and whether Mr Burling would advise me of all of those occasions, they may have meetings offsite in one of the policing, like, central police station, but that would happen few and far between.

MS NELSON: Are you aware of Mr Burling or Mr Mariotti ever providing WA Police with CCTV footage through that process, rather than going through the

legal department and getting that record registered?

MR LEE: No.

5

MS NELSON: You are not aware of that?

MR LEE: No.

10 MS NELSON: Are there any security surveillance employees from Crown who actually work offsite or do they all work on the Crown Perth site?

MR LEE: The only employees that work offsite, that I'm aware of, is our security training team. They have a facility in Welshpool which we run our training from.

15

MS NELSON: Would CCTV footage be provided to that training facility?

MR LEE: The manager has access, so he can request footage from surveillance because he has been advised of a particular matter where security may have executed a technique which wasn't in accordance with their training. If that happens, then the training manager will ask for that footage. Surveillance put that in a separate folder, which he can access to look through. So he doesn't have control of the cameras, but he can look at that footage to determine what training might need to be undertaken and he will liaise with surveillance because that footage is not held there forever, that is removed.

25

MS NELSON: Is that training that happens at the Welshpool site use-of-force training?

30 MR LEE: It is broader than that, but there is use-of-force training.

MS NELSON: In your statement you refer to a list of documents and one of those is a 64-page table. I will get it up on screen, but it can only be shown to counsel. CRW.001.001.3150. It is very small writing but you can see at the top it says, I think, 2020?

35

MR LEE: Yes. Yes, at the top, I can see that.

MS NELSON: Apart from that, it doesn't have a title. What information is in this table?

40

MR LEE: Sorry, can you zoom in a little bit more, and just to the right. It appears that's a register for formal requests for information.

45 MS NELSON: Is it a register that you compiled?

MR LEE: No.

MS NELSON: Did you refer to it when you were making your statement?

5 MR LEE: No. Sorry, can you pan out to the small view? Sorry, in what context to the compilation of the statement?

MS NELSON: At the end of your statement there is a list of 55 documents.

10 MR LEE: Yes.

MS NELSON:

15 Documents to which the witness has referred, or was referred, for the purpose of *providing this statement*.

MR LEE: Sorry, yes. In that respect, the POI --- so I have gone through the person of interest records, which has this document but also has some historical references to persons of interest.

20 MS NELSON: Whose document is this? Who compiled it?

MR LEE: That is a document that has accessibility from the financial crimes team, the AML team and security, so they can input information into that document so that it's maintained from a live perspective.

25 MS NELSON: Is this document maintained by the security team or by the financial crimes team?

30 MR LEE: The financial crimes team.

MS NELSON: But you say the security team can input data into it?

35 MR LEE: Yes, they can and then that's discussed at --- some of the details that are inputted, especially some of the new persons of interest, are discussed at the next POI subcommittee unless there is some degree of urgency to discuss it earlier.

MS NELSON: Does everyone on the POI subcommittee have access to this document?

40 MR LEE: I believe so.

MS NELSON: Had you seen it prior to compiling your statement for the Royal Commission?

45 MR LEE: I've seen person of interest spreadsheets, which may be this one. As I say, they are all the same format of an excel spreadsheet, covering a number of years.

MS NELSON: How would a patron find their way on to this table?

MR LEE: Well, from law enforcement inquiries, they will typically be added to this POI spreadsheet, and matters that relate more to serious and organised crime behaviour, whether it's money laundering, whether it's organised crime, possible
5 behaviour with reference to drugs or gang-related activity.

MS NELSON: So, suspected criminal activities and suspected money laundering type activities would cause a patron to have their name on this spreadsheet?

10 MR LEE: Yes.

MS NELSON: Looking at columns D and E, the titles of those two columns, when it says "POI", are they only patrons of Crown Perth?

15 MR LEE: I don't believe that --- yes, sorry, they are only persons who have attended our property, that are members or have attended on a more, sort of, regular basis. Not a generalised person of interest, from the broader perspective.

MS NELSON: If a patron name does not appear in this document, would it be
20 correct to say that Crown Perth has not been asked about that patron by law enforcement or that patron has not come to notice for criminal activity or money laundering?

MR LEE: The only reason we should be recording details on the register is if, yes, a
25 request has come from law enforcement or we have identified something internally that we think this person needs to be particularly looked at, and so they have been added to the register.

MS NELSON: This person being a patron or someone who frequents Crown Perth?
30

MR LEE: Yes. Yes.

MS NELSON: Are you aware of a Crown Perth patron by the name of Daniel Petkov?
35

MR LEE: I'm only superficially aware of that name and that's historical, in respect to media reporting at the time. But I can't recall, apart from seeing his name, anything recent that I've had any dealings with.

40 MS NELSON: As far as you can recall, you first heard his name around media reporting?

MR LEE: Yes.

45 MS NELSON: Doing a search on this table, there appears to be one notification from March 2018 with Mr Petkov's name on it, where the WA Police have asked for gaming records and Mr Petkov's self-exclusion information. Were you aware of

WA Police in March 2018 asking for that information?

MR LEE: If they did, it wasn't through me.

5

MS NELSON: You are a member of the Responsible Gaming Revocation Committee?

MR LEE: Correct.

10

MS NELSON: I will show you the chart of that committee, CRW.700.005.0036, and going to the next page. How long have you been on this committee?

MR LEE: Since the committee --- sorry. Since its inception, which would have been approximately around the time of the charter being produced. Prior to that, for a number of years before the committee was formed, I was part of a group of people that would be sent a particular report to provide commentary on for the purposes of consideration of revocation. But, yes, since the inception of this committee, which includes --- it's Perth-based, but there is group representation through two psychologists in Melbourne who are online. Yes, I've been part of it since it started.

20

MS NELSON: What input do you provide to reports that go to this committee in relation to particular patrons seeking to come back to Crown Perth?

MR LEE: It's really mirroring what I would have done prior to the committee being formed, which is receiving an internal report from the Responsible Gaming Team on the history of the patron, including their engagement with that patron. That includes if the patron has attempted or breached at any stage. Also, there is a report from Gambling Help WA, where the patron has had conversations with them. So there are two reports. I will read through those reports and then provide my views.

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MS NELSON: In relation to people who are banned from the property, are you aware of Mr Simon Pan who was banned at Crown Melbourne but was able to come to Crown Perth on several occasions over 2019?

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MR LEE: I am aware of that.

MS NELSON: 2020, January 2021?

MR LEE: Yes, I am aware of that name.

40

MS NELSON: Did your area conduct any investigation into how a patron who was banned in Melbourne was able to come to the Pearl Room in Perth?

MR LEE: When we looked at --- there was an email that was forwarded from Crown Melbourne to myself, whilst our property was closed because of COVID, and that email was requesting for us to exclude Mr Pan. But in noting that, there was a period of time between when he was excluded in Melbourne compared to when we were

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notified to exclude him in Perth.

5 MS NELSON: I will show you CRW.512.045.0210, going to the last page. Is this the email you were referring to?

10 MR LEE: No. No, the email I was referring to was a direct email from Adam Sutherland, who was in the AML team in Melbourne, asking me to exclude Mr Pan. There was some mention of adverse media reporting and that he had been excluded in Melbourne, so I just actioned through my team the exclusion.

MS NELSON: Would that have been around the middle of 2019, do you think?

15 MR LEE: I believe that's accurate.

MS NELSON: What was the reason Mr Pan was then able to enter the Pearl Room in December 2020 for the next two weeks after that on 21 times?

20 MR LEE: This is after the exclusion was issued. We had --- if I talk from my team's perspective in surveillance, we had an issue with the facial recognition technology software, which helps us or assists us in identifying excluded persons. The system had an issue where, from a memory perspective, it was pulling photos and bringing them out of the live detection system and putting them into subfolders. We have addressed that through the software provider, but that's what caused --- sorry, that was one reason, what caused us to not identify him entering towards the Pearl Room as an excluded person.

30 The other matter related to the application of stop codes in the system, referred to as SYCO, where we apply stop codes, which then put a ban on that person's membership or, you know, getting mailing and other sorts of determinations. So there was an issue there which was subsequently rectified.

35 MS NELSON: To get into the Pearl Room, Mr Pan would first have to present at the Pearl Room reception?

MR LEE: He would.

MS NELSON: And present identification?

40 MR LEE: He would.

MS NELSON: At that point in time, does the Pearl Room receptionist or host access the SYCO system?

45 MR LEE: Yes, they do.

MS NELSON: Is that where the issue was, that there was not a stop code at that point in time, to your knowledge.

MR LEE: To my knowledge, not on --- he had multiple accounts and security had applied accounts to --- not all the accounts.

5 MS NELSON: Is it usual for patrons of the Pearl Room to have multiple accounts on SYCO?

MR LEE: I'm not familiar with the depths of SYCO and multiple accounts. I know that the term "multiple accounts" has been discussed with respect to the Pan matter.
10 I am not aware of how broad that is and whether that is just a general thing for Pearl Room members or not.

MS NELSON: Who managed that investigation into the Simon Pan incident, to determine how it came to be that he was in the Pearl Room whilst banned in
15 Melbourne?

MR LEE: There were a number of --- I think there was a number of people reviewing, from their department's perspective, what went wrong. Sorry, I can't recall if there was one particular person but I know that Lonnie Bossi, my direct
20 report, who I report to, was obviously overseeing to ensure that we were identifying what went on, why this happened and how we could rectify the issues. But we were talking as a group with every party where there was an issue.

MS NELSON: Do you know if it is still possible within SYCO for one patron to
25 have multiple accounts?

MR LEE: I know our IT team have been working extensively to identify those issues, but I am not educated in that space to comment in full.

30 MS NELSON: In your statement you also say you are a member of the Person of Interest Committee, and we have talked a little bit about that this morning. Can we go to CRW.998.002.0559 at page 14. The POI Subcommittee, how is that different to the Person of Interest Committee in make-up?

35 MR LEE: The Person of Interest Committee, as we have it now, is a group approach. We have representatives from Perth, Melbourne and Sydney that meet every three weeks and that is discussing persons of interest that the group will make some determination on what action needs to be taken with respect to are they immediately excluded, is there a source of wealth or is there something else we need to determine,
40 whether we are going to continue or even engage with business. Some of the names that go before the group POI Committee are names that have been drawn from media reporting, who may never visit our property, but we exclude them proactively.

The Person of Interest Subcommittee is Perth-specific and discussing individuals
45 that, as I mentioned earlier, are at the Perth property. If we exclude those persons, then that is shared from a group perspective, but there is a difference in the committees.

MS NELSON: So the decision to exclude those persons is made at Crown Perth and then it is communicated to the Person of Interest Committee at a group level?

5 MR LEE: Yes.

MS NELSON: In paragraph 124, you refer to:

10 The main functions of the POI Sub-Committee are to formally facilitate the *efficient dissemination of information between the security, surveillance and AML departments.*

MR LEE: Yes.

15 MS NELSON: What type of information are you talking about?

MR LEE: The information is predominantly relating to --- if they are reasonably broad, the information could be determined from CCTV. Yes, information through the lens of a camera that we have identified, so we are discussing that in that context.
20 It could be whether it's UAR related, it could be law enforcement information that has come through, or complaints from a third party that we discuss.

MS NELSON: If it is CCTV footage, does everyone on the subcommittee get to see that footage?
25

MR LEE: Yes. Well, it's not there in the room but if we need to move to a separate room in surveillance to observe it, then the group can do that.

MS NELSON: I will take you to recent group POI committee meeting minutes from
30 22 February 2021. Could this document just be visible to counsel and the Commissioner, thank you. CRW.510.001.1117. This is a meeting of 22 February 2021 at 4.30 pm. The chairperson is Michelle Fielding?

MR LEE: Yes.
35

MS NELSON: There is a list of invitees, which includes Crown Melbourne people as well as Crown Perth managers?

MR LEE: That's correct.
40

MS NELSON: You see in the "Apologies" that you and Mr Walsh are an apology for that meeting?

MR LEE: Yes.
45

MS NELSON: Would you have seen the meeting minutes?

MR LEE: Yes.

5 MS NELSON: On that basis, I want to ask you generally about the risk ratings that are applied to particular people in this meeting minutes.

I ask for a non-publication order, to the extent it is necessary, for any names that are visible for persons of interest, Commissioner.

10 COMMISSIONER MURPHY: Thank you.

MS NELSON: Noting this is only available to the counsel team and Commissioner.

15 Can we go to page 3. Can you see the last row? I don't want you to say anyone's name, but the patron name is in a column and then there is:

Alleged crime/indiscretion/behaviour

20 That person has been charged with 296 counts of money laundering by the Kuala Lumpur Sessions Court. Do you see the row I am referring to?

MR LEE: Yes.

25 MS NELSON: I want to ask you about the "Patron Privilege" column, where it says "Gold (GM) Member (TG)". What does that mean?

30 MR LEE: That's referring to the level of membership they have, if they are with the group. So from a --- let's say for that particular patron, "Gold (GM)" is gaming machines, is referring to gaming machines, and then "(TG)" from a table games perspective. On gaming machine that is a gold level tier and for table games is a member.

35 MS NELSON: Can you explain the "AML Risk Rating" column. Where it says this person has a "Low" risk rating, how those risks ratings are applied?

MR LEE: There is a form that is completed. If I wish to put a name before the group, I complete a form and that form --- the matrix determines a risk rating and then that risk rating is tabled before the group. That's how it works it out.

40 MS NELSON: So obviously there is "Low". Is there a tier below "Low", or is low the least risk?

MR LEE: Sorry, I don't recall what levels there are, if there is any below "Low".

45 MS NELSON: Can you recall what specific criteria would cause you to rate someone's risk, from an AML perspective, as low?

MR LEE: No. I'm just trying to recall completion of one of those documents in the

matrix, but I know that one of the columns or one of the areas that we do fill in or do note is if there is any law enforcement interest, if there is any historical issues with respect to that person's onsite behaviour, yes.

5

MS NELSON: Is there discussion within the POI Committee about someone's risk rating that, for example, you might have assigned when you put someone up to that committee?

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MR LEE: From what I can recall, it's mainly discussed as the "Alleged Crime/Indiscretion/Behaviour", that column. Based on the seriousness of those matters, the determination is predominantly to exclude. I don't recall, with those list of names, having a discussion around the AML or the PDA Tool Rating. I think that became something that wasn't really discussed because of what you can see in front

15

MS NELSON: What is the "PDA Tool Rating"? What does that mean?

20

MR LEE: The PDA is the form you complete and that gives you the rating.

MS NELSON: It seems unusual to me that a person who has been charged with 296 counts of money laundering has an AML risk rating of low?

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MR LEE: Yes. I don't know how the team comes to those ratings.

MS NELSON: I thought I understood you to say that if you were putting a person of interest up, you would fill in the PDA form and assign a risk?

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MR LEE: Yes, that's right. There is the "PDA Tool Rating", which is that form I would complete. The "AML Risk Rating", I believe, is the financial crimes team doing it separate to the PDA assessment. But I'm unsure of that process.

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MS NELSON: So a "medium" PDA Tool Rating, what does that mean? What type of factors are you assessing when you give this person a medium rating?

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MR LEE: From my recollection of completion of the form, it is around history at the property, if there is anything that has come up in any reporting from an iTrak perspective or otherwise, any law enforcement engagement. So there are fields you will populate to say "yes", "no", and whenever you fill that, it calculates it at the bottom.

MS NELSON: This person may or may not come out at the end of this committee meeting with a decision attached to whether they should be banned at Crown Perth?

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MR LEE: Even with low and medium, with the nature of the alleged crimes, the low and medium references, I can't see them being discussed as being any degree of consideration, based on the alleged crime, with a move to exclusion.

MS NELSON: Going to page 10, line 16, this is a person from Western Australia who has been sentenced by the District Court to 128 months in prison for drug trafficking in 2005. Possession of methamphetamine and ecstasy with intent to sell
5 or supply. Again, they have a "Low" "AML Risk Rating" and a "Medium" "PDA Tool Rating"?

MR LEE: Yes, I see that.

10 MS NELSON: What was the attitude generally of the committee to people who have drug offences?

MR LEE: I obviously wasn't at that one, I was an apology, but if I talk more generally, that's exclusion. It's not even a discussible point.

15 MS NELSON: Does a player's gaming turnover figure into the discussions at the Person of Interest Committee as to whether they should still be allowed onto the premises?

20 MR LEE: No.

MS NELSON: Go back to your statement, CRW.998.002.0559, at paragraphs 153 to 155. You are talking about loan sharking. What do you understand loan sharking to be?

25 MR LEE: It's the lending of --- could start with the lending of money, but there's a percentage return on the lending. So it's not just lending for the purposes of if I lent you a particular amount, you will pay me that particular amount back. Loan sharking is that I will hold an item of property until you repay me and/or there will be, for
30 instance, a 10 per cent week by week increase. So it's not lending, it moves into the loan sharking space.

MS NELSON: You say at paragraph 155:

35 *We took steps to exclude people suspected of loan sharking from the premises.*

MR LEE: Yes, that's correct.

MS NELSON: Is it the case you would not need to have conclusive evidence of loan
40 sharking before they would be excluded?

MR LEE: No. When I refer to those cases back then, there was --- at the time when we had a particular issue around the Pearl Room with that behaviour, I think I was head of security at the time. So my boss, if we can put it that way, at the time was
45 dealing quite extensively with that area and having conversations to try to identify who were the people engaged in this type of behaviour. We were executing a lot of monitoring of these persons of interest. But the ones we identified that were loan sharking, because there was evidence to suggest that, they were excluded.

MS NELSON: I understand there is a loan sharking policy?

MR LEE: Yes.

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MS NELSON: Have you seen that?

MR LEE: Sorry, there is one in respect to lending that's recent, some possible lending, but I can't recall a loan sharking policy.

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MS NELSON: I will show you CRW.004.012.2416. This is a policy from 2015?

MR LEE: Okay, yes.

15 MS NELSON: Have you seen this policy before?

MR LEE: I believe I have. Some time ago, not recent.

MS NELSON: Looking at 2.1, it says:

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Loan sharking activities are regarded as unacceptable behaviour and will not be tolerated.

MR LEE: Yes.

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MS NELSON: It would generally result in a banning from the property?

MR LEE: Yes.

30 MS NELSON: For a period of time, or a permanent ban?

MR LEE: Most of the time it's a minimum of two years. That was always the view on that. But it's two years before they can write, basically, to me to ask for revocation. In most instances, in the vast majority if not all, that is extended past the two-year period.

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MS NELSON: I want to ask you about a particular patron. There is a list of patron pseudonyms in front of you. I want to ask you about "Patron S".

40 MR LEE: Yes.

MS NELSON: I don't want you to say the patron's name.

MR LEE: Yes.

45

MS NELSON: Are you aware of Patron S' patronage at Crown Perth?

MR LEE: I am.

MS NELSON: Are you aware of that in the context of allegations of loan sharking?

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MR LEE: That patron, I can't recall her specifically being mentioned as undertaking those activities particularly. But there was --- that name, around that period of eight, nine years ago, came up amongst a number of other names. There were other names around that person that were excluded, as a result of clear evidence of that loan

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sharking activity. But not that patron.

MS NELSON: Are you aware of whether Patron S is still able to come to Crown Perth?

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MR LEE: No, I excluded that patron, I think, earlier last year. They are excluded, so not permitted entry of the property in any terms.

MS NELSON: Was that for loan sharking activities or allegations, or money laundering allegations, or some other reason?

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MR LEE: No, that was twofold. There was, and it happened almost simultaneously, an email from Nick Stokes who is the Group General Manager of AML in Melbourne. So Nick emailed me with a table and some questions around "Just to let you know this person has a certain amount of reporting", that was deemed to be --- I can't remember whether it was the UARs, but there were some concerns from that

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space and why they are still allowed entry into the property. And I actually hadn't heard that patron's name raised for a period of time prior to receiving that email, but there had obviously been some transactions.

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At the same time, I had an informal discussion with WA Police with regards to another matter and they raised this patron. And it wasn't --- it was based on a police investigation that appeared to be a drawn-out process with this person. And there may be --- well, they believed that they were laundering through a restaurant, but weren't mentioning anything about the casino. But there was some illegal activity

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they believed was taking place at that person's restaurant.

So based on the police concerns, which had never arisen historically in all the conversations I had over a period of years with law enforcement with respect to this person --- every now and again the name would pop up and I would engage with law enforcement to see if there was anything we should know about, or otherwise, and it wasn't there until this most recent discussion. Then clearly on Nick's email, to see --- I think it was just the amount of, I believe, UARs or SMRs, the decision was made. I made the decision to exclude.

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MS NELSON: Nick Stokes is located in Melbourne at Crown, isn't he?

MR LEE: That's right, in the Group AML function, so he oversaw the three properties.

MS NELSON: Does he have access to iTrak and Crown Perth?

MR LEE: No.

5

MS NELSON: How would he have found out about notifications in relation to Patron S in relation to Crown Perth?

10 MR LEE: I'm unsure. I can only --- his reports reside in Perth, so they must have a separate reporting line through that.

MS NELSON: Are you aware of how many years this patron had been coming to Crown Perth?

15 MR LEE: Not accurately. I suspect two years, but some time.

MS NELSON: I will put to you a chronology and it comes from a document CRW.700.085.3902, but I don't want that document up on the screen, thank you.

20 On 3 July 2009 there was information received by Crown Perth that a patron in the Pearl Room was complaining about loan sharking in the Pearl Room by Patron S. A month later in August 2009, this was corroborated by a second patron. You are nodding your head. Are you aware of this history?

25 MR LEE: No. I'm just acknowledging that you are talking about it.

MS NELSON: You don't have any particular knowledge yourself about the notifications in relation to Patron S?

30 MR LEE: No.

MS NELSON: On 11 June 2013, there was contact between Crown Perth and WA Police Major Crimes Squad in relation to Patron S. Would that have been you making contact with WA Police in 2013?

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MR LEE: I can't recall if that was me or my boss at the time.

MS NELSON: Who was your boss at the time?

40 MR LEE: Mike McGreevy.

MS NELSON: Then from June 2013, for the remainder of that year, there are three other notifications in relation to loan sharking by Patron S. In 2014 there are another three notifications in relation to loan sharking. And notifications would have been
45 made --- to be on the system, they would have been made by security or surveillance, wouldn't they?

MR LEE: Sorry, the notifications to the police or ---

5 MS NELSON: These are notifications from iTrak. This is a history, a chronology of the notifications within Crown Perth's holdings.

MR LEE: Yes. So security or surveillance, typically, would --- if there was any concerns about that patron, would be noting that in iTrak.

10 MS NELSON: Then in 2015, there are approximately 10 notifications in Crown's holdings about Patron S and loan sharking behaviour? Can you understand why Patron S was not banned at this point in time?

15 MR LEE: I know that over a period of time when that patron's name was tabled with security and/or surveillance at the time, that the matters were looked into and I know historically, from Mr McGreevy's perspective, he was talking to patrons in the Pearl Room around loan sharking in general, and some of those patrons he was talking to were the ones who were making a complaint that someone was engaging in that type of behaviour they were a victim to. That patron's name had come up, as I mentioned
20 before, over a number of years, up until particularly a certain point and then, from my recollection, it sort of stopped. But each time that patron's behaviour was reviewed by surveillance and contact was made also with law enforcement.

25 MS NELSON: On each of these occasions or during the years I have already mentioned, the risk rating, from an AML perspective, for Patron S was listed as "Significant" in AML Committee meetings. Does that cause you some concern that the patron was not banned at that stage?

30 MR LEE: No. I think what we looked at was whether there was anything that we thought, from an evidentiary perspective, was material to stay that, because clearly before with other patrons we have excluded, there is something we have seen through the cameras or if anyone has made a complaint, there is something we have substantiated an exclusion with.

35 The "Significant" rating was just that we need to pay particular attention to see whether these complaints are something that --- there is something behind that, or is it a patron --- because there was historical issues with patrons complaining about other patrons, because there was a falling out of the two from a relationship perspective, a friendship, and so they were making complaints about someone
40 engaging in illegal activity when that was not necessarily the case. So before making a decision to exclude with anyone, there is a level of due diligence that goes into it. But I appreciate the "Significant" rating and I feel we did pay particular attention to that patron.

45 MS NELSON: By due diligence, would that involve monitoring the patron when they came to the Pearl Room?

MR LEE: Yes, that's utilising --- because this was before facial recognition. In this

patron's case, they were obviously in the Pearl Room, so they had a membership card so we would know when they go into the room. We have a system on iTrak called Patron Watch and that is what we can put alerting systems on for the surveillance teams. When a patron swipes, surveillance would get an alert and it gives them some direction to monitor. Usually it's to monitor the person's behaviour and any associates. Then if there is anything that comes from that, that will be passed to the investigations team in security to deal with.

10 MS NELSON: An iTrak notification would also be made by the surveillance operative who had observed the behaviour?

MR LEE: They would make a note if there was something observable of any note. If they were observing, especially for instance this patron, being in the room and there was nothing of concern, so they went to the cage, they exchanged chips, they played, they left and there was nothing else, then that wouldn't necessarily be noted.

MS NELSON: Taking 2015 as an example, and these are taken from that same document ID, CRW.700.085.3902, on 11 January 2015 there is a notification which is quite detailed, and then the executive brief summary says:

Monitored person of interest whilst in the Pearl Room. Significant amounts of money, cash and chips changed hands.

25 Then on 17 February 2015, there is also another detailed summary of what was observed, and the executive brief says:

Possible loan sharking behaviour in Pearl Room.

30 On 17 April 2015, the executive brief summary is:

Person of interest monitored live in the Pearl Room. Money changed hands.

Then 8 May 2015, executive brief:

35 Person of interest monitored. Money changed hands.

Then on 10 June 2015, executive brief:

40 *Persons of interest monitored in the Pearl Room. Money changed hands.*

Can you explain why this person was still allowed to come to Crown Perth at the end of 2015?

45 MR LEE: Well, at the time they are reporting about the exchanging of the money, which is something that wasn't just constrained to this patron, that was --- what we could observe is not loan sharking. Although there is one view from whoever made a note that it could possibly be. But all we observed on those occasions would have

been lending, which until recently was something that was permissible.

5 The issue was if there was evidence to suggest that there was a percentage increase on top of that or taking possession of someone's property until they could repay the loan, but that couldn't be observed with that person. There was others, as we saw, that was the lending but then there was also something in return, or we saw notepads with the notification "You owe us 10 per cent week on week". Those people were excluded.

10 MS NELSON: In your mind, there is a difference between lending and loan sharking?

MR LEE: Yes.

15 MS NELSON: The difference is what?

MR LEE: Well, lending is --- lending is --- if I look at loan sharking, I'm getting a percentage increase on top. It's not in the space of good faith where I will lend you, 20 for instance, \$100, knowing you will give that money back to me at \$100, not that you will charge me \$110 and \$120 because I fail to pay, or you will take an item of mine and not return that. So there is a difference in those types of behaviours.

MS NELSON: That is not the type of behaviour that you would necessarily observe 25 from the monitor in the Pearl Room, is it? You would see the initial exchange of cash or chips, you wouldn't necessarily see when the other patron was paying the first patron back?

MR LEE: I have seen --- not the paying back, but I have seen --- well, I didn't see it, 30 it was reported to me and I saw the notes where someone had a notebook and was recording in their dialect that there was a percentage increase on top of that. Or I've seen someone else with --- that lent money and they had on their phone what appear to be diamonds or otherwise, which we could seriously believe that was loan sharking. So it can happen as overtly as that.

35 MS NELSON: In any event, Patron S on Crown Perth's own system has notifications through to March 2019. Would that be right?

MR LEE: If that's what it's saying there, then yes.

40 MS NELSON: But it is your evidence that Patron S was not banned until Nick Stokes made inquiries?

MR LEE: Yes, coupled with the police information or --- because through the years, 45 in the engagement I had with State and Federal law enforcement, that name had never been raised as being involved in any criminal activity that they were aware of, where we were discussing the behaviour onsite. But as soon as the conversation I had with police with respect to an investigation into what could be laundering, then that was

enough, along with Nick's, to exclude patronage.

5 MS NELSON: One last question, generally, about the operations at Crown Perth during COVID times. Was the Pearl Room open at any time during any of the Perth lockdowns in the past two years, to your knowledge?

MR LEE: No. Not contrary to any government directions.

10 MS NELSON: Are you aware of any government direction that allowed the Pearl Room to open during the lockdown periods?

15 MR LEE: I believe the most recent lockdown period there was a restriction of 150 people at a venue. So we clarified, or I clarified with law enforcement because I speak to one of the police inspectors at Operation Tide who is the industry liaison, because I initially received a call from him with respect to 150, believing that was the entire property, and we had clarification that it wasn't. It was any venue could open with 150, except, obviously, the main casino. So I believed that, along with bars and restaurants, the Pearl Room, based on 150 capacity, could open.

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MS NELSON: That was the lockdown in June/July of this year, 29 June?

MR LEE: Yes, I believe that was the last lockdown we had.

25 MS NELSON: The previous three lockdowns, the Pearl Room was not open, to your knowledge?

MR LEE: Not to my knowledge. If it was, it would have been contrary to the directions.

30

MS NELSON: Thank you. Nothing further, Commissioner.

COMMISSIONER MURPHY: Thank you, Ms Nelson. Do other counsel have questions for the witness?

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MR DHARMANANDA: Thank you, Commissioner.

CROSS-EXAMINATION BY MR DHARMANANDA

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MR DHARMANANDA: Mr Lee, I will take up the point you just gave evidence on with respect to the opening of the Pearl Room. Can the operator please bring up document CRW.701.005.8255. This is an email you forwarded on to Mr Marais and Mr Bossi in respect to the restrictions in July of this year.

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MR LEE: That's correct.

MR DHARMANANDA: That then sees a communication raised by Mr Marais. Can the operator go to CRW.701.005.8276, please. You are copied into that email and that records the 150 maximum occupancy that you mentioned?

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MR LEE: That's correct, yes.

MR DHARMANANDA: It is on the basis of that that particular steps were taken by Crown concerning the Pearl Room; is that correct?

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MR LEE: Yes, that's correct.

MR DHARMANANDA: Can we go, please, to CRW.706.006.0004. You are aware there was then a communication to the chairperson of the GWC with respect to the opening of the Pearl Room?

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MR LEE: I'm aware that a formal notification was sent, yes.

MR DHARMANANDA: Other than that instance involving communications with both the regulator as well as the police, are you aware of any other occasion where, during lockdown, the Pearl Room was open?

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MR LEE: No.

MR DHARMANANDA: You were asked questions this morning about your role as the General Manager of Security and Surveillance. Do you recall that?

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MR LEE: I do.

MR DHARMANANDA: Are you aware that the GWC has given approval to the amalgamation of those two roles?

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MR LEE: I am, through Mr Joshua Preston historically, that any position --- for the change in position, there was formal notification to the government asking for ---

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MR DHARMANANDA: Can we go, please, to CRW.708.004.1886. The request was made. That is a letter written --- can we try CRW.708.004.1774. This is a letter written to Mr Connolly, as the Chief Casino Officer, in May 2013 that deals with the proposed restructure of the Crown Perth surveillance and security departments?

40

MR LEE: I haven't seen it before.

MR DHARMANANDA: Scrolling through it, the reasons for the restructure are explained, together with the new role, as well as the capacity to maintain operational integrity. Do the reasons set forth accord with your understanding as to why Crown proposed the restructure?

45

MR LEE: Yes, they do.

MR DHARMANANDA: Can we try, please, GWC.0002.0016.0087. This is the agenda of a meeting of the Gaming and Wagering Commission. Item 5.5 on that agenda is at 0006. You see there at item 5.5 a resolution of the GWC to note the approval of a restructure of the security and surveillance departments of Crown Perth, provided on 29 July 2013 by the chairman under delegation. Do you see that?

MR LEE: I see that.

MR DHARMANANDA: Does that accord with your understanding from Mr Preston as to how Crown was proceeding to have a an amalgamation between the security and surveillance departments?

MR LEE: Yes, it does.

MR DHARMANANDA: With respect to the monitoring room, in relation to surveillance, are there restrictions on entry?

MR LEE: Yes, there is.

MR DHARMANANDA: Are there restrictions on the ability of those who carry out surveillance to work elsewhere?

MR LEE: Yes, there is.

MR DHARMANANDA: Is there a policy to that effect?

MR LEE: Yes, there is.

MR DHARMANANDA: Can we see, please, CRW.700.025.0063. Is this the policy that restricts members of the surveillance department from working elsewhere?

MR LEE: Yes, that is.

MR DHARMANANDA: Does the surveillance team carry out audits on the security team?

MR LEE: Yes, they do.

MR DHARMANANDA: You were asked certain questions about UARs and their distribution. Is there a policy with respect to UARs?

MR LEE: There is a company policy in respect to how ---

MR DHARMANANDA: Can we bring up CRW.700.025.2423, and I think it commences at 2421. This is the Standard Operating Procedure with respect to

UARs. Going to the top of page 2423, it records that completed UAR forms and any additional relevant documentation will be sent to the AML team. Do you see that?

5 MR LEE: I do.

MR DHARMANANDA: Does that refresh your memory as to whom relevant UARs are sent?

10 MR LEE: Yes.

MR DHARMANANDA: You were asked questions about AUSTRAC making inquiries of Crown in December 2020. Do you recall that?

15 MR LEE: I recall the question, yes.

MR DHARMANANDA: Can we go to CRW.512.025.0955 on private screens only, please. This is a letter written by Mr Stokes, the Group General Manager of AML, to a manager of AUSTRAC. I will ask you, please, to familiarize yourself with the contents of that letter. Operator, would you please scroll to enable Mr Lee to read the letter.

MR LEE: Sorry, can you please scroll down? Yes. Yes, thanks. Scroll down.

25 MR DHARMANANDA: Were you aware, Mr Lee, from your work at Crown Perth that a decline in visitation due to COVID restrictions and an improvement in the process with respect to the investigation of UARs was the reason for the decline that Crown gave with AUSTRAC with regards to the inquiry raised by AUSTRAC?

30 MR LEE: In relation to --- I could appreciate that because of COVID and travel restrictions, the decrease in visitation would be commensurate with that. With respect to the AUSTRAC reporting, in seeing --- referring to the bottom of page 1, there was comments made with respect to AUSTRAC and Crown's reporting to AUSTRAC. I do recall, I think it was an informal conversation with Mr Josh Preston
35 a number of years ago, that he had met with AUSTRAC and AUSTRAC had made comment about the amount of reporting and that there was a lot of information going forward to them from a Crown perspective, and it was about, as best as possible, tidying that up so the reports that do go to AUSTRAC are, in some respects, easier for them to identify what are the matters that should be reported and investigated
40 from their perspective. So I can appreciate there would be a reduction, based on that activity from a Crown perspective.

MR DHARMANANDA: Can we go, please, to CRW.001.001.3150, just on counsel's screens. Do you recall you were asked certain questions about this document by Counsel Assisting?

45

MR LEE: I do.

MR DHARMANANDA: I direct your attention to line 6, an entry for 10 January 2020. If you work through that entry, Mr Lee, you will observe that this is really nothing to do with AML or suspicious activity. Does that cause you to reflect on whether this document is actually maintained by the legal department in respect of various queries, including persons of interest, as well as AML and suspicious activity?

MR LEE: Yes. Looking at that entry, it seems to be a more broader reporting spreadsheet with respect to any RFI, not necessarily those that have come from law enforcement.

MR DHARMANANDA: Thank you. No more questions, Commissioner.

COMMISSIONER MURPHY: Thank you. Mr Evans?

MR EVANS: Thank you, Commissioner.

CROSS-EXAMINATION BY MR EVANS

MR EVANS: Mr Lee, my name is Evans. I appear for the Gaming and Wagering Commission. Perhaps if we can just have that document back up again, if we could, for our screens only. I want to clarify some aspects of your evidence really only in relation to three concepts. While as a person of interest, the second is intelligence sharing and the third is what I call information or formal information sharing and how those three fit together. Can I deal with person of interest first. Am I right in think that a POI as it is determined to be used in Crown Perth is any person that comes to the attention of any regulatory or compliance function within the organization for consideration?

MR LEE: No, not in a general sense because there may be a person - there could be a person of interest that we see that is non-gaming related. So it's a drug matter, it has nothing to do over the top of a table, a machine or on the casino footprint. It could be restricted to the hotels, it could be restricted to a car on the property. So that POI we will engage with law enforcement in respect to that.

MR EVANS: I will talk about engagement after. I'm really getting to understand about the concept of a POI as you use it in your documentation. That is a person of interest because they have come to your attention for some kind of response; is that correct?

MR LEE: Yes. Because a person of interest is quite a - can be used quite broadly. A person of interest could be that we've observed some behaviour on a table or it has been brought to our attention or the dealers deal a compress or duress facility that it's in the directions referring to a suspect illegal activity because they might feel that patron's play is of concern and they want surveillance to pay particular attention to

that.

MR EVANS: So that POI is specifically in relation to the Gaming Act?

5

MR LEE: Yes. So there is a broad sense of gaming activity in specific and criminal in specific, drugs or other types of crimes. As I say, it's quite a broad sense of the term. How we report that to regulators depends on where that sits.

10

MR EVANS: It depends very much on the nature of the interest which invokes the status of a POI. And in relation to criminality, you've had a long standing arrangement for collaboration with WA Police, I think you referred to.

MR LEE: Yes.

15

MR EVANS: I don't think you were taken to the actual Memorandum of Understanding. You were referred to it.

MR LEE: I was referred to it.

20

MR EVANS: Perhaps if you can bring up CRW.709.149.5257, room screens only. You are familiar with this document?

MR LEE: I am.

25

MR EVANS: Now, I understand this is an MOU with WA Police which was entered into about October/November 2014?

MR LEE: That's correct.

30

MR EVANS: You were also referred to your policy liaison which you noted you had recently approved the current version of. My reading of that document is there has been a similar policy in place since about 2013 in various iterations. Do you remember that?

35

MR LEE: Yes, that's correct.

MR EVANS: This MOU, in part, reflects that policy, does it not?

40

MR LEE: It does.

MR EVANS: Yes. And this MOU provides a framework that I would call intelligence sharing. Is that correct, in the broader sense?

45

MR LEE: Agreed, yes.

MR EVANS: In its terms it provides for co-operation between the WA Police and the casino for what I call each-way communications in relation to matters of interest

to both parties or either agency?

MR LEE: Agreed. Yes.

5

MR EVANS: That is, you have a liaison constituted by this where you can interrogate WA Police to the extent they are prepared to share information?

MR LEE: Yes, that's correct.

10

MR EVANS: They can interrogate you to the extent you're prepared to share information?

MR LEE: Yes, that's correct.

15

MR EVANS: That can be done quite informally?

MR LEE: Yes.

20

MR EVANS: It's subject to respecting any statutory prohibitions that may be in place under the Gaming and Wagering Commission Act, the Casino Control Act or the Privacy Act and so on but it provides for informal level of communication about general intelligence?

25

MR LEE: Yes, it does.

MR EVANS: That informs some of your activities that you referred I think at about paragraph 216 and onwards of your statement, about such things as not taking action against a patron immediately who might be a POI in order to facilitate a conduct of investigation?

30

MR LEE: Yes, that's correct.

MR EVANS: That's what I call general intelligence sharing. That reflects what is referred to at 206 and onwards, although much of that has been blanked out so I can't actually read it. And then we have the document which Mr Dharmananda took you to a moment ago which is CRW.001.0013.50, the almost unreadable spreadsheet?

35

MR LEE: Yes.

40

MR EVANS: Now, my reading of this is what one might call formal requests - a record for formal requests for information?

MR LEE: That's correct, yes.

45

MR EVANS: Insofar as it concerns law enforcement agencies, there are a number of formal powers which can be invoked to seek information from the casino?

MR LEE: Yes.

MR EVANS: So far as WA Police is concerned, the formal power which the casino
5 actually requires to be invoked and WA Police normally use is the power of the
Criminal Investigation Act. Is that correct? What is called an OTP?

MR LEE: That's correct.

10 MR EVANS: That's effectively a summons to produce business records?

MR LEE: Yes.

MR EVANS: Is my understanding correct that both to ensure compliance with the
15 legislation generally, the OTP is the vehicle by which the information is handed over
to WA Police as a business record?

MR LEE: Yes, that's correct.

20 MR EVANS: I see also in this, if I'm reading it correctly, that there are instances
where you respond to a subpoena from a legal practitioner in relation to, for example, a
Family Law matter which is also compulsive process?

MR LEE: Yes. I'm not sure about the provision of footage for those matters.
25 Usually the externals we engage our internal legal team.

MR EVANS: This is why this is a legal team document?

MR LEE: Yes.
30

MR EVANS: Thank you. No further questions, Commissioner.

COMMISSIONER MURPHY: No other counsel? I don't have any questions for Mr
Lee. Is there any follow-up?
35

MS NELSON: No thank you, Commissioner.

COMMISSIONER MURPHY: Mr Gandhi?

40 MR GANDHI: I have no further questions.

COMMISSIONER MURPHY: Mr Lee, that concludes the hearing of your evidence
for today. The summons will remain in place in case other Commissioners have
other questions for but we are finished with the hearing today. Thank you very much
45 for attending and giving your evidence.

THE WITNESS STOOD DOWN

COMMISSIONER MURPHY: We will now adjourn until 2 pm.

5

ADJOURNED

[12.55 PM]

10

RESUMED

[2.00 PM]

COMMISSIONER MURPHY: Mr Costin?

15

WITNESS: Yes.

COMMISSIONER MURPHY: Mr Costin, do you wish to swear an oath or make an affirmation?

20

MR COSTIN: I will make an affirmation, thank you, Commissioner.

TRAVIS EAN COSTIN, AFFIRMED

25

COMMISSIONER MURPHY: Thank you, Mr Costin.

MR FEUTRILL: May it please the Commission.

30

EXAMINATION-IN-CHIEF BY MR DAVIS

MR DAVIS: Mr Costin, you have prepared a witness statement, have you not?

35

MR COSTIN: I have, yes.

MR DAVIS: Can we bring up document CRW.998.002.0498. Can you confirm that is the first page of your witness statement, dated 15 September 2021?

40

MR COSTIN: It is, yes.

MR DAVIS: Going to page 0510, there may be a redaction blocking out your signature on the screen.

45

MR COSTIN: There is, yes.

MR DAVIS: Do you have a paper copy?

MR COSTIN: I have a paper copy in front of me, yes.

MR DAVIS: Can you confirm you signed this statement on 15 September 2021?

5

MR COSTIN: I have, yes. I can confirm that.

MR DAVIS: On page 0511, is a list of documents that are referred to in your statement; is that right?

10

MR COSTIN: That's correct, yes.

MR DAVIS: Could you confirm that the contents of the statement are true and correct to the best of your knowledge and belief?

15

MR COSTIN: Yes, that's correct.

MR DAVIS: That is Mr Costin's examination-in-chief, Commissioners, and I tender his statement.

20

COMMISSIONER MURPHY: Thank you, Mr Davis. The witness statement of Travis Ean Costin, dated 15 September 2021, with the identifier CRW.998.002.0498 will be admitted into evidence as an exhibit.

25

EXHIBIT #CRW.998.002.0498 - WITNESS STATEMENT OF TRAVIS EAN COSTIN, DATED 15/09/2021

30 COMMISSIONER MURPHY: Mr Feutrill?

MR FEUTRILL: May it please the Commission.

35 **CROSS-EXAMINATION BY MR FEUTRILL**

MR FEUTRILL: Mr Costin, my name is Michael Feutrill. I am one of the Counsel Assisting. You might see other people in the room. I don't know if you can see it but there are quite a few people here.

40

MR COSTIN: No, it is zoomed in on you now.

MR FEUTRILL: All right. I see in front of you you have a piece of paper on the desk. Is that your statement?

45

MR COSTIN: That's my witness statement, yes.

MR FEUTRILL: That's good because I will ask you some questions about a number of paragraphs in it.

5 MR COSTIN: Sure.

MR FEUTRILL: In paragraphs 5(a) and 7(a), you refer to your appointment with PBL Gaming and you had a role as a financial/research analyst in the international business development team for PBL Gaming?

10

MR COSTIN: Yes, that's correct.

MR FEUTRILL: What is international business development in that context? Is that another way of describing a junket business or is it something different?

15

MR COSTIN: No, it's completely different. That was --- consider it like a mergers and acquisitions type arrangement. We were looking at acquisitions of casinos overseas at the time.

20 MR FEUTRILL: In paragraph 7(b), there is a reference to reporting through to the Group Financial Controller of Crown Resorts Ltd, and for a number of years.

MR COSTIN: Yes.

25 MR FEUTRILL: Can you tell me who occupied that position in that period?

MR COSTIN: I'm relatively sure for the entire period it was a gentleman by the name of Mr John Salomone.

30 MR FEUTRILL: In the next paragraph, you are reporting directly to the Chief Financial Officer of Crown Resorts?

MR COSTIN: Yes.

35 MR FEUTRILL: Who is that?

MR COSTIN: That is Alan McGregor.

MR FEUTRILL: Has it been Mr McGregor the whole time?

40

MR COSTIN: Since I've directly reported through, I think, yes. He was the CFO when I started directly reporting through.

45 MR FEUTRILL: You may have anticipated my next question which is in respect to paragraph 8. You refer to a "dotted reporting line" to the Treasurer of Crown Resorts or the Chief Financial Officer of Crown Resorts. What do you mean by "dotted line reporting"?

MR COSTIN: The Group Financial Controller at the time didn't have an understanding of the Treasury business or the Treasury part of Crown, so anything to do with Treasury, such as funding or getting bank debt, I reported straight through to,
5 firstly, the Treasurer and then the Chief Financial Officer.

MR FEUTRILL: Who was the Treasurer?

10 MR COSTIN: It was a gentleman by the name of Simon Milne.

MR FEUTRILL: And the CFO?

MR COSTIN: I think post-2012, it was Ken Barton.

15 MR FEUTRILL: Then after Mr Barton, it was Mr McGregor; is that right?

MR COSTIN: Yes, that's correct.

20 MR FEUTRILL: In paragraph 10 you make reference to a role having oversight over the financial teams for entities within the Crown Digital portfolio. What is that area?

MR COSTIN: There's the wagering businesses and there are some online slot development businesses over in Israel.

25 MR FEUTRILL: Have any of your roles, during the period of your employment with Crown Resorts, involved any oversight of the financial team's operations in Crown Perth?

30 MR COSTIN: No.

MR FEUTRILL: Staying with your statement, in paragraph 6(h) you indicate that from 2010 to present, your responsibilities have included maintaining --- you use the expression:
35

h) maintenance of ongoing relationships with key banks and lending partners. What do you mean by that expression "maintenance of ongoing relationships"?

40 MR COSTIN: We have relationship managers with all of our banks and other lending partners. Part of my role is to be an intermediary between them and Crown, so any questions they may have would come to me, any sort of opportunities they see for Crown, they would come to me and give me ideas on certain things that we may not want to participate in.

45 MR FEUTRILL: What is the distinction between a bank and lending partner?

MR COSTIN: The banks are what you call a "bank"; you know, your four big banks.

Lending partner is --- we have bonds as well, so there was US private placement investors, there was medium-term notes holders and we also have some retail notes as well.

5

MR FEUTRILL: As part of the role --- I am now focusing on banks, maintaining relationships with the key banks, do you have a role in maintaining the relationship between banks that carry out banking functions for Crown Perth?

10 MR COSTIN: Yes, I do.

MR FEUTRILL: Has that been the case since you have been in the position of having responsibility for maintaining relationships with banking partners?

15 MR COSTIN: Well, the operational side of things generally goes direct from the Crown Perth finance team to the bank. So if there is a problem with a payment or there is a query on a particular transaction, I would have a relationship with the bank in an overall sense where, if we need funding, for example, to develop Crown Towers Perth, I would go and arrange that funding with the bank.

20

MR FEUTRILL: What about opening and closure of bank accounts?

MR COSTIN: I provide some assistance to the Perth team in opening and closing bank accounts, or I have. But in the most part, they have opened them by themselves.

25

MR FEUTRILL: In connection with paragraph 6(h), you make references also in paragraph 16(c)(ii) to some dealings with banks. In particular, I am interested in your reference to not having, prior to 2018, expertise or experience in risk management in relation to casino operations or the risk of money laundering at Crown Casino's operations. You use that expression in 16(b)(ii) and again 16(c)(ii). What in particular was it about 2018 that resulted in you obtaining experience in that area?

30

35 MR COSTIN: The AML team hired a lady by the name of Louise Lane as the Group General Manager of AML. She took it upon herself to make contact with me in relation to banking and then give me a run-through of our AML, sort of, obligations and the areas of AML I should be looking at.

40 MR FEUTRILL: "Looking at" from what perspective, Mr Costin?

MR COSTIN: Well, if there was a certain inquiry from a bank to me, the sort of things I should pass on to her for her to respond to.

45 MR FEUTRILL: In paragraphs 17 and 18, you make reference to --- and specifically with respect to AML and CTF, you indicate that you completed an AML/CTF risk awareness online module in 2020. Is that the only specific training you have received since you have been employed by Crown Resorts in AML and CTF?

MR COSTIN: Yes.

5 MR FEUTRILL: Have you received any other instructions since October 2020, either directly or in an online manner, in relation to AML and CTF?

MR COSTIN: Only internal communications with the AML team.

10 MR FEUTRILL: Do I understand that from at least 2018 onwards, you picked up some understanding of the AML/CTF program for the Crown Group broadly and what its aspects are that relate to, at least, the finance area?

MR COSTIN: Yes, that's correct.

15 MR FEUTRILL: I have a couple more questions about the statement, in terms of clarification. In paragraph 28, you refer to an understanding that internal accounting allocating funds to patrons is something that occurs at Crown Perth. What is your understanding about that process?

20 MR COSTIN: I wasn't saying I understand what the process is, I'm just saying I understand that the teams at Crown Perth would do the internal accounting allocating, as opposed to something that I'm aware of myself.

25 MR FEUTRILL: I see. In paragraph 33, and this may be commensurate with what you said about Ms Lane's involvement, you indicate that prior to 2018 you had thought AML issues would be dealt with by the legal team. What was the basis for that understanding?

30 MR COSTIN: That was largely the fact that Mr Preston was the AML compliance officer.

MR FEUTRILL: In your statement you refer to an awareness that in 2013 the HSBC closed its accounts with Crown, and you indicate that was as a consequence of a global strategic decision not to be involved in the gaming industry. After that, Southbank Investments opened accounts with the CBA, didn't it?

MR COSTIN: That's correct, yes.

40 MS NELSON: And Riverbank Investments opened accounts with the ANZ Bank?

MR COSTIN: Correct.

45 MR FEUTRILL: You were involved in the process of making arrangements for those accounts to be opened at that time?

MR COSTIN: Yes. For Southbank, I was the primary person involved in opening the accounts. For Riverbank, I put the Crown Perth finance team in touch with ANZ and then ANZ and the Crown Perth finance team managed the opening of the

accounts.

5 MR FEUTRILL: Did you understand the reason the HSBC had made that strategic decision was in connection with considering the provision of banking services to casino operators to be too high a risk from a money laundering perspective?

MR COSTIN: No, not at that time I didn't understand that to be the case.

10 MR FEUTRILL: What did you understand was the reason in 2013 for HSBC's strategic decision to exit the gaming sector?

15 MR COSTIN: I don't recall anything being specifically told to me about why they were exiting the gaming industry. I think I had some correspondence with them that said there was a decision out of Hong Kong that they weren't going to participate in the gaming industry anymore, and that was about as far as my knowledge went.

20 MR FEUTRILL: You were involved in managing the relationship with HSBC in 2013, weren't you?

MR COSTIN: Not particularly, no. HSBC weren't one of our lenders in 2013, so I didn't really have a relationship with them.

25 MR FEUTRILL: Insofar as your statement refers to maintaining relationships with key banks, was it not something you were interested to learn, why the HSBC were no longer to provide the services to your companies?

30 MR COSTIN: Not specifically. We had a large banking group back in 2013 so, from a lending and funding point of view, to not have HSBC involved wasn't necessarily a problem.

35 MR FEUTRILL: In your statement you refer to some events in 2014 and some contact you had with Mr Birch of the ANZ bank. What was the nature of your relationship with Mr Birch?

40 MR COSTIN: Mr Birch was our senior relationship manager for ANZ. He and I had a relationship to go through all manner of things, like funding, interest rates, risk management, hedging arrangements, and the like, so he and I communicated quite regularly.

MR FEUTRILL: Can I just have you confirm something. There is a reference in your statement in paragraph ---

45 MR COSTIN: Which paragraph, sorry? You broke up there.

MR FEUTRILL: 61.

MR COSTIN: Thank you.

MR FEUTRILL: You received an email from Mr Birch?

MR COSTIN: Yes, that's correct.

5

MR FEUTRILL: Can we go to document CRL.563.004.6311. Can you see that document, Mr Costin?

MR COSTIN: Yes, I can.

10

MR FEUTRILL: About halfway down the page is an email from Mr Birch to you of that date. Is that the email from Mr Birch you refer to?

MR COSTIN: That's correct, yes.

15

MR FEUTRILL: You also make reference to passing it on to Ms Kessell and Mr Spence in Perth, at the top of that page; correct?

MR COSTIN: Yes, that's correct.

20

MR FEUTRILL: The email from Mr Birch to you is copied to a person by the name of Karen Brown. Do you remember Ms Brown?

MR COSTIN: Yes, Ms Brown, she worked with Mr Birch. She was another one of our relationship managers at ANZ.

25

MR FEUTRILL: After you received this email from Mr Birch, you understood, didn't you, that the ANZ Bank had identified a series of transactions it considered to be suspicious and they wanted to discuss with you the operations of the Riverbank Investments account?

30

MR COSTIN: Yes, that's what the correspondence shows, yes.

MR FEUTRILL: In your email to the Crown Perth people you have said you understood that patrons were not able to deposit cash directly into the accounts. What was the basis for that understanding?

35

MR COSTIN: Look, I can't recall. It's a long time ago. I can't recall why I had that understanding at the time.

40

MR FEUTRILL: You, at that time, wanted to ascertain more information about the transactions that had been identified by Mr Birch, didn't you?

MR COSTIN: That's correct, yes.

45

MR FEUTRILL: You asked him to provide you with some more information, and he did. I ask that you be shown a couple of emails, so you can pick up the thread of

what I am dealing with, Mr Costin. CRL.557.001.0913.

5 MR GARAS: Can I just invite my friend to keep these documents be kept to personal screens because they often contain email addresses of Crown employees.

MR FEUTRILL: If the document could be maintained to the witness and the ---

10 COMMISSIONER JENKINS: In respect of this one, all that needs to happen is the top needs to be moved up. I can't see why the public can't see the rest of it.

MR GARAS: I am content with that, save that if there are other parts of the document that contains addresses, if they could be redacted.

15 MR FEUTRILL: Do we have the document now ending in 0913? You will see, Mr Costin, that is an email from you to Mr Birch, where you have asked for some information about the transactions?

20 MR COSTIN: Yes, I can see that.

MR FEUTRILL: The reason I am showing it to you is because the next email might otherwise appear somewhat strange. Can we see CRL.557.001.0718. That is an email from Mr Birch to you. Without continuing the chain, he has sent you some information. At this point, can we see the spreadsheet attached to the document, 25 which is CRL.557.001.0721. I take it, when you received this email from Mr Birch, you opened the attachment to have a look and see what was there?

MR COSTIN: I can't recall whether I did or not.

30 MR FEUTRILL: Looking at the document in front of you, can you recall seeing a document of that kind in early 2014?

MR COSTIN: Look, I can't recall the first time I've seen that document. I have seen that document but I can't recall whether it was in 2014 or more recently.

35 MR FEUTRILL: You understood around the time you received the emails from Mr Birch though, didn't you, that the ANZ Bank was concerned about a number of deposits that had been made under a \$10,000 threshold at various branches in Perth and other places?

40 MR COSTIN: Yes, that's what the email from Mr Birch said, yes.

MR FEUTRILL: Are you telling this Commission you do not recall opening that email and looking at these attachments and examining for yourself the deposit slips 45 and the references to the deposit slips in January 2014?

MR COSTIN: I'm saying I don't have a recollection of doing that in 2014.

MR FEUTRILL: Looking at it now, Mr Costin, have a look at this now and tell me if your memory is at all refreshed about reading these documents in 2014?

5 MR COSTIN: As I said, I just can't recall whether or not I opened the attachment in 2014 or whether I just forwarded it on to the Crown Perth team.

MR FEUTRILL: Whether you opened it or you did not, you were aware in the early part of 2014 of the nature of the ANZ's concerns though, weren't you?

10 MR COSTIN: Yes. It was in the email from Mr Birch, yes.

MR FEUTRILL: You have said in your statement that you spoke to Mr Spence, I think the day you sent that email. Can I take you to document CRL.557.001.0911. I
15 draw your attention to the first --- sorry, there is a chain here. The email I want to draw to your attention is the second in the chain from you to Mr Barton on 31 January at 3.59 pm. The first paragraph, can you read that to yourself, please?

MR COSTIN: Yes.
20

MR FEUTRILL: That summarises, does it not, what you were told by Mr Spence in January 2014 about the nature of these transactions?

MR COSTIN: Yes, that would appear to be what Craig said to me. Correct.
25

MR FEUTRILL: Yes. That is to say, you understood the transactions to involve overseas patrons who used money changers?

MR COSTIN: That was my understanding, yes.
30

MR FEUTRILL: One of the reasons given at that time was that Crown could not accept currency in the relevant patron's home currency, Indonesia or Malaysia?

MR COSTIN: Yes, that's what the email suggests.
35

MR FEUTRILL: Did you at that time have any understanding of the circumstances in which Crown was not able to accept foreign exchange from Indonesia or Malaysia and the reason that may have been the case?

40 MR COSTIN: Look, I can't recall at that time, but I know even currently we have --- there are some issues with accepting cheques and things of that nature of certain currencies, just because there is no way of clearing them properly through the banking system.

45 MR FEUTRILL: You had received with Mr Birch's email a series of questions. I draw your attention to page 0911. For present purposes, I draw your attention towards the bottom of the page, the question:

Why has the entity utilised "investments" in their company name?

There is also a reference a little earlier to:

5

What is the reason for establishing a separate legal entity to conduct this activity.

10 So, two of the questions Mr Birch had at this time were why is it a separate legal entity and why are you using "investments" in the name of that entity.

I will take you back to the email you sent Mr Barton, the second paragraph:

15 *In terms of Paul's queries I can take him through the use of the account name etc, but am not 100% sure what we should/shouldn't mention around the use of company names.*

20 What did you mean when you said you were not 100 per cent sure what you should or should not have mention to your banking relationship manager about the use of the company names?

MR COSTIN: Unfortunately, I just can't recall what I meant seven years ago.

25 MR FEUTRILL: Well, you understood the reason why separate legal entities were used, did you not?

MR COSTIN: Yes, I did.

30 MR FEUTRILL: What was your understanding of the reason for a separate legal entity to be used?

MR COSTIN: My understanding was it allowed customers discretion.

35 MR FEUTRILL: What do you mean by "customers discretion", Mr Costin?

MR COSTIN: It meant customers could deposit money into an account and it wouldn't necessarily turn up on their bank statement as being used for gaming activities.

40 MR FEUTRILL: Is that also in connection with the use of the description "investments"?

45 MR COSTIN: Look, I'm not sure that was the reason for the name Riverbank Investments. All I understood was it was the rationale for the use of a separate company name.

MR FEUTRILL: What is something you considered in 2014 you should not mention to Mr Birch about the way in which those companies were used in the accounts

named?

MR COSTIN: As I said earlier, I just can't recall what I meant in that email.

5 MR FEUTRILL: Are you able to assist this Commission today at all, Mr Costin, about any reason you can think of as to why you would not be full and frank and open with your banking relationship manager in 2014?

10 MR COSTIN: Look, the only thing that comes to mind now is that we were using a different bank for patron deposits outside of ANZ, but that's just me speculating what I may have meant seven years ago.

MR FEUTRILL: You arranged to meet with Mr Birch after you had this exchange in January, didn't you?

15 MR COSTIN: Yes.

MR FEUTRILL: You met with him, I think you said in your statement, on 3 February 2014?

20 MR COSTIN: Correct.

MR FEUTRILL: Was Ms Karen Brown at that meeting as well, to your recollection?

25 MR COSTIN: She was.

MR FEUTRILL: In your statement you say that after that meeting, ANZ were comfortable about the use of the bank account names and the account being used for patron transactions. I have another question for you about that but before I ask that, I will show you another email you sent. This reference is CRL.559.001.0164 and it is an email from you to Mr Theiler?

35 MR COSTIN: Mr Theiler.

MR FEUTRILL: In the second paragraph of that email you use the same expression:

40 *I got ANZ comfortable around the accounts, but the one outstanding question was why the money changer deposits multiple amounts under \$10K at different branches.*

What do you mean in your statement and in this email by the expression "comfortable"?

45 MR COSTIN: ANZ had a number of questions, as you showed me earlier, and I think --- I don't have a great recollection of the meeting, but I would have spoken to them about why we used a separate legal entity and that the account was used for patron discretion. I think that's what I was referring to in the email and the statement,

around getting them comfortable around the use of the accounts.

5 MR FEUTRILL: Is it your evidence that you provided the ANZ Bank with a description that you used a separate legal entity with a different name so that patrons could deposit amounts into an account without revealing it was to be used for gaming? Did you tell him that?

10 MR COSTIN: Well, I can't recall specifics about what I spoke to him about. The summation from that email, and I'm only going off the email, is I would have spoken to them about the use of the account name and the fact the accounts were used for patron deposits.

15 MR FEUTRILL: Is the expression "comfortable", Mr Costin, a euphemism for not entirely accurately explaining the position to the bank but allowing them, nonetheless, to be persuaded that the account name was legitimate?

MR COSTIN: No, not at all.

20 MR FEUTRILL: Mr Theiler, what was his role at the time, Mr Costin?

MR COSTIN: He worked in the VIP International team.

25 MR FEUTRILL: Was it important to Mr Theiler that these accounts remain open?

MR COSTIN: Yes, I would have thought it would have been important to him.

30 MR FEUTRILL: I will take you back to this email and ask you to cast your mind back to the meeting you had with Mr Birch in February, the early part of February 2014. We have just been dealing with the use of the separate legal entity and the name, but Mr Birch had a number of other questions that you will see from his email to you on page 0614. He was said he what was interested to get answers to the questions below, and those are the questions I took you to earlier, pinpoint 0165.

35 Looking at the first one, which is the purpose of the account and what it was being used for, what did you tell Mr Costin in February 2014?

40 MR COSTIN: As I said earlier, I just can't recall specifics of the meeting as to what exactly was said.

MR FEUTRILL: Well, without using verbatim, are you able to provide this Commission with some explanation for, in general terms, what you conveyed to Mr Birch in February 2014?

45 MR COSTIN: I can give you a general understanding of my understanding at the time, but I don't know whether we even went through a listing of those questions or not. I just can't recall whether we sat down and Paul asked me each one of those questions individually or whether it was more of a general discussion around the use

of the accounts.

5 MR FEUTRILL: Why don't you start by giving us what you can recall, in a general sense, about what was conveyed to Mr Birch at that meeting?

10 MR COSTIN: I would have told him the accounts were for patron transactions and that they were used to --- as I said earlier, for patron discretion, we were using these accounts as patron accounts for Crown Perth.

MR FEUTRILL: Is that also part of the explanation for why the deposits were not made directly into the Burswood Nominees account?

15 MR COSTIN: Possibly. I just can't recall whether we even got into that level of detail.

20 MR FEUTRILL: What about an explanation for how the customer kept track, the customer being Crown Perth or the Crown entity, of who was depositing funds into the account? What did you tell him about that?

MR COSTIN: That wouldn't have been something I would have had any knowledge of at that time, so I don't think that question would have been answered.

25 MR FEUTRILL: What about who was depositing funds into the account?

MR COSTIN: The same as previous, I wouldn't have had knowledge of that, so I wouldn't have responded on that particular question.

30 MR FEUTRILL: And whether they were local or foreign or a combination of both, I presume the same answer, is it?

MR COSTIN: The same answer, yes, that's correct.

35 MR FEUTRILL: Does that apply to the countries the depositors were originating from?

40 MR COSTIN: Look I'm going off the email correspondence, but I may have mentioned the Malaysian and I think it was Indonesian that Craig had mentioned to me, but I can't recall whether I did or not.

MR FEUTRILL: What about the question of whether it was a common practice of Crown to accept cash deposits in this way?

45 MR COSTIN: Again, I don't think that would have been something I had specific knowledge on at that time.

MR FEUTRILL: Is it not something you asked Mr Spence?

MR COSTIN: I'm sorry, I can't recall what Mr Spence and I discussed.

5 MR FEUTRILL: What about the extent of your knowledge of monitoring over the account by Crown?

MR COSTIN: I had no knowledge of how those accounts were monitored back in 2014.

10 MR FEUTRILL: Can we see document CRL.557.001.0915. There is a chain of emails here, Mr Costin, and I want to take you through them, starting at the foot of 0915 and over the page, which has the same number for some reason. So, the bottom of the first page of the document and the top of the second page.

15 There is an email from Ms Brown to you on 3 February. There is another one from her to you on 5 February, up the page, working in reverse order. At the top of the page, you respond to her queries in the first paragraph. You refer in paragraph 65 of your statement to speaking with Mr Theiler and you may have spoken to other people. Is the substance of what is said in that paragraph as a consequence of your
20 conversations with Mr Theiler?

MR COSTIN: It could have been.

25 MR FEUTRILL: Did you make any inquiries at this time of the people in Perth who might know that information? For example, I think, an earlier email you sent to Ms Kessell, who was in finance, wasn't she?

MR COSTIN: She was, yes.

30 MR FEUTRILL: Did you make any inquiries of Ms Kessell about the nature of the transactions going into the ANZ account at this time?

MR COSTIN: Look, as I said in my statement, I may have made other inquiries in addition to Mr Theiler and Mr Spence, but I can't recall who I may have spoken to
35 back then.

MR FEUTRILL: What about Mr Preston, given he was the AML/CTF compliance officer?

40 MR COSTIN: I'm not sure whether I would have spoken to Mr Preston or not.

MR FEUTRILL: What inquiries did you make in order to respond to Ms Brown's email?

45 MR COSTIN: I'm sorry, I'm not trying to be difficult, it's just it's seven years ago and I can't remember who --- except for the people that are mentioned in the email, I can't remember who I may have spoken to.

MR FEUTRILL: I draw your attention to the second sentence, where you have said:

5 *The only other piece of information I did find out is that this occurs at our
Cage Windows as well, and when that does we report through to AUSTRAC.*

What does that sentence mean?

10 MR COSTIN: Well, just reading it, it would say that sometimes there may be
patrons who deposit multiple amounts under \$10,000 at our cage windows and when
that does happen, we report that to AUSTRAC.

MR FEUTRILL: Do you now recall who gave you that information?

15 MR COSTIN: No, not off the top of my head.

MR FEUTRILL: Do you now recall or understand what the nature of the report was
to AUSTRAC was that you are referring to in that part of the email?

20 MR COSTIN: No. I would have had independent knowledge of that at that time, so
somebody would have informed me of that and I would have told the bank.

25 MR FEUTRILL: What was drawn to your attention by the ANZ Bank in January
2014 was a fairly obvious example or indicia of possible money laundering, wasn't
it?

MR COSTIN: In hindsight it was, yes.

30 MR FEUTRILL: Not only in hindsight, Mr Costin, it was obvious to you at the time,
wasn't it, that this ---

MR COSTIN: No, it wasn't.

35 MR FEUTRILL: It was not obvious to you in 2014 that breaking up a large
transaction into small amounts under the reporting threshold was an indication of
money laundering?

MR COSTIN: No, not at that time.

40 MR FEUTRILL: Is this your evidence: you did not understand that at that time as a
consequence of your discussions with Mr Birch and others?

MR COSTIN: No, I did not understand that at the time.

45 MR FEUTRILL: What was your understanding of the reason the ANZ Bank
indicated to you that it was suspicious?

MR COSTIN: I can't recall why they mentioned to me it was suspicious.

COMMISSIONER JENKINS: Mr Costin, didn't you ask?

5 MR COSTIN: Commissioner, I may have asked but, sorry, I don't recall a meeting I had seven years ago, as to what the specifics of it were.

COMMISSIONER JENKINS: Thank you, Mr Feutrill.

10 MR FEUTRILL: After your meeting with Mr Birch, you were aware that Mr Barton also met later with Mr Birch?

MR COSTIN: I am aware about that, yes.

15 MR FEUTRILL: One of the outcomes of that meeting was the ANZ informed Mr Barton that the bank had decided to close the Riverbank Investments account?

MR COSTIN: That's my understanding, yes.

20 MR FEUTRILL: Your statement in your email and in your witness statement to the effect they were comfortable about your explanation may not have been the case?

MR COSTIN: No, it doesn't look like that was the case, in hindsight.

25 MR FEUTRILL: But you have mentioned in your statement that you went on to a second meeting or another meeting with the ANZ Bank towards the end of March 2014?

30 MR COSTIN: Yes. There was a broader meeting with a number of senior executives of Crown at that time, with ANZ, yes.

35 MR FEUTRILL: I will take you to another email, CRW.529.008.8581, at pinpoint 8582. This is just to indicate you were a recipient of this email. Do I have the right one there? It's on the second page, Mr Costin. There is a reference there to an email from Mr Barton to Mr Neilson and to you. There is an indication that, looking at the agenda, you may need more time to prepare. I will show you the agenda, at CRW.529.001.9086. Do you recall receiving that agenda in March 2014 and considering it?

40 MR COSTIN: I recall seeing this agenda.

45 MR FEUTRILL: I draw your attention to some aspects of it that clearly were, at least on the face of it, matters that were of interest to the ANZ Bank. Under the heading, in the table for "Agenda Items" at "Patron Accounts" there is a series of bullet points dealing with, I guess, aspects of the operation and use of the accounts.

Towards the bottom are three bullet points that deal, essentially, with receiving funds:

EFT receipts from on-shore/off-shore banks *Use of non-bank/non-ADI foreign exchange providers*

5 What is your understanding of the meaning of a non-ADI foreign exchange provider?

MR COSTIN: I think that's what we were calling money remitters.

10 MR FEUTRILL: Is that the same as a non-bank exchange provider?

MR COSTIN: I think so. I think they are one and the same.

MR FEUTRILL: That is your understanding now and in 2014; correct?

15 MR COSTIN: It's certainly my understanding now. It probably was my understanding in 2014.

MR FEUTRILL: The last bullet point is:

20 Overview of Crown's reconciliation process for the above processes What was your understanding of their interest in that topic?

MR COSTIN: That wouldn't have been something I would have had any knowledge of at that time.

25 MR FEUTRILL: No, but what is your understanding of the interest of the ANZ in that subject?

MR COSTIN: I don't know why ANZ were particularly interested in that subject.

30 MR FEUTRILL: At the meeting --- I will give you some names and see if you can tell me these are people you recall being present at the meeting. Mr Preston was at the meeting?

35 MR COSTIN: Yes, I recall him being at the meeting.

MR FEUTRILL: I am trying to find the meeting maker. Mr Neilson was at the meeting?

40 MR COSTIN: I believe so, yes.

MR FEUTRILL: You were at the meeting, obviously?

MR COSTIN: Yes.

45 MR FEUTRILL: Ms Tegoni?

MR COSTIN: I believe she was at the meeting, yes.

MR FEUTRILL: Was a Mr David Brown at the meeting?

5

MR COSTIN: He may have attended by teleconference. I can't recall whether he attended or not.

MR FEUTRILL: What about Ms Denise van der Clough?

10

MR COSTIN: I don't recall whether she attended or not.

MR FEUTRILL: Mr Barton was at the meeting as well?

15

MR COSTIN: Yes, he was.

MR FEUTRILL: I want to show you an email that was not sent to you directly. I want to check to see if it's an email you may have received around the time, or have been provided with a copy of its attachments. This document is CRW.529.001.9090. Take your time and look at it, Mr Costin, and tell me if you have seen it before or may have seen it before.

20

MR COSTIN: No. The first time I recall seeing this email was when it was sent to me as part of the examination bundle.

25

MR FEUTRILL: Can I show you document CRW.529.001.9091. You will see this document follows the structure of the agenda and is in the nature of speaking notes?

MR COSTIN: Yes, I can see that.

30

MR FEUTRILL: Is this a document that was distributed to the Crown people prior to the meeting?

MR COSTIN: Not that I recall, no.

35

MR FEUTRILL: The next document is CRW.529.001.9093. Is that a document that was provided to you in the early part of 2014?

MR COSTIN: No. As with the previous comment, the first time I saw this was when it was part of my examination bundle.

40

MR FEUTRILL: The purpose of the meeting on 27 March was to discuss the items on the ANZ's agenda, wasn't it?

45

MR COSTIN: Yes, I believe so.

MR FEUTRILL: Those items were discussed at the meeting, weren't they?

MR COSTIN: I can't recall whether all of them were discussed but certainly some of those items were discussed during the meeting.

5 MR FEUTRILL: On behalf of Crown, who was the person who provided the greatest amount of explanation in response to their questions?

MR COSTIN: It was probably a combination of Ms Tegoni, Mr Preston and potentially Mr Barton, but I can't say in what order.

10

MR FEUTRILL: There was discussion, was there not, about the way in which Crown received non-bank or non-ADI foreign exchange providers?

MR COSTIN: There may have been discussion on that. I'm not sure what was discussed.

15

MR FEUTRILL: Do you recall if there was discussion around the way in which Crown identified the smaller deposits and allocated them to their patrons within Crown's internal accounting system?

20

MR COSTIN: No, I'm not sure whether that was discussed at all.

MR FEUTRILL: I will show you another document that may assist with your memory, Mr Costin, CRL.557.001 .0815. As is often the case with email chains, Mr Costin, we can start at the last page and work our way backwards. Can we start at the bottom of 0814 and the top of 0185.

25

You will see you received an email from Ms Brown again, asking if you had time to clarify some points from the meeting. This is just for your benefit, so you get the thread of it, Mr Costin. You responded on pinpoint 0814 that you didn't have time at that time. At the top of 0815, she sends a question to you to deal with the topic.

30

I draw attention to the first paragraph in the second sentence, where she indicates she would like to clarify some points concerning reporting to AUSTRAC.

35

MR COSTIN: Yes, I can see that.

MR FEUTRILL: In the second paragraph beneath that, she sets out her understanding from your previous conversations, which I take to be the conversations at the meeting at the end of March. Are you able now, reading that paragraph, to assist the Commission by explaining what your understanding is on the question around --- or her understanding that when it comes to amounts deposited in accounts, Crown would aggregate deposits through the course of a day and report the aggregated amount?

40

45

MR COSTIN: That must have been raised at the meeting. Somebody must have mentioned that to them at the meeting. I can't recall who, but somebody must have

said that to them at the meeting.

5 MR FEUTRILL: I understand that. Do you have a recollection now of what was discussed at the meeting in March 2014 that leads you to reach that conclusion or are you drawing an inference from the document on the page?

MR COSTIN: I am drawing an inference from the document on the page.

10 MR FEUTRILL: Are you able in any way to provide assistance to the Commission as to the reference there to "accounts", what nature of account Ms Brown may have been referring to? Here I am drawing a distinction --- MR COSTIN: I --- I ---

15 MR FEUTRILL: Sorry, go ahead.

MR COSTIN: No, you go.

20 MR COSTIN: You are being too polite, Mr Costin. I am drawing a distinction between a bank account, on the one hand, external provider, and the internal Crown accounts. Do you know whether she is referring there to the Riverbank Investments account with ANZ or the SYCO account of Crown?

25 MR COSTIN: I would assume she is referring to bank accounts, not an internal Crown account.

30 MR FEUTRILL: I draw your attention to your response is at the bottom of page 0814. I appreciate this is some time ago but it is quite important to understand, Mr Costin, whether your response is drawn from your own knowledge or from having received information from another person.

MR COSTIN: Sorry, I'm waiting for it to come up on the screen.

MR FEUTRILL: Sorry. It's the same document.

35 MR COSTIN: Yes, I have it now.

MR FEUTRILL: I see. I'm sorry.

40 MR COSTIN: That's all right. That would have been obtained by me from somebody internal at Crown because that's not something I would have had independent knowledge of back in 2014.

45 MR FEUTRILL: So I am clear about this, I am referring here to your response on 1 April at 7.36 pm, where you said "Where cash is deposited in the cage", et cetera.

MR COSTIN: Yes.

MR FEUTRILL: To the best of your recollection, was that information provided to you by someone else; is that what you are saying?

5 MR COSTIN: That is correct, yes.

MR FEUTRILL: Who was the person you spoke to, or who you remember speaking to about that topic?

10 MR COSTIN: I don't remember who I would have spoken to specifically about that topic. Sorry, it's a long time ago. It may have been someone from the cage, given it specifically mentions "cage", but I can't recall specifically who.

MR FEUTRILL: Do you remember having conversations at that time with members
15 of Crown Perth's staff?

MR COSTIN: I could have had conversations with David Brown. I would have had conversations with Mr Spence at the time.

20 MR FEUTRILL: What about Ms Kessler? I beg your pardon, I missed that.

MR COSTIN: They are the only two names that come to mind.

MR FEUTRILL: To be clear, the two names that come to mind are Mr Brown and
25 Mr Spence?

MR COSTIN: Mr Spence, yes.

MR FEUTRILL: At this time, Mr Preston, was he at this stage regularly travelling to
30 Melbourne?

MR COSTIN: I don't think he was back in 2014.

MR FEUTRILL: To be clear, is he a person you think may have, or a person who
35 could have been the source of this information as well, or not?

MR COSTIN: Possibly, but I would have gone through Mr Barton to deal with Mr Preston back at that time.

40 MR FEUTRILL: Keeping with this thread, then Ms Brown comes back to you for further clarification on 2 April and she asks the question:

45 *Just to clarify in respect of accounts (eg Riverbank), when multiple deposits are made into an account on the same day (eg at different branches), would that be aggregated and reported as a threshold transaction? Or once again a suspicious transaction?*

You have then responded:

My understanding is it is the same for bank accounts as it is for cash deposits made into the cage.

5 It is a little unclear to me what you mean by that sentence. Are you able to elaborate and say what you meant by that sentence?

MR COSTIN: Yes. I think what I would have meant by that sentence is if there were multiple transactions under \$10,000 through a bank account, similar to the
10 cage, Crown would have reported them as a suspicious transaction, not a threshold transaction.

MR FEUTRILL: Again, are you able to tell the Commission the source of that information that you obtained at the time?

15 MR COSTIN: Again, it would have been someone internal to Crown, but I'm not sure whether it would have been Mr Brown or Mr Spence or someone else.

MR FEUTRILL: At this time, did you take any steps or make any inquiries to
20 ascertain whether or not Crown was, in fact, making suspicious matter reports about these sorts of transactions in 2014?

MR COSTIN: No, I didn't. It wasn't something I would have known how to do back then.

25 MR FEUTRILL: Is it a question that you --- it was certainly a question you could have asked of Mr Preston, to do that?

MR COSTIN: No. I didn't have a relationship with Mr Preston back then.

30 MR FEUTRILL: I want to ask you some questions that relate to the steps taken after ANZ closed the accounts. I think a little earlier in your evidence, we dealt with the fact that --- I know that Mr Barton had a meeting with the ANZ at which the ANZ informed him that the accounts would be closed. One of the steps you took is that
35 you took steps to open a new account with the CBA. That's correct, isn't it?

MR COSTIN: Yes. I did that on instruction, yes.

MR FEUTRILL: You say you did that on instruction?

40 MR COSTIN: Yes.

MR FEUTRILL: On whose instruction did you take that step?

45 MR COSTIN: Mr Barton's.

MR FEUTRILL: Sorry, was that Mr Barton?

MR COSTIN: Yes, Mr Barton.

5 MR FEUTRILL: Did Crown at that time have an existing relationship with the CBA?

MR COSTIN: We did, yes.

10 MR FEUTRILL: Do I understand it to have been in respect of Southbank Investments accounts with CBA?

MR COSTIN: There was a number of other relationship trigger points we had with CBA, yes, but that one as well.

15 MR FEUTRILL: Were you one of the people that it was within the scope of your responsibilities to maintain the relationship with CBA?

MR COSTIN: Correct.

20 MR FEUTRILL: What steps did you take, as the person responsible for managing that relationship, to ensure that Crown Perth did not find itself in the same position with respect to CBA as it was with ANZ?

25 MR COSTIN: The only thing I remember is there was an email sent out internally to remind people that the types of transactions that occurred in ANZ shouldn't be happening in the CBA accounts.

30 MR FEUTRILL: Can we see CRL.016.4170. This is an email chain. Sorry, do I have the wrong number? 4170?

COMMISSIONER MURPHY: You may have missed out the first three digits.

35 MR FEUTRILL: CRL.605.016.4170. Again, Mr Costin, this is a long email chain but you refer to the last email in that chain, at the bottom of 4170 and the top of 4171.

MR COSTIN: Yes, that's the email I'm referring to.

40 MR FEUTRILL: You make reference to the third major paragraph, where it talks about the closure of the accounts. Is that the point?

MR COSTIN: Yes, that's the one.

45 MR FEUTRILL: To your knowledge, what if any steps were taken to ensure that patrons did not deposit sums into the CBA account where they have broken up larger amounts into smaller parcels?

MR COSTIN: I'm not sure that there were any steps taken, apart from a response I

got from Mr Theiler, which said the office managers had been informed. Something to that effect.

5 MR FEUTRILL: So far as you were concerned, you had sent the email and that was the end of the matter, was it?

MR COSTIN: That was the end of my involvement in the matter, yes.

10 MR FEUTRILL: You understood in 2014 that the ANZ Bank had closed the account as a consequence of its concerns relating to money laundering; correct?

MR COSTIN: I'm not sure the words "money laundering" were ever mentioned to me in any of the discussions. I understood they had a series of suspicious
15 transactions that they were uncomfortable with, but I'm not sure I put two and two together and had the words "money laundering" ever said to me.

MR FEUTRILL: Can we use the word "risk", then. The effect was that ANZ had made a decision that dealing with the Riverbank Investments account was considered
20 by it to be too high a risk for it, from its own internal risk management perspective?

MR COSTIN: Okay. Yes, I can agree with that.

MR FEUTRILL: Would you agree with me it is a fairly significant and serious event
25 for an ASX-listed company to have one of its principal bankers refuse to operate an account of a subsidiary?

MR COSTIN: Yes, I would agree with that.

30 MR FEUTRILL: Given the serious nature of that event, what steps, if any, did you take in 2014 to initiate an investigation into the nature of the transactions that had taken place on the Riverbank Investments account?

MR COSTIN: I don't recall taking any steps.
35

MR FEUTRILL: What, if any, steps did you take to initiate some form of collaboration with ANZ of the kind you refer to in paragraph 68 of your statement?

MR COSTIN: I don't recall any collaboration at that time.
40

MR FEUTRILL: Did you take any steps to undertake a collaboration with the CBA to work with them on their AML program in a way that would possibly avoid a similar circumstance taking place in future with the CBA bank?

45 MR COSTIN: Are you talking about in 2014?

MR FEUTRILL: I am.

MR COSTIN: No.

MR FEUTRILL: In paragraph 68 of your statement you have said that you believe
5 that Crown should have done an investigation into the Riverbank accounts at the time. So you accept that is something that should have taken place?

MR COSTIN: Correct. Yes, I do.

10 MR FEUTRILL: Who do you say was responsible for or should have been responsible for initiating that investigation in 2014?

MR COSTIN: It would have been one of the senior executives who were involved in that meeting with ANZ. So either Mr Preston, Mr Spence, Mr Barton.

15 MR FEUTRILL: Do you consider yourself to have had any responsibility or role in that failing?

MR COSTIN: Possibly. I did raise the issue with my superiors and Mr Barton was
20 well aware of the transactions.

MR FEUTRILL: You raised the transaction issue but did you raise with him the need or a requirement to investigate those transactions to ascertain if there had been any facilitation of money laundering on the accounts?

25 MR COSTIN: I don't recall that being specifically mentioned at the time, no.

MR FEUTRILL: Do you consider yourself to have had some responsibility then for the failing of the Crown Group to undertake an investigation in 2014 or not?

30 MR COSTIN: As I said earlier, possibly.

MR FEUTRILL: We need to go back to the earlier document we had there before, CRL.605.016.4170. I wanted to take you back, Mr Costin, to that same paragraph
35 that I referred you to earlier, which is the one concerning the closure of the Riverbank accounts. Sorry, there is an earlier paragraph where you've indicated that the ANZ has advised they will be closing Riverbank Investment's accounts and it goes on to say:

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

In paragraph 42 of your statement you have identified a number of overseas accounts. You might need to put this up side by side because I'm going to come back
45 to this email. Or perhaps you can just turn to your statement, Mr Costin.

MR COSTIN: What paragraph, sorry?

MR FEUTRILL: Paragraph 7 on page 2 of your statement. The question I have for you, there is a reference in paragraph 42(b) to Crown Australia Pty Ltd having patron deposit accounts in Hong Kong and Singapore until 2015. Do I understand then that
5 those accounts are different to the ones referred to in this email where there is a reference to Southbank Investments at least having accounts in Hong Kong and Singapore?

MR COSTIN: No. I was incorrect back in 2014. Southbank Investments never had
10 accounts in Hong Kong and Singapore. They are one in the same. It's the Crown Australia accounts that were being closed.

MR FEUTRILL: Okay. All right. Well, I just want to ask you something about that then, it's not clear from the documents. After the HSBC had decided to exit the
15 gaming sector, some attempts were made to open accounts in Hong Kong; is that not right?

MR COSTIN: That's correct, yes.

MR FEUTRILL: Could I ask that you be shown CRW.529.011.5193. You will see this is an email from a representative of the ANZ in Hong Kong referring to the establishment of accounts in the name of Southbank Investments and Riverbank Investments. Are you saying those accounts were not in fact established or only one
20 of them was or they were in a different name?

MR COSTIN: No. None of those accounts were established. Neither accounts in Southbank or Riverbank were ever established in Hong Kong.
25

MR FEUTRILL: All right. Okay. There was also some inquiries made for the purpose of opening accounts in Macau?
30

MR COSTIN: Yes.

MR FEUTRILL: Are you aware what the outcome of those efforts were to open
35 accounts in Macau?

MR COSTIN: My understanding is there was never any patron accounts opened in Macau for any Crown entity.

MR FEUTRILL: All right. If accounts were opened overseas within the Crown Group, is that a matter of which you would be aware, expected to be aware of?
40

MR COSTIN: Sometimes. There were some accounts that were opened without my knowledge. But given the work that we have been doing with Deloitte recently,
45 there were never any accounts from 2014 onwards of a patron nature that were in Macau.

MR FEUTRILL: Can I just for clarity show you CRW.50 5.002.0054. I don't know if you were provided with a copy of this with the materials before your examination.

MR COSTIN: Yes, I was. I've seen a copy of that, yes.

MR FEUTRILL: Did you see that at an earlier point in time?

5

MR COSTIN: I don't recall seeing it back in 2017. I certainly wasn't involved in setting up any bank accounts with Bank of China in Macau. So I don't know whether that is anywhere but I don't believe any accounts were ever opened.

10 MR FEUTRILL: Well, it progresses as far as the directors of the company executing a circulated resolution to open an account at least?

MR COSTIN: Yes, I saw that.

15 MR FEUTRILL: That would ordinarily be the step before the account being opened, wouldn't it?

MR COSTIN: Not necessarily. Sometimes you do that prior to getting the account forms. Just not always the last step.

20

MR FEUTRILL: All right. Now, can I just take you back, if I may, to the attempt to open accounts in Hong Kong, the inquiries made at that time. If I can ask you be shown CRW.529.011.2992. I have a couple of questions about this, Mr Costin. If I can draw your attention to the email from Mr Theiler to you of 13 September at 9.11 pm.

25

MR COSTIN: Yes.

30 MR FEUTRILL: It makes reference there to a discussion with Mr Ricky Lee and a customer is requesting accounts be opened in the name of Southbank Investments and Riverbank Investments. What was your understanding or what is your understanding of the reasons for customers requesting the opening of accounts in those names in Hong Kong in 2013?

35 MR COSTIN: So are you saying what was my knowledge back in 2013 or what is my knowledge now because it's different?

MR FEUTRILL: Let's start with 2013?

40 MR COSTIN: 2013 my recollection was that they wanted it for the same reason as the Southbank Investments and Riverbank Investments in Australia which was the discretion, and it was easier to have onshore bank accounts than offshore bank accounts.

45 MR FEUTRILL: Easier for the patrons to make the deposits into the accounts offshore?

MR COSTIN: Yes. And there was foreign exchange-related issues with having accounts in Australia as opposed to onshore in Hong Kong.

5 MR FEUTRILL: So it would be an account in Hong Kong, in Hong Kong currency?

MR COSTIN: Yes. And my recent understanding on that is that there was a double foreign exchange hit if you transferred money in the wrong way from Hong Kong to Australia where it converted the money from Hong Kong to Australian dollars to
10 Hong Kong dollars, so a double hit. Sometimes the customers, let's say they put in \$1 million, only 950,000 might come to Crown.

MR FEUTRILL: That would not be the case if they used a money changer?

15 MR COSTIN: No.

MR FEUTRILL: All right. So there is a reference in an email from you to Mr Theiler where you've said that the accounts will be subject to the same restrictions as the Crown Australia accounts. What were those restrictions?

20 MR COSTIN: Sorry, I'm just trying to recall what the restrictions were. I think there was a restriction on cash deposits. There might have been a restriction on other types of transfers but I'm just trying to remember what the specific restrictions were. I know cash deposits was probably one of them and there may have been some cheque
25 deposit restrictions as well. I can't recall specifically what they were.

MR FEUTRILL: Okay. Was one of the objectives of opening accounts in foreign countries to avoid the scrutiny of the AML/CTF program in Australia?

30 MR COSTIN: No.

MR FEUTRILL: Not necessarily by Crown, Mr Costin, but by Crown's patrons?

MR COSTIN: That's not something that I have knowledge of, whether the patrons
35 were trying to do that or not.

MR FEUTRILL: Well, patrons - some patrons at least wanted to maintain a degree of, shall we say, masking of the activity to which the funds were being used?

40 MR COSTIN: If they wanted discretion, yes.

MR FEUTRILL: It's not a long bow to draw from that for patrons to want to mask other activities, is it?

45 MR COSTIN: You could draw that bow. I think the bow I was drawing back in 2013, 2014 was they may want to have discretion from their partner. Now, they may not want their wife to know that they are gambling a bit of money.

MR FEUTRILL: All right. Presumably the wife would know they're flying to Australia, though?

5 MR COSTIN: You would think so.

MR FEUTRILL: All right. Now, I just want to ask you a few more questions, if I might, about the CBA accounts. Southbank Investments opened accounts in New Zealand with a subsidiary of the CBA known as the ASB?

10

MR COSTIN: That's correct, yes.

MR FEUTRILL: In 2018 the ASB made a number of due diligence inquiries in connection with AML and CGF concerns, didn't they?

15

MR COSTIN: They did, yes.

MR FEUTRILL: You were involved in responding to a number of those requests for information in 2018?

20

MR COSTIN: Yes. I forwarded their queries on to the AML team who provided me with a response and I sent that response back to the bank.

MR FEUTRILL: All right. Now, as a consequence of that process, that is to say the inquiries and the response, it's the case that the ASB made a decision in January or at the end of 2018 or beginning of 2019 to close the Southbank Investments account in New Zealand, didn't it?

25

MR COSTIN: They did, yes.

30

MR FEUTRILL: The reason or one of the reasons I asked you a question about whether 2018 had any significance in terms of your knowledge about AML and CTF, was the investigations by ASB one of the triggers for your increasing knowledge of AML/CTF in 2018?

35

MR COSTIN: Possibly, yes. I think Louise and I spent a bit of time together in 2018, 2019 as a result of some queries from the banks.

MR FEUTRILL: So, yes, that is what I was about to ask you. The CBA itself then began to make inquiries about the AML/CTF program of Crown Melbourne, didn't it, in the early part of 2018?

40

MR COSTIN: They were happening concurrently. CBA owned ASB. So the queries from ASB were being handled or being discussed with our CBA representatives as well.

45

MR FEUTRILL: Now, one of the steps that you took after the closure of the ASB account was to make inquiries of the National Australia Bank and Westpac as to

whether they would open accounts for you in New Zealand, didn't you?

MR COSTIN: Correct.

5

MR FEUTRILL: Neither of them were interested in doing so?

MR COSTIN: No.

10 MR FEUTRILL: Is the reason that they were not interested because they considered it to be too high a risk?

MR COSTIN: I think so, yes.

15 MR FEUTRILL: Your discussions then with the CBA in relation to AML and CTF in Australia began early in 2019, didn't they?

MR COSTIN: I can't recall, it might have been late 2018.

20 MR FEUTRILL: Right. But by - - -

MR COSTIN: But it was around that same time. Sorry, I cut you off again.

25 MR FEUTRILL: That's okay. It's not easy over the ethernet. Now, were you involved in a number of meetings with the CBA during 2019? I'm talking now about the first half of 2019.

MR COSTIN: I recall one meeting with Louise and I and then the only other meeting that I recall is one that I attended with Mr Barton and Alan McGregor and
30 Louise sort of in the latter half of 2019.

MR FEUTRILL: Right. This is after the media allegations had aired?

MR COSTIN: Correct.

35

MR FEUTRILL: About these accounts or these companies and their accounts?

MR COSTIN: Correct.

40 MR FEUTRILL: Would it be fair to say that as a consequence of your experience in 2014 with ANZ, the earlier experience with the HSBC bank and the experience with ASB that the writing was on the wall for the CBA accounts by the middle of 2019 anyway?

45 MR COSTIN: Possibly. But the ASB provided a different response as to why they were closing the account. It wasn't that there was suspicious transactions through the account. So I may not have put two and two and two together.

MR FEUTRILL: They made inquiries about a particular patron, didn't they, and the volume of that patron's deposits?

5 MR COSTIN: Yes, they did.

MR FEUTRILL: They were concerned about that from an AML perspective, weren't they?

10 MR COSTIN: They didn't necessarily say that to me.

MR FEUTRILL: Well, they made inquiries in relation to the AML/CTF program of Southbank Investments, didn't they?

15 MR COSTIN: They did. They asked whether it was reporting in Australia and/or New Zealand.

MR FEUTRILL: They were concerned about AML/CTF and the use of that account in New Zealand by at least one patron?

20 MR COSTIN: Well, the call that I had on the closure of the account was that they had determined they classified Southbank Investments as a money remitter. So that's different to AML concerns necessarily.

25 MR FEUTRILL: Sorry, I missed the description you gave. They classified it as a what?

MR COSTIN: As a money remitter.

30 MR FEUTRILL: As a money remitter. As if it were a money changer?

MR COSTIN: Correct.

35 MR FEUTRILL: If it's classified as a money changer, it would be a high risk from an AML perspective, would it not?

MR COSTIN: From their AML perspective?

MR FEUTRILL: Yes.

40 MR COSTIN: Possibly.

MR FEUTRILL: So you knew in 2019 that ASB closed its account in New Zealand because of concerns relating to money laundering? Risk?

45 MR COSTIN: Well, I think they closed the accounts because they thought the accounts were not within their risk appetite. I'm not sure that they necessarily told me that it was money laundering-related.

COMMISSIONER JENKINS: Perhaps you can look at CRL.557.001.0803.

MR COSTIN: I'm having trouble finding that one, Commissioner.

5

MR FEUTRILL: I think it has arrived.

COMMISSIONER JENKINS: The reference in the second sentence there indicated that you knew that this issue related to AML concerns, even though you are referring there to ANZ. It's shutting this out?

10

MR COSTIN: I certainly knew that the ASB was outside their risk appetite given their own requirement in New Zealand, because we weren't a licensed money remitter in New Zealand. I'm not sure I had an understanding that the ANZ and ASB issues were related, if you know what I mean, Commissioner.

15

COMMISSIONER JENKINS: Thank you. Sorry, Mr Feutrill, for interfering.

MR FEUTRILL: Quite all right. Well, can I ask then that you be shown CRL.559.001.0170. This is an email from you to Ms Lane and it's forwarding on an email you had received from CBA in December. The question I asked you earlier about whether the ASB inquiries then led to inquiries being made by the CBA and your email to Ms Lane is so that ASB queries have finally reached the CBA. And it's the case, isn't it, the CBA was looking at the Southbank Investments accounts held with CBA from an AML risk perspective?

20
25

MR COSTIN: Yes, that is the case.

MR FEUTRILL: That's right. And those inquiries and the discussions that continued through 2019 with CBA in relation to its risk appetite to continue providing bank services to Southbank Investments at least?

30

MR COSTIN: Yes. I don't recall too many meetings but they were certainly carrying out a thorough investigation into the accounts, yes.

35

MR FEUTRILL: So to go back to a question I asked you a little earlier, which is having regard to HSBC's attitude in 2013, the events with ANZ in 2014, ASB in the early part of 2019, late part of 2018, the writing was on the wall for the CBA account by the middle of 2019 anyway, wasn't it?

40

MR COSTIN: I think it would be fair to reach that conclusion, yes.

MR FEUTRILL: So really the media allegations when they came to pass really pushed it over the edge?

45

MR COSTIN: Yes, most likely.

MR FEUTRILL: You mentioned having a meeting with the CBA and I think you said Mr Barton. Can I just show you an email before that meeting, CRW.538.003.4082. Now, this email deals with a number of things but the one I'm referring to that I would like to draw attention to is the heading "Patron Accounts for Crown Melbourne, Crown Perth". This is in September 2019 and you've indicated it's likely they'll close the accounts.

MR COSTIN: I think that was after the meeting we had with CBA in and around August.

MR FEUTRILL: All right. Now, you are indicating there you could start offering patron accounts with NAB. So it was at least in your mind in September 2019 that you might continue to offer similar accounts with a new bank, the NAB?

MR COSTIN: They were going to be in the designated reporting entries, no. Not using Southbank and Riverbank Investments, no.

MR FEUTRILL: All right. You mention this in the second part of this, it's probably easier in the current environment to have them in those names; correct.

MR COSTIN: Probably not the right use of the word "easier" but, yes, I did say that.

MR FEUTRILL: This time there was effectively a media storm going on and the Bergin Inquiry had commenced?

MR COSTIN: Correct.

MR FEUTRILL: So the point you're making is given those factors, it's easier not to deal with Riverbank Investments and Southbank Investments accounts?

MR COSTIN: Yes, that's what I wrote.

MR FEUTRILL: You already had, did you not, patron accounts in the names operating in Burswood Nominees and for Crown Melbourne?

MR COSTIN: We did with ANZ, yes.

MR FEUTRILL: So there was no need to open new accounts with the other institution as of September 2019?

MR COSTIN: Well, ANZ were doing a review of our transactional banking records at the same time.

MR FEUTRILL: So is there a possibility that they would pull out all services on Crown Resorts then?

MR COSTIN: That was my understanding at a meeting that happened with Mr

Barton and Mr McGregor and some ANZ representatives in and around the same time.

5 MR FEUTRILL: All right. Can I show you CRL.605.016.7020 and can I draw your attention to the second paragraph. It was the case, wasn't it, as at October 2019 you were working with your relationship banks to attempt to open new patron accounts in addition to those ---

10 MR COSTIN: That's correct. As I said earlier, the ANZ were doing a review of our accounts so we were looking to other relationship banks to open new patron accounts and potentially move our transactional banking to someone else.

MR FEUTRILL: You were looking to open new accounts in the name of Riverbank Investments, weren't you? That's the context of this email?

MR COSTIN: No.

MR FEUTRILL: No?

20 MR COSTIN: No, we weren't. They were going to be in the name of Crown Melbourne and Burswood Nominees.

MR FEUTRILL: All right. Can I show you CRL.605.016.6613. Again, this is a chain, a quick pick-up thread from the middle of the page where there is an email from you to Mr Walsh, Mr Bossi and others. And then Mr Luttick responds to you. Who is Mr Luttick?

MR COSTIN: He is the Financial Controller for Crown Melbourne.

30 MR FEUTRILL: Okay. This is in response to the closure the of the CBA accounts and asking which bank we will be opening the new accounts with. That's a reference to Southbank Investments and Riverbank investments, is it not?

35 MR COSTIN: It's not. The subheading is misleading. By that stage we were only going to open accounts in the name of Crown Melbourne and Burswood Nominees. He was asking me who it was likely we would open the new accounts with.

MR FEUTRILL: Look at the last email Mr Costin and consider the answer you've just given. The one that starts:

NAB will be most willing.

MR COSTIN: To open accounts. They weren't even in the name of Southbank and Riverbank. They were in the name of ---

MR FEUTRILL: What is the meaning then of the last sentence:

If those two aren't willing to open accounts I'm guessing we will only have the ANZ accounts. MR COSTIN: This is what I was saying earlier, we were running with NAB and Westpac to potentially open some new patron accounts and ANZ were
5 doing a full review of our accounts at the same time so we were looking to try and get new accounts in the name of Crown Melbourne and Burswood Nominees at another bank.

10 MR FEUTRILL: All right. Now, there wasn't a decision made to cease operating patron accounts in the name of Riverbank Investments, was there?

MR COSTIN: I don't recall a formal decision. It was certainly informed to me we weren't to open those accounts any more. Sorry, against that name any more.

15 MR FEUTRILL: The reason for that was because you perceived that no bank would be willing to open an account in the environment in 2019 for Riverbank Investments. Isn't that the case?

20 MR COSTIN: I think it was a combination of that and discussions that I had with the AML team which said that they didn't want those accounts any more.

MR FEUTRILL: Was it a discussion with the AML team alone or were other executives involved?

25 MR COSTIN: I only recall a discussion with Nick Stokes who was part of the AML team at the time.

MR FEUTRILL: Can I ask that you look at paragraph 71 of your statement and you may need to read 68 through to 71 and 78.
30

MR COSTIN: Yes.

MR FEUTRILL: It is not accurate to say that Crown's response has been to no longer operate accounts, is it? The reason is because the accounts were closed by
35 bank after bank after bank?

MR COSTIN: I think in paragraph 71 I was referring to - I was instructed and I think it was by Mr Stokes to no longer operate accounts not in the designated reporting entities for Crown Melbourne and Burswood. So I think that's what I was
40 referring to in paragraph 71.

MR FEUTRILL: So in 78, what is the management, what management are you referring to there?

45 MR COSTIN: I think that would be the same discussion with Mr Stokes.

MR FEUTRILL: So your discussion - are you assimilating Mr Stokes with the

management of Crown Resorts, et cetera?

MR COSTIN: Yes. In that context I was.

5

MR FEUTRILL: I'm going to ask you a couple more questions about paragraphs in your statement, Mr Costin.

MR COSTIN: Sure.

10

MR FEUTRILL: Before I do, have you had an opportunity, and I know it's a long document, to read the Bergin report?

MR COSTIN: I've read bits of it, not necessarily recently. But I have read some of it.

15

MR FEUTRILL: Are you aware that in that report there are a number of conclusions made by the author of the report concerning Crown's operational Southbank Investments accounts and the Riverbank Investments accounts?

20

MR COSTIN: I've read those sections, yes.

MR FEUTRILL: I want to take you to a couple and ask you some questions about them. If we can have the document number is BGN.0001.0001.0560 and 61. And if we can just bring the bottom of page 0561 and top of the following page there is a heading, "The Stark Realities". And then another heading "Money Laundering Facts". Can I just draw to your attention, there is a paragraph - sorry, can you see the report, Mr Costin?

25

MR COSTIN: I can see the report but I need it blown up because I can't actually read it on the screen.

30

MR FEUTRILL: I will ask the operator to make it larger and rather than side by side, if they can collect the bottom of page 0560 and top of 0561, please. We can start with paragraph 9 anyway:

35

So the stark realities that flow from the findings on the veracity of the media allegations may be shortly be stated as(i) *In the period 2014 to 2019 Crown facilitated money laundering through the Southbank and Riverbank accounts unchecked and unchanged in the face of warnings from its bankers.*

40

Do you accept that finding of the Bergin Inquiry?

MR COSTIN: I do, yes.

45

MR FEUTRILL: Can I ask you be taken to paragraph 12:

The facts established in respect of the media allegations in relation to money

laundering relevant to the assessment of the suitability are that (i) the bank accounts of Crown's subsidiaries Southbank and Riverbank have been used to launder money.

5

Do you accept that finding of the Bergin report?

MR COSTIN: I do accept that finding, yes.

10

MR FEUTRILL: Can I ask that you look at paragraphs 37 and 41 of the statement. Starting with 37, given what you accept in relation to the findings of the Bergin Inquiry, what is it that you mean by:

It appears in hindsight, but I do not know that.

15

What do you mean to say in that paragraph?

20

MR COSTIN: I think I'm saying I don't have independent knowledge of that. I've read the Bergin report and they've concluded that money laundering has happened. There have been other people who have confirmed that it has happened but I don't have an independent knowledge of it occurring. Does that make sense?

25

MR FEUTRILL: It makes some sense, yes, Mr Costin. Can I then refer you then to paragraph 41. And is your answer going to be the same, Mr Costin, that in hindsight it appears possible but "I do not know"?

30

MR COSTIN: Maybe the word "possible" is not right. I have a strong suspicion it happened personally but I don't have independent knowledge of it happening over and above what other people have concluded.

35

MR FEUTRILL: Okay. So is it the case essentially you are saying because I can't put my hands on precise evidence myself, I'm unwilling to say I know but you do accept the finding of the Bergin Inquiry?

40

MR COSTIN: I do accept the findings and that's exactly the correct point. I haven't seen hard evidence myself. If I did then I would categorically say it did occur.

45

MR FEUTRILL: It just seems, Mr Costin, on reading those paragraphs that it doesn't appear to be a fulsome acceptance of the Bergin Inquiry?

50

MR COSTIN: No. I fully accept the Bergin Inquiry's conclusion.

55

MR FEUTRILL: Now, I've got a few more questions for you, Mr Costin, relating to the area of your responsibilities.

60

COMMISSIONER MURPHY: Mr Feutrill, for the benefit of our transcribers we may need to take a short break.

MR FEUTRILL: I'm in your hands, Mr Commissioner. I have about three questions left.

5 COMMISSIONER MURPHY: We will break for 10 minutes. We will come back. Mr Costin, we need to give our transcribers a break. We will take 10 minutes and we will come back at 10 past 4 here, 10 past 6 is it your time?

MR COSTIN: Yes, 10 past 6. That's fine.

10

COMMISSIONER MURPHY: We will adjourn until 10 minutes past 4.

ADJOURNED

[4.00 PM] RESUMED [4.11 PM]

15

COMMISSIONER MURPHY: Thank you very much, Mr Costin, Mr Feutrill.

MR FEUTRILL: May it please the Commission.

20

Mr Costin, what steps or procedures did Crown Resorts Limited or, if you know, either subsidiaries in the Crown Perth area - let's start again. Let's just say Crown for the sake of argument. What steps or procedures did Crown have for considering AML/CTF risks when opening bank accounts in 2014?

25

MR COSTIN: To my understanding I'm not sure they had any processes in place.

MR FEUTRILL: So in terms of considering whether or not to open an account, the legal entity's name, the location, any of those things, were there no procedures or policies, to your knowledge, that dealt with that subject?

30

MR COSTIN: Not to my knowledge.

MR FEUTRILL: From an AML perspective?

35

MR COSTIN: Correct. Not to my knowledge.

MR FEUTRILL: Was there any change in that in the period between 2014 and 2020?

40

MR COSTIN: I know there is a process now but I'm not sure there was back in 2020.

MR FEUTRILL: Okay. And there is a process now in 2021, is there?

MR COSTIN: Well, there's a requirement for all new bank accounts and closure of bank accounts to be reported through to the AML team, compliance teams and the risk management committee, I believe, as well.

5

MR FEUTRILL: Right. And what is the name of that procedure?

MR COSTIN: I'm - I can't recall what the procedure is off the top of my head. I'm not even sure if it's written down. I just know if I'm opening up a bank account, I need to check with a lot of people to ensure that ---

10

MR FEUTRILL: I cut across you. When you say you just know, how do you just know?

MR COSTIN: I think there may have been some communication to me about - I certainly know that Alan McGregor has told me that certain members - the Risk Management Committee and the Audit Committee are to be informed of all bank account closures and openings and there has been some internal correspondence as part of a monthly risk meeting or something along those lines, opening and closing of bank accounts to be reported.

20

MR FEUTRILL: Before or after opening or closing?

MR COSTIN: I would say before opening. I'm not sure about closure.

25

MR FEUTRILL: I think in answer to - well, you answered a question I asked you earlier about what, if any, steps were taken to formulate the collaborative relationship with the ANZ and CBA in 2014. Are there any steps or procedures now in place for you as a relationship manager to work collaboratively with your bank, with Crown banks on matters relating to AML and CTF risk?

30

MR COSTIN: Yes, there is. Not necessarily for me to manage it but the financial crimes team have a direct access to the ANZ's financial crimes team and they are working collaboratively to improve the procedures and make sure that everything works smoothly.

35

MR FEUTRILL: Do you have direct knowledge of what those two teams are doing together? For example, are you involved or is it left to them?

MR FEUTRILL: I have some involvement. In my witness statement there was a few processes that have been put in place but there are other things that are going on like automatic data feeds of transactions from the ANZ system to our system and things of that nature that I'm not directly involved in.

40

MR FEUTRILL: I see. Thank you, Mr Costin. Commissioners, I have no further questions can.

45

QUESTIONS BY THE COMMISSION

COMMISSIONER MURPHY: Thank you, Mr Feutrill. Are there any applications?

5

Mr Costin, I have a couple of questions for you. There was one part of an exchange with Mr Feutrill and I'm not sure whether the note I took is correct, but you can clarify or expand on something for me. Do you remember that Mr Feutrill asked you if you could think of any reason why you would not, he is talking about back in 2014, of being fully frank in your dealings with your banking relationship manager. Do you remember him asking you that?

10

MR COSTIN: Yes, I do.

15

COMMISSIONER MURPHY: The note I took of your answer was you said the only thing you can think of now is that "We were using a different bank or different banks for patron accounts." Do you remember saying that?

20

MR COSTIN: Yes, I remember saying that. That's what I may have thought of now, yes. Correct.

COMMISSIONER MURPHY: I'm not sure I understand that. Can you just explain to me what you meant by that answer?

25

MR COSTIN: Sure. Well, because ANZ was our main transactional bank and so they may not have been happy with us using other banks for transactional accounts because they - and I put this in terrible words - but they earn money of us transacting through their accounts so they may have been losing some profit on the Crown accounts if we are using other banks for specific transactions.

30

COMMISSIONER MURPHY: Thank you. And in another exchange with Mr Feutrill I think you agreed with the proposition, and we come now to when the ANZ Bank did close the Southbank bank accounts, that it was a serious matter for a major bank to close accounts on the basis of some suspicious transactions. I think you agreed with that proposition?

35

MR COSTIN: I do agree with that proposition, yes.

40

COMMISSIONER MURPHY: Can I ask you this then. Crown was then operating with the CBA an account for Southbank?

MR COSTIN: Yes.

45

COMMISSIONER MURPHY: Am I right in thinking that the Southbank account was being used in a similar way, for similar purposes to the Riverbank account?

MR COSTIN: Yes, that's correct.

COMMISSIONER MURPHY: So the Southbank account was in existence and on instructions from Mr Barton, I think you said you then approached CBA and arranged for the opening of new accounts for Riverbank with the CBA to operate it
5 for the same purpose?

MR COSTIN: Yes.

COMMISSIONER MURPHY: Did it not occur to you that it would have been
10 appropriate to speak to the CBA about the circumstances in which the ANZ Bank accounts have been closed?

MR COSTIN: Certainly in hindsight. I don't think I appreciated at the time the seriousness of the closure. Certainly in hindsight I should have raised that with
15 CBA. I will agree with that.

COMMISSIONER MURPHY: Now, my final question to you is something that has not been covered before and this is really for the benefit of the Commissioners so we have an understanding of the system. I take it that it's part of the role of Treasury to
20 be involved in the sweeping of money between the accounts of the various accounts of the Crown entities?

MR COSTIN: On occasion. Yes, that's correct.

COMMISSIONER MURPHY: Well, can you let me set the scene by saying to you that my understanding is that - take the Riverbank account. Once the money went into, was deposited into the Riverbank account it was, and I'm using inexact terminology here, it was Crown's property, the money belonged to Crown. Because Riverbank was a part of the sub-group, the Perth sub-group of Crown?
30

MR COSTIN: Correct.

COMMISSIONER MURPHY: But the main transactional accounts were accounts of Burswood Nominees Limited; is that correct?
35

MR COSTIN: That's correct, yes. That's correct.

COMMISSIONER MURPHY: Do I take it that from time to time moneys would have been swept from the Riverbank account into other accounts within Crown
40 Group?

MR COSTIN: It would have. Not by me. I didn't transact on the Riverbank accounts and I think the Riverbank accounts would have only been swept through to the - probably the ANZ account of Burswood Nominees, the one we call the casino
45 account.

COMMISSIONER MURPHY: That was my question. So far as you're aware, the

only sweeping that would have occurred out of Riverbank would have been into a Burswood Nominees account?

5 MR COSTIN: Correct, because I certainly didn't sweep out of the Riverbank accounts into any of the head office accounts. I've only used a couple of accounts to sweep out into head office and Riverbank wasn't one of those.

10 COMMISSIONER MURPHY: Thank you. Commissioner Jenkins.

COMMISSIONER JENKINS: Thank you, Mr Costin.

In paragraph 7 of your statement you say that from 2009 through to 2020 you reported through to the group financial Crown Resorts.

15 MR COSTIN: That's correct.

COMMISSIONER JENKINS: Was that Mr McGregor?

20 MR COSTIN: No, it was Mr Salamoni the entire way through. I think in 2014 --- Mr Salamoni.

COMMISSIONER JENKINS: Mr Salamoni?

25 MR COSTIN: Yes, correct.

COMMISSIONER JENKINS: Did you report to Mr Salamoni what had occurred with respect to the ANZ closing the Riverbank account because of concerns of suspicious transactions within it?

30 MR COSTIN: He would have been aware of it. My lay reporting of the ANZ accounts was through Mr Barton as the CFO of Crown Resorts but Mr Salamoni would have been aware of it at the time.

35 COMMISSIONER JENKINS: What about Mr McGregor, did you ever speak to him about it or see any correspondence at the time of which he ---

MR COSTIN: I don't recall Mr McGregor being involved in it. I think he was at Crown Melbourne at that time and Mr Spence was the CFO of Crown Perth.

40 COMMISSIONER JENKINS: Looking at Mr McGregor's statement, he says that he took up the role of Chief Financial Officer of Australian Resorts which he held from August 2014, so this was before then. He says that he went to Melbourne in April 2013 to assume the role of Chief Financial Officer of Crown Melbourne Limited?

45 MR COSTIN: Yes. In early 2014 I don't think I would have had cause to speak to Mr McGregor about it because it was going through Mr Spence who was running Crown Perth.

COMMISSIONER JENKINS: So when ANZ raised the issue about the Riverbank accounts ---

5 MR COSTIN: Yes.

COMMISSIONER JENKINS: --- you were aware that also Southbank or Melbourne had similar accounts with respect to Southbank?

10 MR COSTIN: Yes, I was aware of that. Yes.

COMMISSIONER JENKINS: So did you turn your mind then to the fact that it was important for somebody within Crown Melbourne to know that the same conduct might be occurring through the Southbank account?

15 MR COSTIN: I think I should have but I don't think I did back in 2014.

COMMISSIONER JENKINS: Right. Because my next question was going to be then if you did, who did you tell?

20 MR COSTIN: I don't think I communicated it through to Crown Melbourne at that time. As I said, I probably should have but I don't think I did.

COMMISSIONER JENKINS: Then I wanted to ask you about your AML/CTF training.

25 MR COSTIN: Sure.

COMMISSIONER JENKINS: I see that in paragraph 18 you say that you completed the AMF training in an online module?

30 MR COSTIN: That's correct, yes.

COMMISSIONER JENKINS: Was that the first time you had completed that module?

35 MR COSTIN: That was the first time I completed that module, yes.

COMMISSIONER JENKINS: So prior to that time had you received any AML/CTF training in your time at Crown?

40 MR COSTIN: No, I had not. Apart from some discussions with the AML team from 2018 onwards but no specific training.

45 COMMISSIONER JENKINS: Was there any AML training in your Bachelor of business degree?

MR COSTIN: You are taking me back now. I don't recall there being any AML training. I could be proven wrong in that, it was a long time ago but I don't recall there being any training on that.

5

COMMISSIONER JENKINS: Then you completed a Graduate Diploma of Chartered Accounting.

MR COSTIN: Correct.

10

COMMISSIONER JENKINS: Was there AML training in that?

MR COSTIN: Give me a minute to think. No, I don't think there was. Again, I could be proven wrong but I don't think there was.

15

COMMISSIONER JENKINS: Now, we've heard from numerous staff members at Crown and the understandings which I've got is that it was a requirement of staff, certainly in Perth, to complete the AML/CTF online training either yearly or two-yearly. Why is it that you didn't do it?

20

MR COSTIN: I could only say that it must not have been a requirement for people up in head office to undertake that training periodically. It is now, since 2020, but prior to 2020, for whatever reason, it must not have been determined that head office people needed to undertake AML/CTF risk awareness training.

25

COMMISSIONER JENKINS: In respect of the Excel spreadsheet you were shown that Mr Birch sent to you ---

MR COSTIN: Yes.

30

COMMISSIONER JENKINS: --- you said that you don't recollect opening that; is that right?

MR COSTIN: I could have opened it but I can't recall whether I opened it in 2014 or whether the first time I saw it was later on.

35

COMMISSIONER JENKINS: Do you agree that it was you who asked for some further detail from Mr Birch about ---

40

MR COSTIN: Yes, I believe I was requested from probably Mr Spence to get further information because that would assist him in reviewing the transactions.

COMMISSIONER JENKINS: Do you agree that, I think it was a couple of days after you received that document, you told Mr Birch that Perth had told you what the transactions were all about and you could discuss it with him at the meeting?

45

MR COSTIN: Yes, I do recall that email.

COMMISSIONER JENKINS: So would you agree that putting those two things together, it's actually highly likely that you read the Excel spreadsheet?

5 MR COSTIN: Yes, I would say it's probably likely I did look at the Excel spreadsheet.

COMMISSIONER JENKINS: Thank you, I have no other questions.

10 COMMISSIONER MURPHY: Mr Davis?

RE-EXAMINATION BY MR DAVIS

15

MR DAVIS: One point I will raise in re-examination if I may.

I just want to ask you briefly, you were asked a couple of questions, Mr Costin, about paragraph 71 and 78 of your statement and the question of what constituted Crown's
20 response or Crown's response to no longer operate accounts in the name of Riverbank Investments and at 78 and 71 the response of the management ---

MR COSTIN: Yes.

25 MR DAVIS: --- for the closure of the Riverbank accounts and you refer to discussions I think you were having at the time with Mr Stokes.

MR COSTIN: Correct.

30 MR DAVIS: Could I ask the following document to be put on the screen which is CRW.700.026.5563. So at the bottom of the screen is an email from you to - they've been blocked out now, but I think it was a number of people; one of whom was, I don't know if it can be shown, but one of whom was Mr Stokes.

35 MR COSTIN: Correct, yes.

MR DAVIS: If you could remove the redaction at the top of 5564. There it is now. They've gone now. So the email is to --- it starts with Xavier Walsh, Lonnie Bossi and Nick Stokes is copied in at the top, Nick Stokes, at the top of the next page, 55,
40 second page. Do you see that?

MR COSTIN: Yes, I can see that.

MR DAVIS: So you are there sending a number of people a memorandum outlining
45 a change in the way customers can deposit money through the ANZ Bank accounts?

MR COSTIN: Yes.

MR DAVIS: Then the attachment to that is CRW.700.026.5565. If that can be brought up. And that's a memorandum from you. This is 18 September 2020 to gaming operations.

5

MR COSTIN: Yes, I see that.

MR DAVIS: Do you recall that memorandum?

10 MR COSTIN: Yes, I do.

MR DAVIS: What it says there in substance, I think it's effective immediately:

15 *All transfers into Crown's bank accounts will require the patrons to include their full name and patron ID and transaction advice*

And:

20 Cash deposits into Crown's bank accounts are no longer permitted by Crown.

MR COSTIN: Yes.

25 MR DAVIS: Is that the sort of measure that you were referring to when you talked about the response of the management involved in Crown Resorts, Burswood, Burswood Nominees and/or Burswood Resort (Management)?

MR COSTIN: Yes, I think that's what I was referring to in paragraph 78, yes.

30 MR DAVIS: Right. And would you also - you later in that paragraph you talked about enhancements made to the AML policies after closing the Riverbank accounts. Would this be one of those enhancements?

MR COSTIN: Correct, yes.

35 MR DAVIS: Right. And that has your name on it?

MR COSTIN: It does, yes. It's not signed because it's in electronic transmission but, yes, it has my name on it.

40 MR DAVIS: You prepared that memorandum?

MR COSTIN: With assistance from others within Crown, yes, I did.

45 MR DAVIS: Thank you. I have no other questions.

COMMISSIONER MURPHY: Thank you, Mr Davis. Mr Costin, thank you very much for your evidence and for your time. We will leave the summons in place. There may be matters we need to tidy up. I think it's unlikely but for the time being

04:35PM

we will leave the summons in place and the Solicitors Assisting the Commission will let you know when it has been discharged. Thank you very much and you are free to resume your normal activities.

5

THE WITNESS WITHDREW

10 COMMISSIONER MURPHY: We will adjourn until 10 am tomorrow.

**ADJOURNED AT 4.36 PM UNTIL THURSDAY, 22 SEPTEMBER 2021 AT
10.00 AM**

15

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